

I b r a h i m E n e r g y L i m i t e d

Ibrahim Energy Limited

Annual Report 1996

Company Information

Chief Executive

Sheikh Mukhtar Ahmed

Directors

Sheikh Muhammed Yaseen

Mr. Muhammed Naeem Mukhtar

Mr. Muhammad Waseem Kukhtar

Mr. Atif Yaseen

Mrs. Iqbal Begum

Mrs. Ghazala Naeem

Secretary

S.M. Hasnain Rizvi

Auditors

F.R. Merchant & Co.,

Chartered Accountants, Karachi.

Tax Consultants

F.R. Merchant & Co.,

Chartered Accountants,

Karachi.

System Consultants

KPMG Peat Marwick Associates

(Pvt) Limited

Karachi.

Bankers

Pakistan Industrial Credit & Investment
Corporation Limited.

Faysal Bank Limited.

Registered Office

Ibrahim Centre

1-A, Ahmad Block,

New Garden Town, Lahore.

Head Office

Ibrahim Centre
15-Club Road, Faisalabad.

Shares Registration Office

Ibrahim Centre
GK-7/59, Bagh-e-Zehra Street,
Kharadar, Karachi.

Location of Power Plant

38, Kilometer, Faisalabad
Shaikhupura Road,
Tehsil Jaranwala, District
Faisalabad.

Notice of Meeting

Notice is hereby given that the 5th Annual General Meeting of the shareholders of the Company will be held on 30-12-1996 at 10:00 A.M., at Avari Hotel, Lahore to transact the following business:-

1. To confirm the minutes of the preceding meeting of the shareholders of the Company.
2. To consider, approve and adopt the Annual Audited Accounts of the Company for the year ending 30-06-1996.
3. To approve Cash Dividend @ 15% as recommended by the Board of Directors.
4. To appoint Auditors for the next year 1996/97 and to fix their remuneration. The present auditors M/s. F. R. Merchant & Co., Chartered Accountants, Karachi being eligible for appointment, offer themselves for re-appointment.
5. To transact any other business with the permission of the chair.

By Order of the Board

(S.M. HASNAIN RIZVI)
Company Secretary

Notes:

- i) The share transfer books of the Company shall remain closed from 24-12-1996 to 30-12-1996 (both days inclusive) to determine the names of members entitled to Dividend payment and to attend the meeting. Transfers received in order at the Registered Office of the Company at the close of business on 23-12-1996 will be treated in time.
- ii) A member entitled to attend and vote at the meeting may appoint another member as his/her proxy

to attend and vote on his/her behalf.

iii) The proxies, in order to be effective, must be received by the Company at least 48 hours before the meeting,

Management Review

Dear share holders,

Your Directors are pleased to present before you the 5th Annual Report together with Audited Accounts for the year ended 30-06-1996.

POWER GENERATION ACTIVITIES

The Power plant run by your Company generated 91,583 M.W.H. during the year under review as against the generation of 124,526 M.W.H. during the corresponding period of last year. The reasons for low generation being:-

i) The major consumers of Electric Power from our Plant are spinning units of our Ibrahim Group and also to a nearby chemical plant. During the year they had installed their own Power Generation Unit and discontinued taking electric supply from us.

ii) The periodical maintenance and overhauling was also a factor for low generation.

CAPACITY UTILIZATION

However to overcome the capacity utilisation we have successfully negotiated with 2 nearby Industrial Units for the sale of energy and the supply has already started. The position will further improve to the maximum capacity after the start of production by Ibrahim Fibres Limited of their Polyester Staple Fibre Plant in December 1996.

SALES

We hope that the capacity utilisation will boost the sales revenue and the profitability of the Company during the financial year ending on June 30, 1997 and onward.

FINANCIAL RESULTS:

The financial results are as under:

	Year ended 30-06-1996 Rupees	Year ended 30-06-1995 Rupees
Revenue generated from sale of electric energy	227,108,868 =====	282,414,861 =====
Gross Profit	103,824,436	140,977,756
Administrative expenses	13,744,058	12,824,368
Operating profit	90,080,378	128,153,388
Other Income	903,141	715,276

	-----	-----
	90,983,519	128,868,664
Financial/other charges	71,818,704	66,941,870
	-----	-----
Net Profit available for appropriation	19,164,815	61,926,794
	=====	=====

EXPANSION PROGRAMME

The Directors are further pleased to inform you that in view of the better future prospects of Power Supply, the Power Generation Capacity is being increased by the import of 2 more Diesel Generators of 5.3 M.W. Capacity each from Niigata of Japan and Cooling Tower from LUWA of Switzerland. The machinery has reached at site and under the process of installation. The extension work of the building has already been completed for the installation of the machinery.

The total power generation capacity will be increased to 31.8 M.W. after commissioning of these two additional engines.

ACKNOWLEDGEMENTS:

The management would like to place on record its deep appreciation for the continuous support of Shareholders, Employees and Bankers for their able and continued guidance and hope to get the same cooperation in future also.

On behalf of the board
 (SHEIKH MUKHTAR AHMED)
 CHIEF EXECUTIVE

Directors' Report to the Shareholders

The Directors of your Company take pleasure in presenting the 5th Annual Report of your Company together with audited accounts for the year ended June 30, 1996.

Financial Results

	Rupees
Profit for the year	19,164,815
Unappropriated profit brought forward	51,228

Available for appropriation	19,216,043
	=====

Cash dividend

You will be pleased to learn that your directors have recommended to pay Cash Dividend at the rate of 15% i.e. Rs. 1.50 per shares i.e. of the face value of Rs. 10.00 out of the profit earned during the year. Thus the appropriation of the profit earned for the year will be:-

Rupees

Available for appropriation	19,216,043
Cash Dividend @ 15%	187,500,001
Transfer to general reserve	400,000

	19,150,000

Unappropriated profit carried forward	66,043
	=====

Chief Executive's Review

The Directors of the Company endorse the accompanying Chief Executive's Review on the performance of the Company during the year.

Auditors

The present Auditors Messrs. F.R. Merchant & Co., Chartered Accountants, Karachi retire and being eligible, offer themselves for re-appointment.

Pattern of Shareholding

The pattern of Shareholding of the Company is annexed.

Acknowledgments

The Directors place on record their deep appreciation and thanks to the management and staff of the Company for the devotion, dedication and concerted efforts towards the steady growth of the Company.

On behalf of the Board
 (SHEIKH MUKHTAR AHMED)
 CHIEF EXECUTIVE

Auditors' Report to the Members

We have audited the annexed balance sheet of Ibrahim Energy Limited as at June 30,1996 and the related profit & loss account and statement of changes in financial position, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and, after due verification thereof, we report that:

a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) In our opinion:

(i) the balance sheet and profit & loss account together with the notes thereof have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistent'~2, .~

applied;

(ii) the expenditure incurred during the year were for the purposes of the Company's business;
and

(iii) the business conducted, investment made and the expenditure incurred during the year were
in accordance with the objects of the company;

c) In our opinion and to the best of our information and according to the explanations given to us, the
balance sheet and profit & loss account and the statement of changes in financial position, together
with the notes forming part thereof, give the information required by the Companies Ordinance,
1984, in the manner so required and respectively give a true and fair view of the state of the
Company's affairs as at June 30, 1996 and of the profit and the changes in financial position for the
year then ended; and

d) In our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

F.R. Merchant & Co.
Chartered Accountants

Balance Sheet as at June 30, 1996

	Notes	1996 Rupees	1995 Rupees
CAPITAL & RESERVES			
Capital			
Authorised			
20,000,000 ordinary shares of Rs. 10/-each		200,000,000	100,000,000
		=====	=====
Issued subscribed and paid up			
12,500,000 ordinary shares of Rs. 10/- each	3	125,000,000	100,000,000
General reserve			
		48,200,000	47,800,000
Reserve for issue of bonus shares			
		--	25,000,000
Unappropriated profit			
		66,043	51,228
		-----	-----
		173,266,043	172,851,228
LONG TERM LOANS			
		329,314,102	191,101,102
LIABILITIES AGAINST ASSETS			
SUBJECT TO FINANCE LEASE			
	5	21,675,266	35,008,414
DEFERRED LIABILITIES			
Provision for gratuity	6	1,022,340	507,848

CURRENT LIABILITIES

Short term borrowings	7	15,000,000	77,814,693
Current portion of long term liabilities	8	25,120,148	21,286,184
Creditors, accrued & other liabilities	9	49,731,293	23,645,860
Proposed dividend		18,750,000	--
Taxation		494,411	2,994,411
		-----	-----
		109,095,852	125,741,148

CONTINGENCIES AND COMMITMENTS

	10	--	--
		-----	-----
		634,373,603	525,209,740
		=====	=====

FIXED CAPITAL EXPENDITURE

	Notes	1996 Rupees	1995 Rupees
Operating assets	11	305,909,520	338,356,047
Capital work in progress		23,893,025	5,112,682
		-----	-----
		329,802,545	343,468,729

LONG TERM DEPOSITS & DEFERRED COST

	12	6,303,009	6,760,661
--	----	-----------	-----------

LONG TERM INVESTMENTS

	13	206,704,000	73,217,600
--	----	-------------	------------

CURRENT ASSETS

Stores, spares & loose tools	14	14,545,337	14,086,388
Stock of oils & lubricants	15	9,906,054	6,680,240
Trade debtors	16	2,691,553	20,345,474
Advances, deposits & other receivables	17	7,710,649	4,868,661
Short term investments	18	45,529,145	49,613,205
Cash & bank balances	19	11,181,311	6,168,782
		-----	-----
		91,564,049	101,762,750
		-----	-----
		634,373,603	525,209,740
		=====	=====

The annexed notes form an integral part of these account.

Profit and Loss Account for Account for the year ended June 30,1996

1996	1995
------	------

	Notes	Rupees	Rupees
SALES		227,108,868	282,414,861
COST OF SALES	20	123,284,432	141,437,105
		-----	-----
GROSS PROFIT		103,824,436	140,977,756
ADMINISTRATIVE EXPENSES	21	13,744,058	12,824,368
		-----	-----
OPERATING PROFIT		90,080,378	128,153,388
OTHER INCOME	22	903,141	715,276
		-----	-----
		90,983,519	128,868,664
OTHER CHARGES			
Financial	23	66,297,293	52,165,767
Amortisation of deferred cost		428,677	428,677
Diminution	18	4,084,060	11,088,121
Workers' profit participation fund		1,008,674	3,259,305
		-----	-----
		71,818,704	66,941,870
		-----	-----
PROFIT BEFORE TAXATION		19,164,815	61,926,794
TAXATION	24	--	--
		-----	-----
PROFIT AFTER TAXATION		19,164,815	61,926,794
Unappropriated profit brought forward		51,228	24,434
		-----	-----
		19,216,043	61,951,228
APPROPRIATION			
Transfer to reserve for issue of 25% bonus share		--	25,000,000
Provision for tax on bonus share @ 10%		--	2,500,000
Proposed dividend @ 15%		18,750,000	--
Transfer to general reserve		400,000	34,400,000
		-----	-----
		19,150,000	61,900,000
		-----	-----
UNAPPROPRIATED PROFIT CARRIED FORWARD		66,043	51,228
		=====	=====

The annexed notes form an integral part of these accounts.

Statement of Changes in Financial Position for the year ended June 30, 1996

	1996	1995
	Rupees	Rupees
a) CASH FROM OPERATING ACTIVITIES		
Profit for the year		
before taxation	19,164,815	61,926,794
Adjustment for		
Depreciation	33,963,538	37,708,088
Profit on disposal of fixed assets	10,549	(104,202)
Provision for gratuity	706,882	532,301
Gratuity paid	(192,390)	(178,224)
Amortisation of deferred cost	428,677	428,677
Financial charges	66,297,293	52,165,767
	-----	-----
Operating profit before working capital changes	120,379,364	152,479,201
	-----	-----
Changes in working capital		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(458,949)	(13,708,067)
Stock in trade	(3,225,814)	2,479,567
Trade debtors	17,653,921	(10,673,116)
Advances, deposits and other receivables	(2,841,988)	(881,015)
(Decrease)/increase in current liabilities		
Creditors, accrued and other liabilities	6,832,027	163,527
	-----	-----
	17,959,197	(22,619,104)
	-----	-----
Cash generated from operations	138,338,561	129,860,097
Financial charges paid	(47,043,887)	(52,944,605)
Taxes paid	(2,500,000)	(133,348)
	-----	-----
Net cash (used in)/from operating activities	88,794,674	76,782,144
	=====	=====
	1996	1995
	Rupees	Rupees
b) CASH FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(20,624,607)	(16,313,886)
Proceeds from disposal of fixed assets	316,704	323,550

Long term deposits	28,975	(601,630)
Long term investments	(133,486,400)	(73,217,600)
Short term investment	4,084,060	(22,183,799)
	-----	-----
Net cash (used in) from investing activities	(149,681,268)	(111,993,365)
	-----	-----
c) CASH FROM FINANCING ACTIVITIES		
Long term loan	150,000,000	--
Lease finance	--	7,709,580
Repayment of long term loans	(10,108,000)	(4,500,000)
Repayment of lease liability	(11,178,184)	(9,048,435)
Increase/(decrease) in short term borrowings	(62,814,693)	32,028,070
	-----	-----
Net cash (used in)/from financing activities	65,899,123	26,189,215
	-----	-----
NET INCREASE IN CASH AND BANK BALANCES (A+B+C)	5,012,529	(9,022,006)
CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR	6,168,782	15,190,788
	-----	-----
CASH AND BANK BALANCES AT THE END OF THE YEAR	11,181,311	6,168,782
	=====	=====

Notes to the Accounts for the year ended - June 30, 1996

1- STATUS AND ACTIVITIES

The company is limited by shares incorporated in Pakistan and its shares are quoted on stock exchanges in Pakistan. The company is operating a Power Generation Plant at Tehsil Jaranwala District Faisalabad. The exclusive object for which the company is established is to generate, accumulate, distribute and supply electricity.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 These accounts have been prepared under historical cost convention.

2.2 Foreign Currency Translations

Foreign currency loans have been converted into Pak rupees at the fixed rates of exchange under the exchange risk absorption scheme of State Bank of Pakistan. Exchange risk coverage fee is capitalized as part of cost of tangible fixed assets acquired from the proceeds of loans.

2.3 Staff retirement benefits

The Company operates an unfounded gratuity scheme covering all its employees. Provision is made annually to cover the liability under the scheme.

2.4 Taxation

Profits and gains of the company are exempt from levy of income tax under clause 176 of

the Second Schedule to the Income Tax Ordinance, 1979, therefore no provision for taxation is required.

Profits and gains of the company is also exempt from minimum tax liability under Section 80 (D) of the Income Tax Ordinance, 1979, vide SRO No. (1)/95 dated 23rd May, 1995.

2.5 Operating assets

These are stated at cost less accumulated depreciation, except free hold land which is stated at cost.

Depreciation is charged applying the reducing balance method at the rates specified in operating fixed assets note.

Exchange differences in respect of foreign currency loans obtained for acquisition of fixed assets are incorporated in the cost of the relevant assets.

Maintenance and normal repairs are charged to income as and when incurred. Major renewal and improvements are capitalised.

Gains and losses on disposal of assets if any are included in current income.

2.6 Capital work in progress

All cost/expenditure connected with specific assets, incurred during the project implementation period, are grouped under this head. These are transferred to specific assets as and when assets are available for use.

2.7 Unallocated capital expenditure

All cost/expenditure not directly related to specific assets, incurred during the project implementation period, are grouped under this head. These are allocated to plant and machinery and building at the time when assets are available for use on completion of project.

2.8 Accounting for leases

The company accounts for the assets acquired under finance lease by recording the assets and related liability. Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged at the rate specified in the related note, to write off the assets over its estimated useful life in view of the certainty of ownership of the assets at the end of the lease period.

2.9 Deferred cost

These are written off in maximum period of five years from the year of deferment.

2.1 Stores, spares and loose tools

These are valued at moving average cost.

2.11 Stock o f furnace oils and lubricants

These are valued at weighted average cost.

2.12 Investments

Long term investments are stated at cost. Short term investments are stated at lower of cost and net realisable value

2.13 Trade Debtors

Known bad debts are written off and specific provisions are made for debts considered doubtful.

2.14 Revenue recognition

Revenue from supply of electricity is recognised on issue of bills to the customers.

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

		1996 Rupees	1995 Rupees
100,000,000	Ordinary shares of Rs. 10/- each fully paid-up in cash.	100,000,000	100,000,000
2,500,000	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	25,000,000--	
----- 12,500,000 =====		----- 125,000,000 =====	----- 100,000,000 =====

4. LONG TERM LOANS

Description	Foreign Currency Japanese Yen	Exchange Rate Booked	Rupees
Opening Balance	998,838,889	0.201443	201,209,102
Obtained during the year	--	--	--
	-----	-----	-----
	998,838,889	0.201443	201,209,102
Less: Paid during the year	50,177,966	0.201443	10,108,000
	-----	-----	-----
	948,660,923	0.201443	191,101,102
Less: Payable within one year shown under current liabilities	58,512,831	0.201443	11,787,000
	-----	-----	-----
	890,148,092	0.201443	179,314,102

Description	Revolving	Total	Total
	Finance	1996	1995
		Rupees	Rupees
Opening Balance	--	201,209,102	205,709,102
Obtained during the year	150,000,000	150,000,000	--
Less: Paid during the year	--	10,108,000	4,500,000
Less: Payable within one year shown under current liabilities	--	11,787,000	10,108,000
	150,000,000	329,314,102	191,101,102

4.1

4.2

4.1.1 The company obtained long term loan from Pakistan Industrial Credit & Investment Corporation Limited (PICIC) for US\$ 7,856,000 (equivalent to Japanese Yen 1,021,177,714) under Asian Development Bank line of credit for the import of four power generating sets of 5.3 MW from M/s. Niigata Engineering Company Limited, Japan.

4.1.2 The above loan has been converted into Pak Rupees @ Re. 0.201443 = Japanese Yen 1 being the exchange rate booked under the exchange risk absorption scheme of State Bank of Pakistan at the time of opening of letter of credit on 18-08-1992.

4.1.3 The rate of interest charged by PICIC during the year on the above loan was 12.79% plus 3% total @ 15.79% per annum payable semi-annually on the 1st day of January and 1st day of July in every year upto 01-07-2004.

4.1.4 The loan is repayable in 20 consecutive approximately equal semi-annual installments commencing from 01-01-1995 and ending on 01-07-2004.

4.2.1 The finance obtained under purchase and re-sale arrangements. The repurchase price is Rs. 209,200,685

4.2.2 It is secured against hypothecation of stocks and pledge of shares.

4.2.3 It is further secured by personal guarantee of Directors of the Company.

4.2.4 It is payable in lumpsum by December 31, 1997.

1996

1995

**5. LIABILITIES AGAINST ASSETS SUBJECT TO
FINANCE LEASE**

	Rupees	Rupees
Balance on July 1,1995	46,186,598	47,525,453
Obtained during the year	--	7,709,580
	-----	-----
	46,186,598	55,235,033
Paid / adjusted during the year	11,178,184	9,048,435
	-----	-----
	35,008,414	46,186,598
Installment due within one year shown under current liabilities	13,333,148	11,178,184
	-----	-----
Balance on June 30,1996.	21,675,266	35,008,414
	=====	=====

These represent vehicles and machinery acquired under separate agreements with different leasing companies. The purchase option is available to the company on payment of last installment and surrender of deposits paid under the agreements. The cost plus financial charges are payable in 36 to 60 monthly and 12 to 20 quarterly installments under different leasing agreements. The liability represents the total minimum lease payments discounted @ 20.5% to 23.43% per annum being the company's incremental rate of borrowings.

The future minimum lease payments to which the company is committed as at June 30, 1996 are as follows :-

Year ending June 30	Rupees
1997	18,516,251
1998	14,609,746
1999	9,970,252

	43,096,249
Financial charges pertaining to future periods	8,087,835

	35,008,414
	=====

6. PROVISION FOR GRATUITY

Balance as on July 1, 1995	507,848	153,771
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Less: payment during the year	192,390	178,224
	-----	-----
	315,458	(24,453)
Add: Provision during the year	706,882	532,301
	-----	-----
Balance as on June 30, 1996	1,022,340	507,848
	=====	=====

7. SHORT TERM BORROWINGS

	Limit (Million)	1996 Rupees	1995 Rupees
Under mark-up arrangements - secured			
Banking companies			
Cash finance	60.000	--	62,814,693
Financial Institution			
Cash finance	15.000	15,000,000	15,000,000
	-----	-----	-----
	75.000	15,000,000	77,814,693
	=====	=====	=====

The short term finances are secured against hypothecation of stocks and stores and carries mark-up @ 17.50% per annum.

8. CURRENT PORTION OF LONG TERM LIABILITIES

Long term loan	11,787,000	10,108,000
Liabilities against assets subject to fiance lease	13,333,148	11,178,184
	-----	-----
	25,120,148	21,286,184
	=====	=====

9. CREDITORS, ACCRUED & OTHER LIABILITIES

Creditors	4,916,810	953,283
Accrued expenses	1,801,659	910,608
Retentions/deposits	672,414	364,148
Mark-up/interest on secured loan	36,521,307	17,267,901
Income tax withheld	20,045	38,002
Workers' profit participation fund (9.1)	5,799,058	4,111,918
	-----	-----
	49,731,293	23,645,860
	=====	=====

9.1 Workers' profit participation fund		
Opening balance	4,111,918	731,857

Allocation for the year	1,008,674	3,259,305
Mark-up on previous year balance @ 16.5%	678,466	120,756
	-----	-----
	5,799,058	4,111,918
	=====	=====

10. CONTINGENCIES AND COMMITMENTS

Commitments

Capital expenditure commitments for- building	18.903	7.646
	Million	Million
Capital expenditure commitments for- plant	165.958	--
	Million	

11- OPERATING ASSETS

ASSETS	COST AT 30-06-95	ADDITIONS/ (DELETIONS)/ ADJUSTMENTS	COST ,AS AT 30-06-1996	%	ACCUMULATED DEPRECIATION 30-06-1995
Freehold land	4,031,369	-	4,031,369	-	-
Building on free hold land	32,262,368	-	32,262,368	10%	4,653,251
Plant & Machinery	289,399,673	60,000	289,459,673	10%	41,971,282
Electric Installation	2,088,767	269,201	2,357,968	10%	255,130
		(33,943)	(33,943)	10%	(3,394)
Other Plant Equipments	174,277	339,975	514,252	10%	19,699
Office Equipments	1,245,596	775,564	2,021,160	10%	152,398
Furniture & Fixture	2,150,614	347,600	2,498,214	10%	236,740
Vehicles	4,453,400	51,924	4,505,324	20%	890,820
	335,806,064	1,810,321	337,616,385		481,759,26
Under lease					
Plant & MACHINERY	41,604,643		41,604,643	10%	6,013,008
Electric Installation	13,029,809		13,029,809	10%	1,883,632
Office Equipment	3,992,203		3,992,203	10%	476,603
Vehicle	918,000	(579,500)	338,500	20%	442,109
					(282,796)
	-----	-----	-----		-----
	59,544,655	(579,500)	58,965,155		8,532,556
	-----	-----	-----		-----
1996 RUPEES	395,350,719	1,230,821	396,581,540		56,708,482
	=====	=====	=====		=====
1995 RUPEES	384,488,015	10,862,704	395,350,719		19,286,585
	=====	=====	=====		=====

	DEPRECIATION ACCUMULATED WRITTEN DOWN		
	FOR THE	DEPRECIATION	VALUE
	YEAR	30-06-1996	30-06-1996
Freehold land	-	-	4,031,369
Building on free hold land	2,760,912	7,414,163	24,848,205
Plant & Machinery	24,748,839	66,720,121	222,739,552
Electric Installation	207,229	458,965	1,865,060
Other Plant Equipments	49,455	69,154	445,098
Office Equipments	186,876	339,274	1,681,886
Furniture & Fixture	226,147	462,887	2,035,327
Vehicles	722,901	1,613,721	2,891,603
	-----	-----	-----
	28,902,359	77,078,285	260,538,100
	-----	-----	-----
Under lease			
Plant & MACHINERY	3,559,164	9,572,172	32,032,472
Electric Installation	1,114,618	2,998,250	10,031,559
Office Equipment	351,560	828,163	3,164,040
Vehicle	35,837	195,150	143,350
	-----	-----	-----
	5,061,179	13,593,735	45,371,420
	-----	-----	-----
1996 RUPEES	33,963,538	90,672,020	305,909,520
	=====	=====	=====
1995 RUPEES	37,708,087	56,994,672	338,356,047
	=====	=====	=====

1996
RUPEES

Allocation of Depreciation

Power generation expenses	32,440,217
Administrative expenses	1,523,321

	33,963,538
	=====

11.1- Profit (loss) on disposal of assets

Sale of	Cost	Depre-	W.D.V.	Sales Price	Profit(Loss)	Sold to
---------	------	--------	--------	-------------	--------------	---------

ciation

Toyota Corolla V-6901	579,500	282,796	296,704	296,704	--	Mr. Zain-ul-Abidin, Karachi.
Telephone Exchange	33,943	3,394	30,549	20,000	(10,549)	M/s. A.A. Textiles Ltd., Faisalabad.

-----	-----	-----	-----	-----	-----
613,443	286,190	327,253	316,704	(10,549)	
-----	-----	-----	-----	-----	

1996
Rupees

1995
Rupees

12. LONG TERM DEPOSITS & DEFERRED COST

Bank/financial institutions deposits	5,445,656	5,474,631
Deferred costs		
Preliminary expenses	80,000	80,000
Public issue expenses	2,063,384	2,063,384
	-----	-----
	2,143,384	2,143,384
Amortisation		
Opening balance	(857,354)	(428,677)
During the year	(428,677)	(428,677)
	-----	-----
	(1,286,031)	(857,354)
	-----	-----
	6,303,009	6,760,661
	=====	=====

13- LONG TERM INVESTMENTS

Ibrahim Fibres Ltd. 12,919,000 fully paid ordinary shares of Rs. 10/= each Market Rate @ Rs.6.50= Rs. 83,973,500/=	206,704,000	73,217,600
	=====	=====

14- STORES, SPARES & LOOSE TOOLS

Stores	411,968	283,314
Spares	14,073,669	13,775,667
Loose tools	59,700	27,407
	-----	-----
	14,545,337	14,086,388
	=====	=====

15- STOCK OF OILS & LUBRICANTS

Furnace oil	7,385,885	4,500,355
Diesel oil	922,888	656,495
Lube oil	1,597,281	1,523,390
	-----	-----
	9,906,054	6,680,240
	=====	=====
	1996	1995
	Rupees	Rupees

16- TRADE DEBTORS (unsecured

considered good)

Local Industrial consumer of electric power	2,691,553	20,345,474
	=====	=====

17- ADVANCES, DEPOSITS & OTHER RECEIVABLES

17.1 Loans and advances (Unsecured considered good)

Employees	72,350	155,139
Suppliers	3,194,183	2,787,159
Income Tax	55,502	1,333,285

	-----	-----
	3,322,035	4,275,583
	-----	-----

17.2 Deposits and prepayments

Security deposits	53,716	13,150
Prepayment	3,815,397	430,303
Insurance	52,834	36,325
Others	466,667	113,300

	-----	-----
	4,388,614	593,078
	-----	-----

	-----	-----
	7,710,649	4,868,661
	=====	=====

	Market	Market
Cost	value	value

18- SHORT TERM INVESTMENT

Listed associated undertaking

Muslim Commercial Bank Ltd.754,216

fully paid ordinary shares of Rs. 10/= each

Market Rate @ Rs. 37.50	31,621,486	28,283,100	26,303,311
-------------------------	------------	------------	------------

A. A. Textiles Ltd. 97,375 fully paid ordinary shares of Rs. 10/= each Market Rate @ Rs. 8.00	1,519,050	779,000	1,309,694
Ibrahim Textile Mills Ltd. 1,682,700 fully paid ordinary shares of Rs. 10/= each Market Rate @ Rs.6.10	15,245,970	10,264,470	13,040,925
Zainab Textile Mills Ltd. 2,756,700 fully paid ordinary shares of Rs. 10/= each Market Rate @ Rs. 2.25	12,314,820	6,202,575	8,959,275
	-----	-----	-----
	60,701,326	45,529,145	49,613,205
	=====	=====	=====

1996	1995
Rupees	Rupees

19- CASH AND BANK BALANCES

Cash in hand	10,575,229	5,790,494
Cash at banks		
In current accounts	606,082	378,288
	-----	-----
	11,181,311	6,168,782
	=====	=====

20- COST OF SALES

Cost of fuel, oil and lubricants	77,731,474	98,480,701
Salaries, wages and benefits	4,724,730	3,612,974
Stores and spares	6,363,185	2,306,011
Insurance	422,585	443,812
Repairs and maintenance	1,602,241	402,565
Depreciation	32,440,217	35,973,727
Others	-	217,315
	-----	-----
	123,284,432	141,437,105
	=====	=====

21- ADMINISTRATIVE EXPENSES

Director's Remuneration	300,000	--
Staff salaries and benefits	4,813,110	3,391,643
Postage, telephone and telegram	397,463	299,793
Electricity	335,803	293,455
Vehicles running and maintenance	565,831	516,907
Printing and stationery	575,199	526,713

Rent, rates and taxes	86,163	109,747
Travelling and conveyance	2,346,603	2,710,029
Fees, subscription and periodicals	360,688	965,079
Legal and professional	97,000	87,575
Insurance	349,441	362,389
Repairs and maintenance	878,866	1,030,301
Audit fee	40,000	40,000
Entertainment	324,537	431,638
Donation (21.1)	39,585	98,179
Depreciation	1,523,321	1,734,360
Others	710,448	226,560
	-----	-----
	3,744,058	12,824,368
	=====	=====

21.1 No director or his/her spouse had any interest in the donee's fund.

22- OTHER INCOME

Sale of scrap	434,385	323,205
Sale of lube oil & F.D. Sludge	479,305	287,869
Profit/(loss) on sale of fixed assets	(10,549)	104,202
	-----	-----
	903,141	715,276
	=====	=====

23- FINANCIAL CHARGES

Mark-up/interest on		
Long term loans	52,163,590	33,864,602
Lease finance	7,723,755	9,256,725
Short term borrowings	3,762,478	8,542,154
Workers' profit participation fund	678,466	120,756
Bank charges, excise duty and commission	1,969,004	381,530
	-----	-----
	66,297,293	52,165,767
	=====	=====

24- TAXATION

Profit and gains of the company are exempt from levy of income tax under clause 176 of the second schedule to the Income Tax Ordinance, 1979, therefore no provision for taxation is required.

Profits and gains of the company is also exempt from minimum tax liability under section 80 (D) of the Income Tax Ordinance 1979, vide SRO No. (1)/95 dated 23rd May, 95.

25- REMUNERATION TO DIRECTORS AND EXECUTIVES

1996

1995

	Directors Rupees	Executives Rupees	Directors Rupees	Executives Rupees
Remuneration	193,750	885,944	--	496,066
Housing	87,000	398,687	--	223,262
Conveyance	--	3,561	--	6,600
Utilities	19,250	88,582	--	49,678
	-----	-----	-----	-----
	300,000	1,376,774	--	775,606
	=====	=====	=====	=====
Number of persons	1	5		3

1995
Rupees

1996
Rupees

26- AGGREGATE TRANSACTION WITH ASSOCIATED UNDERTAKING

Purchase of goods	589,491	729,188
Sale of electric energy	218,222,809	190,324,571
Sale of store goods	94,747	--
Rent	60,000	30,000
	-----	-----
	218,967,047	191,083,759
	=====	=====

27- PLANT CAPACITY AND ACTUAL POWER GENERATION

Plant capacity - Megawatt hours	185,712	185,712
Actual generation - Megawatt hours	91,583	124,526

27.1 Reason for low power generation

Actual power generation is low as compared to the plant capacity due to periodical maintenance of generators and less demand of electricity from the end users.

28. FIGURES

Have been rounded off nearest to Rupee.

Of prior year have been re-arranged wherever necessary for the purpose of comparison.

No. of Share holders	Having share		Shares Held	Percentage
	Front	To		
1	1	100	50	0.0004
86	101	500	24000	0.1920
200	501	1000	129125	1.0330
418	1001	5000	882500	7.0600
71	5001	10000	515750	4.1260
29	10001	15000	367000	2.9360

6	15001	20000	105625	0.8450
6	20001	25000	138575	1.1086
3	25001	30000	85875	0.6870
2	30001	35000	62500	0.5000
1	35001	40000	39375	0.3150
1	40001	45000	45000	0.3600
1	45001	50000	49250	0.3940
10	60001	65000	623000	4.9840
1	70001	75000	71625	0.5730
1	105001	110000	106250	0.8500
3	120001	125000	373500	2.9880
1	160001	165000	163875	1.3110
1	180001	185000	182375	1.4590
1	215001	220000	218625	1.7490
1	230001	235000	234375	1.8750
6	245001	250000	1500000	12.0000
1	250001	255000	250500	2.0040
1	295001	300000	296250	2.3700
2	310001	315000	625000	5.0000
1	360001	365000	361750	2.8940
1	430001	435000	432875	3.4630
1	490001	495000	490375	3.9230
3	495001	500000	1500000	12.0000
2	620001	625000	1250000	10.0000
1	1370001	1375000	1375000	11.0000

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863	12,500,000	100.0000
=====	=====	=====

Categories of Shareholders

Particulars	Shareholders	Shareholding	Percentage
Individuals	817	8,595,300	68.7624
Modaraba Companies	8	110,250	0.8820
Financial Institutions	9	1,292,750	10.3420
Insurance Companies	3	128,000	1.0240
Joint Stock Companies	8	105,075	0.8406
Investment Bank	7	299,000	2.3920
Foreign Investment Companies	9	1,951,875	15.6150
Others	2	17,750	0.1420
	-----	-----	-----
	863	12,500,000	100.0000