

# **ALTERN ENERGY LIMITED**

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## **INTERIM FINANCIAL STATEMENTS**

**(UN-AUDITED)**

**FOR THE QUARTER ENDED  
SEPTEMBER 30, 2010**



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

**FOR THE QUARTER ENDED  
SEPTEMBER 30, 2010**

**ALTERN ENERGY LIMITED**

## **COMPANY INFORMATION**

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### **BOARD OF DIRECTORS**

Mr. Abdul Razak Dawood

(Chairman)

Mr. Sabeeh U Faruqi

(Chief Executive)

Mr. Salman Zakaria

Syed Zamanat Abbas

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. Salman Zakaria

Syed Zamanat Abbas

### **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

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### 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 1<sup>st</sup> quarter ended September 30, 2010.

During the period under review, the total turnover of the Company for the 1<sup>st</sup> quarter reached at Rs. 336.964 million. The Company earned a gross profit of Rs. 85.67 million and reported a net profit after tax of Rs. 38.44 million which is higher by Rs. 29.05 million as compared to the same period of previous financial year.

During the period under review, the Company dispatched 60.174 GWhrs to WAPDA as compared to 40.377 GWhrs delivered during the first quarter ended September 30, 2009.

Considering present liquidity crunch caused by circular debt, WAPDA is partially releasing due payments, 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. 422.40 million, earning of forty nine paise (Rs. 0.49) 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 808.003 GWhrs of electricity to WAPDA during the 1<sup>st</sup> quarter of the financial year 2010-2011 as compared to 826.76 GWhrs delivered during the same quarter of the previous financial year. During the first three months of the financial year, the Company has passed on Rs. 40.8 million to WAPDA as its share of gas efficiency, which accrued as a result of the efficient operation of plant.

The Company has completed negotiations on the terms and conditions of Long Term Maintenance Agreement (LTMSA) including Life Time Extension (LTE) measures with Siemens. The Company intends to execute the agreement after having the approval from the lenders of the Company. 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.

# CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET (UN-AUDITED)

	Unaudited 30 September 2010	Audited 30 June 2010
EQUITY AND LIABILITIES	NOTE	(Rupees in Thousand)
<b>Share Capital</b>		
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
Accumulated loss		(619,619)
		2,844,322
<b>Non-current liabilities</b>		
Sponsors' loan -unsecured	472,808	463,599
Long term loans	896,081	903,055
Deferred liability -staff gratuity	1,165	1,135
	1,370,054	1,367,789
<b>Current liabilities</b>		
Trade and other payables	195,981	223,198
Mark up accrued	23,671	55,993
Current portion of long term loan	147,216	149,512
	366,868	428,703
	4,581,244	4,602,373

Contingencies and commitments 4

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



Chief Executive

# AS AT SEPTEMBER 30, 2010

		Unaudited 30 September 2010	Audited 30 June 2010
ASSETS	NOTE	(Rupees in Thousand)	
Non-current assets			
Property, plant and equipment			
-Operating fixed assets	5	1,087,737	1,100,585
Long term investments	6	3,204,510	3,204,510
Long term deposits		38	38
		4,292,285	4,305,133
Current assets			
Stores and spares		43,435	29,431
Trade debts		130,384	200,435
Advances, prepayments and other receivables		5,913	11,622
Cash and bank balances		109,227	55,752
		288,959	297,240
		4,581,244	4,602,373

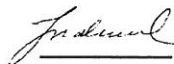
**CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

		<b>30 September 2010</b>	<b>30 September 2009</b>
	<b>NOTE</b>	<b>(Rupees in Thousand)</b>	
Revenue - net	7	336,964	204,803
Direct cost	8	(251,302)	(142,100)
Gross profit		85,662	62,703
Administrative expenses		(4,811)	(2,171)
Other operating income		2,501	430
Operating profit		83,352	60,962
Finance cost	9	(44,036)	(51,420)
Profit before taxation		39,316	9,542
Taxation		(875)	(150)
Profit after taxation		38,441	9,392
Earnings per share - Basic and Diluted		0.11	0.03

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



**Chief Executive**



**Director**

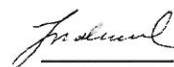
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	30 September 2010	30 September 2009
	<u>(Rupees in Thousand)</u>	
Profit for the period	38,441	9,392
Other Comprehensive Income	-	-
Total comprehensive income for the period	<u>38,441</u>	<u>9,392</u>

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



Chief Executive



Director



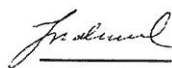
**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	30 September 2010	30 September 2009
	<b>(Rupees in Thousand)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	39,316	9,542
Adjustment for non-cash items:		
Depreciation	14,576	13,665
Gratuity	30	-
Finance cost	44,036	51,420
	58,642	65,085
Cash flows from operating activities	97,958	74,627
<b>Changes in Working Capital</b>		
(Increase) / decrease in current assets:		
Stores & Spares	(14,004)	1,051
Advances, deposits, prepayments, and other receivables	5,429	(3,523)
Trade debts	70,051	45,069
	61,476	42,597
Increase/(decrease) in current liabilities		
Trade and other payables	(28,026)	(26,496)
Cash generated from operations	131,408	90,728
Finance cost paid	(66,867)	(79,822)
Income tax paid	(67)	-
Net cash (used in)/generated from operating activities	64,474	10,906
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant & equipment	(707)	(29)
Net cash used in investing activities	(707)	(29)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loans - net	(10,292)	(17,966)
Net cash (used in)/generated from financing activities	(10,292)	(17,966)
Net increase / (decrease) in cash and cash equivalents	53,475	(7,089)
Cash and cash equivalents at beginning of the period	55,752	84,916
Cash and cash equivalents at the end of the period	109,227	77,827

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



**Chief Executive**



**Director**

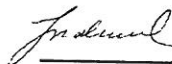
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	SHARE CAPITAL	ACCUMULATED LOSS	TOTAL
	----- (Rupees in Thousand) -----		
Balance as at 01 July 2009	3,425,500	(626,662)	2,798,838
Total comprehensive profit for the period	-	7,043	7,043
Balance as at 30 June 2010	3,425,500	(619,619)	2,805,881
Total comprehensive profit for the period	-	38,441	38,441
Balance as at 30 September 2010	3,425,500	(581,178)	2,844,322

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



**Chief Executive**



**Director**

## 1 STATUS & NATURE OF BUSINESS

Altern Energy Limited ("the Company") was incorporated in Pakistan on 17 January 1995 and is listed on Karachi Stock Exchange. The principal objective of the Company is to generate and supply electric power to Water and Power Development Authority of Pakistan (WAPDA) from its 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

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 followed for preparation of these financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2010.

## 4 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.

## 5 OPERATING FIXED ASSETS

	30 September 2010	30 June 2010
	(Rupees in Thousand)	
Opening net book value	1,100,585	1,135,669
Additions / transfers-in during the period - net	1,728	29,211
Deletions during the period - at WDV	-	(7,000)
Depreciation for the period	(14,576)	(57,295)
Closing net book value	1,087,737	1,100,585

## 6 LONG TERM INVESTMENTS

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

	30 September 2010	30 September 2009
	(Rupees in Thousand)	
<b>7 REVENUE</b>		
Energy revenue - gross	252,249	147,539
Sales tax	(36,652)	(20,350)
Energy revenue - net	215,597	127,189
Capacity revenue	121,367	77,614
	<b>336,964</b>	<b>204,803</b>
<b>8 DIRECT COSTS</b>		
Fuel Consumed	204,840	116,250
Store & Spares consumed	18,110	-
Purchase of energy from WAPDA	475	641
Lube oil	4,916	3,241
Operation and maintenance costs	6,000	6,200
Insurance Cost	1,494	1,229
Generation license fee	-	75
Repairs and maintenance	699	620
Others	199	219
Depreciation / amortization	14,569	13,625
	<b>251,302</b>	<b>142,100</b>
<b>9 FINANCE CHARGES</b>		
Bank charges	16	827
Mark-up on long term loans/ Late payment charges	43,739	45,009
Exchange loss	-	5,297
Others	281	287
	<b>44,036</b>	<b>51,420</b>

## 10 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

9,209

9,060

### **Subsidiary company**

Power Management Company (Pvt.) Limited

-Repayment of short term loan

-

500

### **Associated companies**

Descon Power Solutions (Pvt.) Limited

-Payment against O & M services

1,229

5,400

-Payment against supplies

10,000

-

## **11 GENERAL**

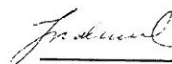
11.1 These financial statements were authorized for issue on October 26, 2010 by the Board of Directors of the Company.

11.2 Previous period's figures have been rearranged, wherever necessary for the purpose of comparison.

11.3 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)

		30 September 2010	30 June 2010
EQUITY AND LIABILITIES	Note	(Rupees in thousand)	
<b>Share capital</b>			
Authorized capital			
400,000,000 (June 2010: 400,000,000) ordinary shares of Rs.10 each		4,000,000	4,000,000
Issued, subscribed and paid up			
342,550,000 (June 2010: 342,550,000) ordinary shares of Rs. 10 each		3,425,500	3,425,500
Interest rate swap revaluation reserve		(644,557)	(653,694)
Accumulated profit		4,214,155	3,923,568
Total equity		6,995,098	6,695,374
Non-controlling interest		4,860,523	4,685,392
Total equity and minority interest		11,855,621	11,380,766
<b>Non-current liabilities</b>			
Sponsors' loan -unsecured	5	472,808	463,599
Long term loans	6	15,275,818	16,210,791
Interest rate swap liability		1,525,830	1,541,061
Deferred liability - staff gratuity		1,165	1,135
		17,275,621	18,216,586
<b>Current liabilities</b>			
Trade and other payables		1,754,339	1,943,895
Mark-up accrued		30,379	373,140
Current portion of long term loans		2,177,421	1,849,721
		3,962,139	4,166,756
Contingencies and commitments	7		
		33,093,381	33,764,108

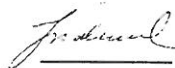
The annexed notes form an integral part of these financial statements



Chief Executive

# AS AT SEPTEMBER 30, 2010

		30 September 2010	30 June 2010
ASSETS	Note	(Rupees in thousand)	
<b>Non-current assets</b>			
Property, plant and equipment			
-Operating fixed assets	8	26,288,694	26,510,724
Long term deposits		3,124	1,074
Long term loan to employee		-	1,309
		<u>26,291,818</u>	<u>26,513,107</u>
<b>Current assets</b>			
Store and spares		393,946	358,820
Stock in trade		341,596	318,057
Trade debts		5,615,450	5,983,422
Advances, prepayments and other receivables		199,268	268,601
Cash and bank balances		251,303	322,101
		<u>6,801,563</u>	<u>7,251,001</u>
		<u>33,093,381</u>	<u>33,764,108</u>

  
Director



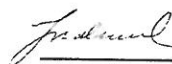
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

		<b>30 September 2010</b>	<b>30 September 2009</b>
	<b>Note</b>	<b>(Rupees in thousand)</b>	
Revenue - net	9	<b>4,307,336</b>	4,072,108
Direct costs	10	<b>(3,124,972)</b>	(2,759,888)
Gross profit		<b>1,182,364</b>	1,312,220
Administrative expenses		<b>(28,200)</b>	(29,540)
Other Operating expenses - FED on insurance premium		-	(39,353)
Other operating income		<b>6,953</b>	2,700
Operating profit		<b>1,161,117</b>	1,246,027
Finance cost		<b>(700,620)</b>	(637,402)
Net profit before taxation		<b>460,497</b>	608,625
Taxation		<b>(875)</b>	(150)
Profit after taxation		<b>459,622</b>	608,475
Non-controlling interest		<b>(169,035)</b>	(239,879)
Attributable to holding company		<b>290,587</b>	368,596
Earnings per share - Basic and diluted		<b>0.85</b>	1.08

The annexed notes form an integral part of these financial statements



Chief Executive



Director

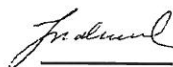
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	<b>30 September 2010</b>	<b>30 September 2009</b>
	<b>(Rupees in thousand)</b>	
<b>Profit for the period</b>	<b>459,622</b>	<b>608,475</b>
<b>Other Comprehensive Income:</b>		
Effective portion of changes in fair value of Cashflow hedge	<b>15,233</b>	<b>(33,988)</b>
<b>Total comprehensive income for the period</b>	<b>474,855</b>	<b>574,487</b>

The annexed notes form an integral part of these financial statements



**Chief Executive**



**Director**

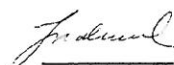
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	30 September 2010	30 September 2009
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	460,497	608,625
Adjustment for non-cash items:		
Depreciation	341,449	335,240
Profit on sale of property, plant & equipment	(2,463)	(627)
Capital spares consumed	957	2,305
Finance cost	700,620	637,395
	1,040,593	974,313
Cash flows from operating activities	1,501,090	1,582,938
<b>Changes in working capital</b>		
(Increase) / decrease in current assets:		
Stores & spares	(35,126)	5,731
Stock in trade	(23,539)	(39,674)
Trade debts	367,971	(256,804)
Advances, deposits, prepayments, and other receivables	70,322	(118,538)
	379,628	(409,285)
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	(10,648)	(164,327)
<b>Cash generated from operations</b>	1,870,070	1,009,326
Long term deposits paid	(741)	(160)
Finance cost paid	(1,066,433)	(1,039,321)
Income tax paid	(460)	(276)
Retirement benefits paid	-	2,393
<b>Net cash (used in)/generated from operating activities</b>	802,436	(28,038)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property plant & equipment	(9,806)	(4,283)
Proceeds from disposal of property, plant & equipment	2,978	853
<b>Net cash used in investing activities</b>	(6,828)	(3,430)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loans - net	(866,406)	(1,899,350)
Short term borrowings	-	378,099
<b>Net cash (used in) / generated from financing activities</b>	(866,406)	(1,521,251)
Net increase / (decrease) in cash and cash equivalents	(70,798)	(1,552,719)
Cash and cash equivalents at beginning of the period	322,101	1,819,418
<b>Cash and cash equivalents at the end of the period</b>	251,303	266,699

The annexed notes form an integral part of these financial statements



Chief Executive



Director

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 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	-	100,168	-	66,824	166,992
Net profit for the period	-	-	1,241,110	823,747	2,064,857
<b>Balance as at 30 June 2010</b>	<b>3,425,500</b>	<b>(653,694)</b>	<b>3,923,568</b>	<b>4,685,392</b>	<b>11,380,766</b>
Changes in fair value of interest rate swap	-	9,137	-	6,096	15,233
Net profit for the period	-	-	290,587	169,035	459,622
<b>Balance as at 30 September 2010</b>	<b>3,425,500</b>	<b>(644,557)</b>	<b>4,214,155</b>	<b>4,860,523</b>	<b>11,855,621</b>

The annexed notes form an integral part of these financial statements

  
Chief Executive

  
Director

## 1 Status and nature of business

### 1.1 The group comprises of:

Altern Energy Limited (AEL); and

#### **Subsidiary Companies:**

Power Management Company (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 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, in Punjab. RPPL started commercial operations from 11 December 1999. The registered office of the RPPL is situated at 68 - Studio Apartments, Park Towers, F-10 Markez, Jinnah Avenue, Islamabad.

- 1.2 In terms of Amendment No. 3 to the Power Purchase Agreement (PPA) executed between the RPPL and WAPDA on 21 August 2003, RPPL has agreed to transfer ownership of the Complex to WAPDA at a token value of US\$ 1 at the expiry of 30 years term of PPA (starting from 11 December 1999), if WAPDA does not opt for a renewal of the PPA for the additional term pursuant to section 4.1 (c) of the PPA.

## 2 Basis of preparation 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 followed for preparation of these financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 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	
	30 September Note 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

Descon Engineering Ltd.	5.1	<b>306,155</b>	306,155
Crescent Standard Business Management (Pvt.) Ltd.	5.2	<b>23,152</b>	23,152
		<b>329,307</b>	329,307
Interest on long term financing	5.3	<b>143,501</b>	134,292
		<b>472,808</b>	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. 143.5 million (2010: 134.3 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.

	30 September 2010	30 June 2010
	(Rupees in thousand)	
<b>6 Long term loans</b>		
Loans from financial institutions	15,977,258	16,706,523
Loans from related parties	1,475,981	1,353,989
	<u>17,453,239</u>	<u>18,060,512</u>
Less: Current portion of long term loan	(2,177,421)	(1,849,721)
	<u>15,275,818</u>	<u>16,210,791</u>
<b>7 Contingencies and commitments</b>		
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.		
<b>8 Operating fixed assets</b>		
Opening book value	26,510,724	26,955,013
Additions / transfers-in during the period - net	114,987	478,430
Depreciation for the period/year	(337,017)	(922,719)
Closing book value	<u>26,288,694</u>	<u>26,510,724</u>
<b>9 Revenue</b>		
Energy	2,736,186	2,302,495
Capacity	1,463,750	1,726,235
Other supplemental charges	148,185	85,380
Gas efficiency passed to WAPDA	(40,785)	(42,002)
	<u>4,307,336</u>	<u>4,072,108</u>
<b>10 Direct costs</b>		
Energy import	2,393	641
Fuel consumed	2,402,559	2,019,739
Chemicals, stores and spares consumed	26,234	32,257
O & M Contractors' fee	276,333	268,799
Insurance	54,139	93,202
Generation licence fee	909	882
Electricity duty	954	793
Miscellaneous expenses	21,494	10,033
Depreciation	339,957	333,542
	<u>3,124,972</u>	<u>2,759,888</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:

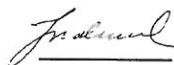
	30 September 2010	30 September 2009
	(Rupees in Thousand)	
<b>Ultimate Parent</b>		
Descon Engineering Limited		
-Mark up accrued on long term loan	9,209	9,060
<b>Associated Companies</b>		
Descon Power Solutions (Pvt.) Limited		
-Payment against O & M services	1,229	5,400
-Payment against O & M for supply of spares	10,000	-
Rousch (Pakistan) Power Limited		
-Operator's fee paid to ESB International Constructing Ltd.	145,057	125,295
-Payment to Siemens AG as maintenance contractor	61,241	100,066
-Payment to Siemens AG on GTG 11/STG Rotor replacement	18,538	185,225
-Payment to Presson Descon (Pvt) Ltd against services	934	-
-Payment to Siemens Pakistan Ltd for supply of spares & services	4	394

## 12 General

- 12.1 These financial statements were authorized for issue on October 26, 2010 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



