

Ibrahim Energy Limited

Annual Report 1998

Contents

Company Information
Notice of Meeting
Directors' Report
Auditors' Report
Balance Sheet
Profit and Loss Account
Statement of Changes in Financial Position
Notes to the Accounts
Pattern of Shareholding

Company Information

Chief Executive

Sheikh Mukhtar Ahmed

Directors

Sheikh Mohammad Yaseen
Mr. Mohammad Naeem Mukhtar
Mr. Mohammad Waseem Mukhtar
Mr. Atif Yaseen
Mrs. Ghazala Naeem
Mirza Khurshid Baig (ICP Nominee)

Secretary

S.M. Hasnain Rizvi

Auditors

ER. Merchant & Co.
Chartered Accountants,
Karachi.

Tax Consultants

ER. Merchant & Co.
Chartered Accountants,
Karachi.

System Consultants

KPMG Peat Marwick
Associates (Pvt) Limited
Karachi.

Bankers

Pakistan Industrial Credit & Investment
Corporation Limited
Emirates Bank International pjsc

Faysal Bank Limited
Muslim Commercial Bank Limited

Registered Office

Ibrahim Centre
1-A, Ahmed 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-Sheikhupura Road,
Tehsil Jaranwala, District
Faisalabad.

Notice of Meeting

Notice is hereby given that the 7th Annual General Meeting of the shareholders of the company will be held on 30-12-1998 at 11:00 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 and approve the Annual Audited Accounts of the Company for the year ending 30-06-1998.
3. To consider and approve the declaration of Cash Dividend @ 20% as recommended by the Board of Directors.
4. To appoint Auditors for the next year 1998-99 and to fix their remuneration. The present auditors M/s. ER. 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

Place: Lahore.

Date: November 20, 1998

S.M. Hasnain Rizvi

Company Secretary

Notes:

- i. The share transfer books of the company shall remain closed from 24-12-1998 to 30-12-1998 (both days inclusive) to determine the names of members entitled to receive dividend and to attend the meeting. Transfers received in order at the Share Registration Office of the Company at GK 7/59, Bagh-e-Zehra Street, Kharadar, Karachi, at the close of business on 23-12-1998 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 its Registered Office at least 48 hours before the meeting.

Directors' Report to the Shareholders

We have pleasure for presenting before you the 7th Annual Report of the company together with Audited Accounts for the year ended June 30, 1998.

Operating Results

The electric power generation and distribution during the year is 148,015 Megawatt hours as compared to previous year at 125,017 Megawatt hours. The capacity utilisation during the year under review is low due to complete overhauling and maintenance work of engines which has resulted stoppage of generating capacity from time to time. The engines had also to run at low speed after the overhauling work to complete the running in time. The other factor of low capacity utilizations is less demand of electricity from the end user.

Financial Results

The revenue earned from generation and distribution of electric energy is satisfactory and the same are summarized as follows:

	Year ended 30-06-1998 Rupees	Year ended 30-06-1997 Rupees
Revenue generated from sale of electric energy	442,537,341	327,091,030
Gross profit	126,827,472	102,348,868
Administrative expenses	19,498,801	14,642,402
Operating profit	107,328,671	87,706,466
Other income	2,781,596	1,376,009
	110,110,267	89,082,475
Financial / other charges	64,019,313	66,141,013
	46,090,954	22,941,462
Capital gain	-	15,172,181
	46,090,954	38,113,643

Taxation (Provision written back)	-	494,411
Net profit for the year	46,090,954	38,608,054
Unappropriated profit brought forward	74,097	66,043
Total profit available for appropriation	46,165,051	38,674,097

Dividend

Your directors are pleased to recommend 20% cash dividend i.e., Rs. 2/- per share out of profits earned during the year and the profit has been appropriated as under:

Appropriations:

Proposed dividend @ 20% (1997: 20%)	25,000,000	25,000,000
Transfer to general reserve	21,100,000	13,600,000
	46,100,000	38,600,000
Unappropriated profit carried forward	65,051	74,097

Future Prospects

The depressed economic condition prevailing for the last more than six years had largely affected the industrial growth, and a continuous slow down in production activities. It needs some corrective measures in the right direction to revive the economy and to overcome the problem of stagnation.

Your Directors hope that with the revival of economy, the slow down in the industrial sector will be over and all type of industrial activities will have a new start and the power sector will also be benefited by the changed condition.

Year 2000 Compliance of Computer System

The company has assigned the work of year 2000 compliance of the existing computer system to its consultants and they have confirmed that the work will be completed by September, 1999 and all our applications will be made year 2k compliant.

Auditors

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

Pattern of Shareholding

The pattern of share holding of the company is annexed.

Acknowledgments

The managements 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

Place: Lahore.

Date: November 20, 1998

Sheikh Mukhtar Ahmed

Chief Executive

Auditors' Report to the Members

We have audited the annexed Balance Sheet of M/s. IBRAHIM ENERGY LIMITED, as at June 30, 1998 and the related Profit and 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 explanation which to the best of our knowledge and belief were necessary for the purposes 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 and loss account together with the notes thereon 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 consistently applied;

ii) the expenditure incurred during the year was for the purpose 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, profit and loss account and the statement of changes in the 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, 1998 and the profit and the changes in the financial position for the year then ended; and

d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, has been deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

ER. Merchant & Co.,

Chartered Accountants

Place: Karachi.

Date: November 20, 1998

Balance Sheet
as at June 30, 1998

	Note	1998 Rupees	1997 Rupees
Capital and Reserves			
Capital			
Authorised			
20,000,000 ordinary shares of Rs. 10/- each		200,000,000	200,000,000
		=====	=====
Issued, subscribed and paid-up			
12,500,000 ordinary shares of Rs. 10/- each	3	125,000,000	125,000,000
General reserve		82,900,000	61,800,000
Unappropriated profit		65,051	74,097
		-----	-----
		207,965,051	186,874,097
Long Term Loans	4	173,537,102	165,568,102
Liabilities Against Assets			
Subject to Finance Lease			
	5	96,118,965	145,987,622
Deferred Liabilities			
Provision for gratuity	6	2,368,470	1,408,049
Current Liabilities			
Short term borrowings		-	772,396
Current portion of long term liabilities	7	89,899,657	58,664,749
Creditors, accrued & other liabilities	8	30,964,199	30,791,491
Proposed dividend		25,000,000	25,000,000
		-----	-----
		145,863,856	115,228,636
Contingencies and Commitments			
	9	-	-
		-----	-----
		625,853,444	615,066,506
		=====	=====
Fixed Capital Expenditure			
Operating assets	10	534,379,424	542,165,867
Long Term Deposits & Deferred Cost			
	11	28,919,205	15,716,781

Current Assets

Stores, spares & loose tools	12	25,762,693	19,062,178
Stock of oils & lubricants	13	16,350,152	13,750,647
Trade debtors	14	9,415,900	6,685,214
Advances, deposits & other receivables	15	1,768,837	12,070,142
Cash & bank balances	16	9,257,233	5,615,677
		-----	-----
		62,554,815	57,183,858
		-----	-----
		625,853,444	615,066,506
		=====	=====

The annexed notes form an integral part of these accounts.

Chief Executive

Director

Profit and Loss Account
for the year ended June 30, 1998

	Note	1998 Rupees	1997 Rupees
Sales	17	442,537,341	327,091,030
Cost of sales	18	315,709,869	224,742,162
		-----	-----
Gross profit		126,827,472	102,348,868
Administrative expenses	19	19,498,801	14,642,402
		-----	-----
Operating profit		107,328,671	87,706,466
Other income	20	2,781,596	1,376,009
		-----	-----
		110,110,267	89,082,475
Other charges			
Financial	21	60,351,996	64,504,891
Amortisation of deferred cost		428,676	428,677
Workers profit participation fund		2,466,480	1,207,445
		-----	-----
		63,247,152	66,141,013
		-----	-----
		46,863,115	22,941,462
Capital gain		-	15,172,181
		-----	-----
Profit before taxation		46,863,115	38,113,643

Taxation Provision written back	22	-	(494,411)
Provision for W.W.E		772,161	-
		-----	-----
		772,161	(494,411)
		-----	-----
Profit after taxation		46,090,954	38,608,054
Unappropriated profit brought forward		74,097	66,043
		-----	-----
		46,165,051	38,674,097
		-----	-----
Appropriation			
Proposed dividend @ 20% (1997: 20%)		25,000,000	25,000,000
Transfer to general reserve		21,100,000	1,360,000
		-----	-----
		46,100,000	38,600,000
		-----	-----
Unappropriated profit carried forward		65,051	74,097
The annexed notes form an integral part of these accounts		=====	=====

Chief Executive

Director

**Statement of Changes in Financial Position
(Cash Flow Statement) for the year ended June 30, 1998**

	1998	1997
	Rupees	Rupees
A. Cash flow from operating activities		
Profit for the year before taxation	46,090,954	38,608,054
Adjustment for depreciation	59,282,539	31,196,077
Provision for gratuity	1,060,550	476,039
Gratuity paid	(100,129)	(90,330)
Amortisation of deferred cost	428,676	428,677
Financial charges	60,351,996	64,504,891
	-----	-----
Operating profit before working capital changes	167,114,586	135,123,408
	-----	-----
Changes in working capital (Increase)/decrease in current assets		
Stores, spares and loose tools	(6,700,515)	(4,516,841)

Stock in trade	(2,599,505)	2,834,188
Trade debtors	(2,730,686)	(3,993,661)
Advances, deposits and other receivables	10,301,305	(4,359,493)
(Decrease)/increase in current liabilities		
Creditors, accrued and other liabilities	(27,270,941)	(15,434,469)
	-----	-----
	(29,000,342)	(25,470,276)
	-----	-----
Cash generated from operations	138,114,244	109,653,132
Financial charges paid	(57,908,346)	(86,760,224)
Taxes paid	-	(494,411)
	-----	-----
Net cash (used in) ./from operating activities	80,205,898	22,398,497
	-----	-----

1998	1997
Rupees	Rupees

B. Cash flow from investing activities

Fixed capital expenditure	(51,496,097)	(250,247,974)
Proceeds from disposal of fixed assets	-	9,794
Long term deposits	(13,631,100)	(9,842,449)
Long term investments	-	206,704,000
Short term investment	-	45,529,145
	-----	-----
Net cash (used in) from investing activities	(65,127,197)	(7,847,484)

C. Cash flow from financing activities

Long term loan	48,000,000	-
Lease finance	-	184,944,048
Repayment of long term loans	(13,746,000)	(161,787,000)
Repayment of lease liability	(44,918,749)	(29,046,091)
Increase/(decrease) in short term borrowings	(772,396)	(14,227,604)
	-----	-----

Net cash (used in) / from financing activities	(11,437,145)	(20,116,647)
	-----	-----

Net increase in cash and bank balances (A+B+C)	3,641,556	(5,565,634)
--	-----------	-------------

Cash and bank balances at the beginning of the year	5,615,677	11,181,311
	-----	-----

Cash and bank balances at the end of the year	9,257,233	5,615,677
---	-----------	-----------

Chief Executive

Director

=====
=====
**Notes to the Accounts
for the year ended June 30, 1998**

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 capitalised as part of cost of tangible fixed assets acquired from the proceeds of loans.

2.3 Staff retirement benefits

The company operates an unfunded 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 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, 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.

2.10 Stores, spares and loose tools

These are valued at moving average cost.

2.11 Stock of 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

	1998 Rupees	1997 Rupees
10,000,000 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	25,000,000
-----	-----	-----
12,500,000	125,000,000	125,000,000
=====	=====	=====

4. Long term loans

Description	Foreign Currency Japanese yen	Exchange Rate Booked	Rupees	Revolving Finance	Total 1998 Rupees	Total 1997 Rupees
Opening Balance	890,148,092	0.201443	179,314,102	-	179,314,102	179,314,102
Obtained during the year	-	-	-	48,000,000	48,000,000	-
	-----	-----	-----	-----	-----	-----
	890,148,092	0.201443	179,314,102	48,000,000	227,314,102	179,314,102
Less: Paid during the year	68,237,665	0.201443	13,746,000	-	13,746,000	-
	-----	-----	-----	-----	-----	-----
	821,910,427	0.201443	165,568,102	48,000,000	213,568,102	179,314,102
Less: Payable within one year shown under current liabilities	79,580,824	0.201443	16,031,000	24,000,000	40,031,000	13,746,000
	-----	-----	-----	-----	-----	-----
	742,329,603	0.201443	149,537,102	24,000,000	173,537,102	165,568,102
	=====	=====	=====	=====	=====	=====
			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 each 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 12.98% plus 3% total @ 15.98% 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 The amount represents financing obtained on repayment adjustment in 24 installments to be started from July '98 for the sale of electric energy.

	1998	1997
	Rupees	Rupees

5. Liabilities against assets subject to finance lease

Balance on July 1, 1997	190,906,371	35,008,414
Obtained during the year	-	184,944,048
	-----	-----
	190,906,371	219,952,462
Paid/adjusted during the year	44,918,749	29,046,091
	-----	-----
	145,987,622	190,906,371
Installment due within one year shown under current liabilities	49,868,657	44,918,749
	-----	-----
Balance on June 30, 1998	96,118,965	145,987,622
	=====	=====

This represents vehicles and machinery acquired under various agreements with the 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 @ 20.50% 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, 1998 are as follows:-

**Year ending
June 30**

Rupees

1998	293,951,032
1999	92,676,404

2000	33,284,523
2001	33,751,062

Financial charges pertaining to future periods	453,663,021
	307,675,399

	145,987,622
	=====

	1998	1997
	Rupees	Rupees
6. Provision for gratuity		
Balance as on July 1, 1997	1,408,049	1,022,340
Less: Payment during the year	100,129	90,330
	-----	-----
Add: Provision during the year	1,307,920	932,010
	1,060,550	476,039
	-----	-----
Balance as on June 30, 1998	2,368,470	1,408,049
	=====	=====

7. Current portion of long term liabilities

Long term loan (Note No. 4)	40,031,000	13,746,000
Liabilities against assets subject to finance lease (Note No. 5)	49,868,657	44,918,749
	-----	-----
	89,899,657	58,664,749
	=====	=====

8. Creditors, accrued & other liabilities

Creditors	4,099,992	4,298,235
Accrued expenses	1,895,037	1,612,465
Retentions/deposits	302,669	1,712,657
Mark-up/interest on secured loan	13,057,686	14,265,974
Mark-up on lease assets	3,651,938	-
Income tax withheld	41,799	3,270
Workers' Welfare Fund	772,161	-
Workers' Profit Participation Fund (8.1)	6,757,090	7,963,348
Dividend payable	385,827	935,542
	-----	-----
	30,964,199	30,791,491
	=====	=====

8.1 Worker's Profit Participation Fund

Opening balance	7,963,348	5,799,058
-----------------	-----------	-----------

Allocation for the year	2,466,480	1,207,445
Mark-up on previous year balance @ 16.5%	224,262	956,845
	-----	-----
	10,654,090	7,963,348
Less: Paid during the year	3,897,000	-
	-----	-----
	6,757,090	7,963,348
	=====	=====
9. Contingendes and commitments	-	-

10. Operating assets

A s s e t s	Cost at July 01, 1997	Additions/ (Deletion)/ Adjustments	Transfer from Lease Assets to Own Assets	Cost as at June 30, 1998	%	Accumulated Depreciation July 01, 1997	Depreciation for the Year	Accumulated Depreciation June 30, 1998	Written Down Value June 30, 1998
Freehold-land	4,031,369	-	-	4,031,369	-	-	-	-	4,031,369
Building power house	32,262,368	19,374,145	-	51,636,513	10%	9,898,984	4,173,753	14,072,737	37,563,776
Building power house(Ext)	22,943,096	4,921,934	-	27,865,030	10%	573,577	2,729,145	3,302,722	24,562,308
Plant & machinery	289,459,673	-	437,000	289,896,673	10%	89,112,503	20,078,417	109,190,920	180,705,753
Plant & machinery (Ext)	58,383,353	21,170,766	-	79,554,119	10%	1,459,584	7,809,454	9,269,038	70,285,081
Electric installation	13,370,432	4,571,187	-	17,941,619	10%	3,725,947	1,421,567	5,147,514	12,794,105
Electric installation (Ext)	3,933,250	-	-	3,933,250	10%	98,331	383,492	481,823	3,451,427
.Other plant equipment	1,465,571	467,732	-	1,933,303	10%	208,796	172,451	381,247	1,552,056
Office equipment	3 214,894	203,034	2,272,580	5,690,508	10%	1,241,727	444,878	1,686,605	4,003,903
Furniture & fixture	2,711,988	74,674	-	2,786,662	10%	687,797	209,887	897,684	1,888,978
Vehicles	4,911,574	712,625	-	5,624,199	20%	2,429,412	638,957	3,068,369	2,555,830
	-----	-----	-----	-----		-----	-----	-----	-----
	436,687,568	51,496,097	2,709,580	490,893,245		109,436,658	38,062,001	147,498,659	343,394,586
Under lease									
Plant & machinery	41,604,643	-	(437,000)	41,167,643	10%	12,656,992	2,851,065	15,508,057	25,659,586
Machinery on lease (Ext)	181,891,596	-	-	181,891,596	10%	4,547,290	17,734,431	22,281,721	159,609,875
Electric installation	3,483,195	-	-	3,483,195	10%	1,070,909	241,229	1,312,138	2,171,057
Office equipment	7,044,655	-	(2,272,580)	4,772,075	10%	833,942	393,813	1,227,755	3,544,320
	-----	-----	-----	-----		-----	-----	-----	-----
	234,024,089	-	(2,709,580)	231,314,509		19,109,133	21,220,538	40,329,671	190,984,838
	-----	-----	-----	-----		-----	-----	-----	-----
1998 Rupees	670,711,657	51,496,097	-	722,207,754		128,545,791	59,282,539	187,828,330	534,379,424
	=====	=====	=====	=====		=====	=====	=====	=====
1997 Rupees	396,581,540	274,130,117	-	670,711,657		90,670,932	37,874,858	128,545,790	542,165,867
	=====	=====	=====	=====		=====	=====	=====	=====

	Rupees	
Allocation of Depreciation		
Power generation expenses	57,595,004	
Administrative expenses	1,687,535	

	59,282,539	
	=====	
	1998	1997
	Rupees	Rupees
11. Long term deposits & deferred cost		
Bank/financial institution deposits	28,919,205	15,288,105
Deferred costs		
Preliminary expenses	80,000	80,000
Public issued expenses	2,063,384	2,063,384
	-----	-----
	2,143,384	2,143,384
Amortisation		
Opening balance	(1,714,708)	(1,286,031)
During the year	(428,676)	(428,677)
	-----	-----
	(2,143,384)	(1,714,708)
	-----	-----
	28,919,205	15,716,781
	=====	=====
12. Stores, spares & loose tools		
Stores	1,066,611	752,052
Spares	24,561,203	18,225,793
Loose tools	134,879	84,333
	-----	-----
	25,762,693	19,062,178
	=====	=====
13. Stocks of oils & lubricants		
Furnace oil	14,220,570	11,786,341
Diesel oil	907,584	908,994
Lube oil	1,221,998	1,055,312
	-----	-----
	16,350,152	13,750,647
	=====	=====
14. Trade debtors		
(unsecured considered good)		
Local industrial consumer of electric power	9,415,900	6,685,214

	=====	=====
15. Advances, deposits & other receivables		
15.1 Loans and advances		
(Unsecured considered good)		
Employees	167,659	107,741
Suppliers	415,000	5,979,519
Income tax	110,078	92,846
	-----	-----
	692,737	6,180,106
	=====	=====
	1998	1997
	Rupees	Rupees
15.2 Deposits and prepayments		
Security deposits	26,100	54,166
Prep payment	360,000	5,095,870
Insurance	-	50,000
Others	690,000	690,000
	-----	-----
	1,076,100	5,890,036
	-----	-----
	1,768,837	12,070,142
	=====	=====
16. Cash and bank balances		
Cash in hand	5,460,708	1,983,722
Cash at banks		
In current accounts	3,796,525	3,631,955
	-----	-----
	9,257,233	5,615,677
	=====	=====
17. Sale of electric energy		
Sales	506,131,736	380,280,219
Less:		
Discount	60,653,870	50,893,199
Electric duty	2,940,525	2,295,990
	-----	-----
	63,594,395	53,189,189
	-----	-----
	442,537,341	327,091,030
	=====	=====

18. Cost of sales

Cost of fuel, oil and lubricants	235,687,480	170,561,662
Salaries, wages and benefits	9,294,239	7,554,065
Stores and spares	10,083,472	8,672,200
Insurance	671,103	443,436
Repairs and maintenance	2,378,571	1,390,712
Depreciation	57,595,004	36,120,087
	-----	-----
	315,709,869	224,742,162
	=====	=====

1997	1998
Rupees	Rupees

19. Administrative expenses

Directors' remuneration	1,230,000	600,000
Staff salaries and benefits	9,255,332	5,652,429
Postage, telephone and telegram	1,433,274	1,370,602
Electricity	404,946	290,919
Vehicles running and maintenance	803,850	528,529
Printing and stationery	669,214	602,763
Rent, rates and taxes	526,866	78,098
Travelling and conveyance	750,963	849,374
Fees, subscription and periodicals	204,570	543,972
Legal and professional	65,000	12,000
Insurance	242,997	251,095
Repairs and maintenance	1,155,325	1,084,991
Auditors' remuneration (19.1)	105,000	79,200
Entertainment	219,478	238,646
Donation (19.2)	59,516	150,500
Depreciation	1,687,535	1,754,771
Others	684,935	554,513

19,498,801	14,642,402
=====	=====

19.1 Audit fee	40,000	40,000
	65,000	35,000
	-	4,200
	-----	-----
	105,000	79,200
	=====	=====

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

20. Other income

Sale of scrap	2,781,596	1,376,009
	=====	=====

21. Financial charges

Mark-up / interest on		
Long term loans	26,557,607	28,897,197
Lease finance	33,242,295	992,989.30
Short term borrowings	312,329	22,736,519
Workers' profit participation fund	224,262	956,845
Bank charges, excise duty and commission	15,503	1,984,437
	-----	-----
	60,351,996	64,504,891
	=====	=====

22. 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.

23. Remuneration to Directors and Executives

	1998		1997	
	Directors	Executives	Executives	Directors
	Rupees	Rupees	Rupees	Rupees
Remuneration	793,750	1,794,195	1,248,642	387,500
Housing	357,000	807,381	561,891	174,000
Conveyance	-	-	3,600-	
Utilities	79,250	179,424	120,028	38,500
	-----	-----	-----	-----
	1,230,000	2,781,000	600,000	1,934,161
	=====	=====	=====	=====
Number of persons	1	5	1	5

1998	1997
Rupees	Rupees

24. Aggregate transaction with associated undertaking

	387,789	464,285
	359,879,393	272,843,919

	454,686	122,759
	300,000	60,000
	-----	-----
	361,021,868	273,490,963
	=====	=====

25. Plant capacity and actual power generation

Plant capacity - Megawatt hours	278,568	223,872
Actual generation- Megawatt hours	148,015	125,017

25.1 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.

26. Figures

Have been rounded off nearest to Rupee.

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

Chief Executive Director

**Pattern of Shareholding
as at June 30, 1998**

No. of Share Holders	Having Shares		Shares Held	Percentage
	From	To		
67	1	100	4425	0.0354
256	101	500	95225	0.7618
310	501	1000	252875	2.0230
465	1001	5000	1157025	9.2562
80	5001	10000	612325	4.8986
28	10001	15000	356975	2.8558
14	15001	20000	268750	2.1500
4	20001	25000	96475	0.7718
7	25001	30000	191875	1.5350
1	30001	35000	32500	0.2600
5	35001	40000	193750	1.5500
5	45001	50000	250000	2.0000
2	50001	55000	104500	0.8360
1	55001	60000	56250	0.4500
9	60001	65000	559500	4.4760
2	65001	70000	140000	1.1200

1	70001	75000	71625	0.5730
1	90001	95000	91875	0.7350
1	105001	110000	106500	0.8520
3	120001	125000	373500	2.9880
1	130001	135000	134500	1.0760
1	180001	185000	182775	1.4622
1	210001	215000	213800	1.7104
1	230001	235000	234375	1.8750
6	245001	250000	1500000	12.0000
1	295001	300000	299975	2.3998
2	310001	315000	625000	5.0000
1	360001	365000	361750	2.8940
1	430001	435000	431875	3.4550
3	495001	500000	1500000	12.0000
1	620001	625000	625000	5.0000
1	1370001	1375000	1375000	11.0000

	1282		12500000	100.000
=====				

Categories of Shareholders

P a r t i c u l a r s	Shareholders	Shareholding	Percentage
Individuals	1223	9767275	78.1382
Modaraba / leasing companies	16	260850	2.0868
Financial institutions	13	1490950	11.9276
Insurance companies	3	126200	1.0096
Joint stock companies	12	179675	1.4374
Investment banks	13	612,100	4.8968
Foreign investment companies	2	62950	0.5036

	1282	12500000	100.0000