

ALTERN ENERGY LIMITED



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

**FOR THE HALF YEAR ENDED
DECEMBER 31, 2010**



INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)

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DECEMBER 31, 2010**

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

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 half year ended December 31, 2010.

During the period under review, the total turnover of the Company for the six months reached at Rs. 566.75 million. The Company earned a gross profit of Rs. 131.82 million and reported a net profit after tax of Rs. 32.06 million which is higher by Rs. 18.8 million as compared to the same period of previous financial year.

During the period under review, the Company dispatched 102.3 GWhrs to WAPDA as compared to 70.534 GWhrs delivered during the six months ended December 31, 2009.

Circular debts have caused severe liquidity problems for WAPDA. Consequently, payments are being released by WAPDA partially, but with applicable late payments mark-up amount. AEL is regularly pursuing WAPDA and GoP for early resolution of late payments.

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 smoothly and has resulted in net profit of Rs. 826.44 million, earning of ninety nine paisa (Rs. 0.99) per share. We are confident that Rousch will continue to operate at optimum level in future.

During the period, the Company has repaid Rs. 1,840 million being the debt servicing due in September 10 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. The power station delivered 1580.54 GWhrs of electricity to WAPDA during six months of the financial year 2010-2011 as compared to 1597.36 GWhrs delivered during the same period of the previous financial year. During the first six months of the financial year, the Company has passed on Rs. 95.21 million to WAPDA as its share of gas efficiency, which accrued as a result of the efficient operation of plant.

DIRECTORS' REVIEW

The Company has executed a Long Term Maintenance Agreement (LTMSA) including Life Time Extension (LTE) measures with Siemens. By virtue of this agreement, the Company would be making an investment for Life Time Extension measures which will not only extend the life of the machinery but would also help in optimizing the plant capacity. The agreement would also take care of the maintenance requirement of the plant upto 2016.

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
February 25, 2011

Syed Zamanat Abbas
Chief Executive

Report On Review Of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of Altern Energy Limited ("the Company") as at 31 December 2010 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial information for the six-months period then ended (here-in-after referred to as "condensed interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended 31 December 2010 and 31 December 2009 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Lahore
Date:

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET (UN-AUDITED)

		Unaudited 31 December 2010	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		<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		<u>3,425,500</u>	<u>3,425,500</u>
Accumulated loss		<u>(587,733)</u>	<u>(619,619)</u>
		<u>2,837,767</u>	<u>2,805,881</u>
Non-current liabilities			
Sponsors' loan - unsecured		482,141	463,599
Long term loans	5	834,537	903,055
Deferred liabilities		1,188	1,135
		1,317,866	1,367,789
Current liabilities			
Trade and other payables		102,130	221,396
Mark up accrued		28,375	55,993
Current portion of long term loan	5	144,446	149,512
Provision for taxation		3,349	1,802
		278,300	428,703
Contingencies and commitments	6	<u>4,433,933</u>	<u>4,602,373</u>

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



Chief Executive

AS AT DECEMBER 31, 2010

		Unaudited 31 December 2010	Audited 30 June 2010
ASSETS	Note	Rupees '000	
Non-current assets			
Property, plant and equipment	7	1,072,833	1,100,585
Long term investments	8	3,204,510	3,204,510
Long term deposits		38	38
		<u>4,277,381</u>	<u>4,305,133</u>

Current assets

Stores and spares	52,305	29,431
Trade debts - unsecured, considered good	53,444	200,435
Advances, deposits, prepayments and other receivables	21,099	11,622
Cash and bank balances	29,704	55,752
	<u>156,552</u>	<u>297,240</u>

<u>4,433,933</u>	<u>4,602,373</u>
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**CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2010**

		For the half year ended		For the quarter ended	
		31 December 2010	31 December 2009	31 December 2010	31 December 2009
Note		(-----Rupees '000'-----)			
Revenue - net	9	566,752	359,508	229,788	154,705
Direct costs	10	(434,928)	(251,346)	(183,626)	(109,246)
Gross profit		131,824	108,162	46,162	45,459
Administrative expenses		(7,454)	(6,060)	(2,493)	(3,889)
Other operating income		5,085	1,660	2,584	1,230
Profit from operations		129,455	103,762	46,253	42,800
Finance cost	11	(95,789)	(89,942)	(51,753)	(43,818)
Profit/(loss) before taxation		33,666	13,820	(5,500)	(1,018)
Taxation		(1,780)	(581)	(905)	(431)
Profit/(loss) after taxation		31,886	13,239	(6,405)	(1,449)
Earnings/(loss) per share - basic and diluted - (Rupees)		0.09	0.04	(0.02)	(0.004)

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


Chief Executive

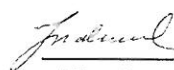

Director

CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2010

	31 December 2010	31 December 2009
	Rupees '000'	
Cash flow from operating activities		
Profit before tax	33,666	13,820
Adjustment for non-cash items:		
Depreciation	29,125	27,537
Provision for staff retirement benefits	52	352
Finance cost	95,789	89,942
	124,966	117,831
Operating profit before working capital changes	158,632	131,651
(Increase) / decrease in current assets:		
Stores & spares	(22,874)	867
Advances, deposits, prepayments, and other receivables	(10,038)	(2,549)
Trade debts	146,991	44,242
	114,079	42,560
Decrease in current liabilities		
Trade and other payables	(119,266)	(61,074)
Cash generated from operations	153,445	113,137
Finance cost paid	(104,303)	(82,238)
Income tax paid	(233)	-
	(104,536)	(82,238)
Net cash generated from operating activities	48,909	30,899
Cash flow from investing activities		
Property plant and equipment	(707)	(29)
Capital work in progress	-	(5,109)
Net cash used in investing activities	(707)	(5,138)
Cash flow from financing activities		
Repayment of long term loans	(74,250)	(36,654)
Net cash used in financing activities	(74,250)	(36,654)
Net decrease in cash and cash equivalents	(26,048)	(10,893)
Cash and cash equivalents at beginning of the period	55,752	84,916
Cash and cash equivalents at the end of the period	29,704	74,023

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Chief Executive

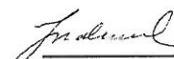

Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2010

	For the half year ended		For the quarter ended	
	31 December	31 December	31 December	31 December
	2010	2009	2010	2009
	(-----Rupees '000'-----)			
Profit/(loss) for the period	31,886	13,239	(6,405)	(1,449)
Other comprehensive Income	-	-	-	-
Total comprehensive income/(loss) for the period	<u>31,886</u>	<u>13,239</u>	<u>(6,405)</u>	<u>(1,449)</u>

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 DECEMBER 2010

	Share capital	Accumulated loss	Total
	-----Rupees '000'-----		
Balance as at 01 July 2009	3,425,500	(626,662)	2,798,838
Total comprehensive income for the period	-	13,239	13,239
Balance as at 31 December 2009	<u>3,425,500</u>	<u>(613,423)</u>	<u>2,812,077</u>
Total comprehensive loss for the period	-	(6,196)	(6,196)
Balance as at 01 July 2010	<u>3,425,500</u>	<u>(619,619)</u>	<u>2,805,881</u>
Total comprehensive income for the period	-	31,886	31,886
Balance as at 31 December 2010	<u><u>3,425,500</u></u>	<u><u>(587,733)</u></u>	<u><u>2,837,767</u></u>

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


Chief Executive


Director

1 Status and 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 (WAPDA). The Company commenced commercial operations w.e.f. 06 June 2001. The registered office of the Company is at Descon Headquarter 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 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 Estimates

The preparation of the condensed interim unconsolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the condensed interim unconsolidated financial information, the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation
- Retirements and other benefits
- Provisions and Contingencies
- Fair value of derivatives

5 Long term loans

Long term loans - secured

Syndicate finance - local currency

Syndicate finance - foreign currency

Less: Current maturity

Power Management Company

(Private) Limited - unsecured

		31 December 2010	30 June 2010
	Note		
		(Rupees in thousand)	
5.1		800,628	854,003
5.2		128,356	148,564
		928,984	1,002,567
		(144,447)	(149,512)
		784,537	853,055
5.3		50,000	50,000
		834,537	903,055

- 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 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 site.
- 5.2** 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 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.

6 Contingencies and commitments

Contingencies

There are no material contingencies as at 31 December 2010.

Commitments

- 6.1** 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.
- 6.2** 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 credit basis. The guarantees will expire on 31 January 2011, which is renewable.

	31 December 2010	30 June 2010
	(Rupees in thousand)	
7 Property, plant and equipment		
Opening written down value	1,100,585	1,128,669
Additions during the period	1,373	29,211
Depreciation charge for the period	(29,125)	(57,295)
Closing written down value	1,072,833	1,100,585

8 Long term investments

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

	31 December 2010	31 December 2009
	(Rupees in thousand)	
9 Revenue		
Energy revenue	429,464	250,976
Less: General sales tax	(62,401)	(34,617)
	<u>367,063</u>	<u>216,359</u>
Capacity revenue	199,689	143,149
	<u>566,752</u>	<u>359,508</u>
10 Direct cost		
Gas cost	346,625	200,270
Stores & spares consumed	33,508	-
Energy import	744	1,202
Lube oil consumed	6,210	5,899
Operation and maintenance contractor's fee	12,000	12,000
Salaries, wages and other benefits	77	145
Insurance costs	2,711	2,555
Generation license fee	83	75
Repairs and maintenance	3,493	1,260
Depreciation	29,111	27,483
Others	360	457
	<u>434,923</u>	<u>251,346</u>
11 Finance cost		
Bank charges	1,551	1,558
Mark-up on long term loans	90,797	87,809
Mark-up on late payments to SNGPL	2,880	-
Amortization of bank guarantee cost	561	575
	<u>95,789</u>	<u>89,942</u>

12 Related party transactions

The related parties comprise holding company, subsidiary and 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 December 2010	31 December 2009
	(Rupees in thousand)	
Holding company		
<i>Descon Engineering Limited</i>		
-Mark up accrued on long term loan	<u>18,543</u>	<u>18,116</u>
Subsidiary company		
<i>Power Management Company (Private) Limited</i>		
-Repayment of short term loan	<u>1,450</u>	<u>1,000</u>
-Mark up accrued on long term loan	<u>5,461</u>	<u>-</u>
Associated companies		
<i>Descon Power Solutions (Private) Limited</i>		
- Operation and maintenance contractor's fee	<u>12,000</u>	<u>12,000</u>
- Purchases of spare parts	<u>60,316</u>	<u>-</u>
Others		
Remuneration to key management employees	<u>2,508</u>	<u>2,250</u>

13 General

13.1 These financial statements were authorized for issue on February 25, 2011 by the Board of Directors of the Company.

13.2 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 December 2010	Audited 30 June 2010
	Note	Rupees '000
EQUITY AND LIABILITIES		
Share capital		
Authorized capital		
400,000,000 (30 June 2010: 400,000,000) ordinary shares of Rs.10/- each		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	(546,734)	(653,694)
Accumulated profit	4,453,764	3,923,568
Total equity	7,332,530	6,695,374
Non-controlling interest	5,087,453	4,685,392
	12,419,983	11,380,766
Non-current liabilities		
Sponsors' loan -unsecured	5 482,141	463,599
Long term loans	6 15,219,203	16,210,791
Interest rate swap liability	1,375,687	1,541,061
Deferred liabilities	1,188	1,135
	17,078,219	18,216,586
Current liabilities		
Trade and other payables	1,893,329	1,941,786
Mark up accrued	338,428	373,140
Current portion of long term loan	6 2,167,585	1,849,721
Provision for taxation	5,264	2,109
	4,404,606	4,166,756
Contingencies and commitments	7	
	33,902,808	33,764,108

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


 Chief Executive

AS AT DECEMBER 31, 2010

		Unaudited 31 December 2010	Audited 30 June 2010
		Rupees '000	
ASSETS	<i>Note</i>		
Non-current assets			
Property, plant and equipment	8	25,892,240	26,510,724
Long term deposits		3,077	1,074
Long term loan to employee		-	1,309
		<u>25,895,317</u>	<u>26,513,107</u>
Current assets			
Store and spares		381,242	358,820
Stock in trade		491,482	318,057
Trade debts - unsecured, considered good		6,351,792	5,983,422
Advances, deposits, prepayments		92,262	268,601
and other receivables		690,713	322,101
Cash and bank balances		8,007,491	7,251,001
		<u>33,902,808</u>	<u>33,764,108</u>


Director

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2010

	Note	For the half year ended		For the quarter ended	
		31 December	31 December	31 December	31 December
		2010	2009	2010	2009
(-----Rupees '000-----)					
Revenue - net	9	8,300,785	7,858,420	3,993,449	3,786,312
Direct costs	10	(6,110,630)	(5,374,227)	(2,985,658)	(2,574,986)
Gross profit		2,190,155	2,484,193	1,007,791	1,211,326
Administrative expenses		(47,252)	(49,436)	(19,052)	(19,896)
Other operating income		19,445	6,121	12,492	3,421
Profit from operations		2,162,348	2,440,878	1,001,231	1,194,851
Finance cost		(1,297,750)	(1,259,958)	(597,130)	(627,853)
Profit before taxation		864,598	1,180,920	404,101	566,998
Taxation		(3,695)	(581)	(2,820)	(431)
Profit after taxation		860,903	1,180,339	401,281	566,567
Non-controlling interest		(330,707)	(467,327)	(161,672)	(227,448)
Attributable to holding company		530,196	713,012	239,609	339,119
Earnings per share - basic and diluted - (Rupees)		1.55	2.08	0.70	0.99

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 DECEMBER 2010

	31 December 2010	31 December 2009
	Rupees '000	
Cashflow from Operating activities		
Profit before tax	864,598	1,180,920
Adjustment for non-cash items:		
Depreciation	684,599	675,926
Profit on sale of property, plant & equipment	(2,167)	(874)
Provision for staff retirement benefits	52	352
Capital spares consumed	3,231	4,109
Finance cost	1,297,750	1,267,671
	1,983,465	1,947,184
Operating profit before working capital changes	2,848,063	3,128,104
(Increase) / decrease in current assets:		
Stores & spares	(22,422)	(3,782)
Stock in trade	(173,425)	3,667
Trade debts	(368,370)	(757,294)
Advances, deposits, prepayments, and other receivables	167,184	(11,433)
	(397,033)	(768,842)
Decrease in current liabilities		
Trade and other payables	(22,105)	(275,689)
Cash generated from operations	2,428,925	2,083,573
Long term deposits paid	(694)	317
Finance cost paid	(1,130,745)	(1,071,411)
Income tax paid	10,162	19,741
Retirement benefits paid	-	(10,602)
	(1,121,277)	(1,061,955)
Net cash generated from operating activities	1,307,648	1,021,618
Cashflow from Investing activities		
Property plant & equipment	(12,573)	(10,868)
Proceeds from disposal of property, plant & equipment	3,901	1,985
Net cash used in investing activities	(8,672)	(8,883)
Cashflow from Financing activities		
Long term loans - net	(930,364)	(1,918,038)
Net cash used in from financing activities	(930,364)	(1,918,038)
Net increase in cash and cash equivalents	368,612	(905,303)
Cash and cash equivalents at beginning of the period	322,101	1,819,418
Cash and cash equivalents at the end of the period	690,713	914,115

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 DECEMBER 2010

	For the half year ended		For the quarter ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	(-----Rupees '000'-----)			
Profit for the period	860,903	1,180,339	401,281	566,567
Other Comprehensive Income:				
Effective portion of changes in fair value of				
Cashflow hedge	178,314	(35,067)	163,081	(1,079)
Total comprehensive income for the period	<u>1,039,217</u>	<u>1,145,272</u>	<u>564,362</u>	<u>565,488</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 DECEMBER 2010

	Attributable to equity holders of Parent Company				
	Share capital	Interest rate swap revaluation reserve	Accumulated profit	Minority interest	Total
	(-----Rupees in thousand-----)				
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	-	(21,035)	-	(14,032)	(35,067)
Net profit for the period	-	-	705,285	467,327	1,172,612
Balance as at 31 December, 2009	3,425,500	(774,897)	3,387,743	4,248,116	10,286,462
Effective portion of changes in fair value of cashflow hedges	-	121,203	-	80,856	202,059
Net profit for the period	-	-	535,825	356,420	892,245
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	-	106,960	-	71,354	178,314
Net profit for the period	-	-	530,196	330,707	860,903
Balance as at 31 December, 2010	<u>3,425,500</u>	<u>(546,734)</u>	<u>4,453,764</u>	<u>5,087,453</u>	<u>12,419,983</u>

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


Chief Executive


Director

1 STATUS & 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 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.

Power Management Company (Private) Limited (PMCL) was incorporated in Pakistan on 24 February 2006. The principal objective of 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 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 Markez, 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 financials 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 December 2010	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	152,834	134,292
		482,141	463,599

5.1 This represent funds 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 (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. 152.8 million (2010: 116.3 million). As per terms of agreement the mark up payment is subordinated to loan facility from MCB Bank Limited and additional mark up is not due on this amount.

	31 December 2010		30 June 2010	
			Rupees '000	
6 Long term loans				
Loans from financial institutions		15,887,133		16,706,523
Loans from related parties		1,499,655		1,353,989
		17,386,788		18,060,512
Less: Current portion of long term loan		(2,167,585)		(1,849,721)
		15,219,203		16,210,791

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 December 2010	30 June 2010
	Rupees '000	
8 Operating fixed assets		
Opening book value	26,510,724	26,955,013
Additions / transfers-in during the period - net	60,221	478,430
Depreciation for the period/year	(678,705)	(922,719)
Closing book value	25,892,240	26,510,724
	31 December 2010	31 December 2009
	Rupees '000	
9 Revenue		
Energy	5,198,088	4,398,969
Capacity	2,886,520	3,372,523
Other supplemental charges	311,409	177,567
Gas efficiency passed to WAPDA	(95,232)	(90,639)
	8,300,785	7,858,420
10 Direct costs		
Energy import	6,348	5,545
Fuel consumed	4,583,448	3,854,866
Chemicals, stores and spares consumed	77,334	56,826
Lube oil consumed	6,210	-
O & M Contractors' fee	601,840	522,295
Insurance	108,002	225,854
Generation licence fee	1,901	1,688
Electricity duty	1,892	1,505
Miscellaneous expenses	42,285	33,149
Depreciation	681,370	672,499
	6,110,630	5,374,227

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:

	31 December 2010	31 December 2009
	(Rupees in '000)	
Ultimate Parent		
<i>Descon Engineering Limited</i>		
-Mark up accrued on long term loan	18,543	18,116
Subsidiary Company		
<i>Power Management Company (Private) Limited</i>		
-Repayment of short term loan	1,450	1,000
-Mark up accrued on long term loan	5,461	-
Associated Companies		
<i>Descon Power Solutions (Private) Limited</i>		
-Operations and maintenance contractor's fee	12,000	12,000
-Purchases of spare parts	60,316	-
<i>Rousch (Pakistan) Power Limited</i>		
-Operator's fee paid to ESB International Contracting Limited	369,770	252,039
-Payment to Siemens AG as maintenance contractor	176,871	191,666
-Payment to Siemens AG on GTG 11/STG Rotor replacement Agreement	18,538	289,563
-Payment to Descon Engineering Limited against services	-	10,546
-Payment to Presson Descon (Private) Limited against services	3,131	-
-Payment to Siemens Pakistan Limited for supply of spares & services	4	537
Others		
Remuneration to key management employees	2,508	2,250

12 General

12.1 These financial statements were authorized for issue on 25 February 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

