

Ibrahim Energy Limited

Annual Report 2000

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*** Board of Directors**

Sheikh Mukhtar Ahmed
(Chairman & Chief Executive)
Sheikh Mohammad Yaseen
Mohammad Naeem Mukhtar
Mohammad Waseem Mukhtar
Atif Yaseen
Ghazala Naeem
Mirza Khurshid Baig (ICP Nominee)

*** Secretary**

Anwarul Haque
B. Com., FCA

• Auditors/Tax Consultants

F. R. Merchant & Co.
Chartered Accountants,
Karachi, Pakistan.

*** Information Technology Consultants**

KPMG Peat Marwick
Associates (Pvt) Limited
Karachi, Pakistan.

*** Bankers**

Pakistan Industrial Credit & Investment
Corporation Limited
Al-Baraka Islamic Bank
Emirates Bank International PJSC
Faysal Bank Limited
Muslim Commercial Bank
Limited

* Registered Office
Ibrahim Centre
1-A, Ahmed Block
New Garden Town
Lahore, Pakistan.

* Head Office
Ibrahim Centre
15-Club Road,
Faisalabad, Pakistan.

* Shares Registration Office
Ibrahim Centre
GK-7/59, Bagh-e-Zehra Street,
Kharadar,
Karachi, Pakistan.

* Plant Location
38, Kilometre,
Faisalabad-Sheikhupura Road,
Tehsil Jaranwala, District
Faisalabad, Pakistan.

Notice of Meeting

Notice is hereby given that the 9th Annual General Meeting of the shareholders of the company will be held on 23-12-2000 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 ended 30-06-2000.
3. To consider and approve the declaration of bonus shares @ 20% as recommended by the Board of Directors.
4. To appoint Auditors for the year 2000-2001 and fix their remuneration. The present auditors M/s. E R. Merchant & Co. Chartered Accountants, Karachi being eligible for appointment, offer themselves for re-appointment.

5. SPECIAL BUSINESS:

The remuneration of Chief Executive or full time working director of the company to be re-fixed w.e.f. 01-01-2001.

"Resolved that the remuneration of Chief Executive or full time working director of the company be and is hereby re-fixed in line with market conditions w.e.f. 01-01-2001 as follows:-

1. Basic Salary Rs. 200,000 per month

2. House Rent Allowance	Rs. 100,000	per month
3. Utilities	Rs. 20,000	per month

6. To transact any other business with the permission of the chair.

By order of the Board

Lahore.
November 15, 2000

Anwarul Haque
Company Secretary

Notes:

- i. The share transfer books of the company shall remain closed from 14-12-2000 to 23-12-2000 (both days inclusive) to determine the names of members entitled to receive bonus shares and to attend the meeting. Transfers received in order at the registered office of the company at Ibrahim Centre, 1-A, Ahmed Block, New Garden Town, Lahore at the close of business on 13-12-2000 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 time for holding the meeting.

Directors' Report to the Shareholders

Your Directors are pleased to present the 9th Annual Report of the company together with Auditors' Report for the year ended June 30, 2000.

Power Generation Results

During the year under review, capacity utilization of the plant registered an increase of 5.59% over the previous year and generated 158,970 Megawatt Hours electrical power as compared to 150,558 Megawatt Hours during the previous year, but it was still on the lower side due to the stagnant industrial activity and restricted demand of electrical power in the surrounding area of the plant.

Financial Results

During the current financial year, there was a decrease in profit after tax of 52.75% which was mainly due to increasing trend in furnace oil prices. Per ton furnace oil price has increased to Rs. 9,680/- (net of sales tax) by the end of the financial year as against per ton price of Rs. 5,278.70 (net of sales tax) prevailing at the beginning of the financial year, thus showing an increase of 83.38%. The revenues of the company also decreased as WAPDA made a downward adjustment in the tariff by introducing a new dual band time based industrial tariff.

You will appreciate that during the year under review your company managed to generate and distribute higher electrical power in terms of Megawatt Hours but could not maintain its profitability at the level of last year as it does not have any control over the prices of electrical power as well as the prices of furnace oil being used as raw material for generation of electrical power.

The summarized position of financial results is as under.

	<i>Year ended 30-06-2000 Rupees</i>	<i>Year ended 30-06-1999 Rupees</i>
Revenue generated from sale of electrical power	451,179,155	466,751,925
Gross profit	97,278,430	148,471,791
Administrative expenses	27,700,882	27,284,646
Operating profit	69,577,548	121,187,145
Other income	2,084,743	3,081,186
Financial / other charges	71,662,291	124,268,331
	39,662,178	54,945,311
Profit before taxation	32,000,113	69,323,020
Prior year workers' welfare fund written back	756,043	--
Profit after taxation	32,756,156	69,323,020
Unappropriated profit brought forward	38,071	65,051
Profit available for appropriation	32,794,227	69,388,071

Bonus Shares

Your directors are pleased to recommend issue of Bonus Shares @ 20% out of the profit earned during the year.

The appropriations of profit are as under:

	<i>Year ended 30-06-2000 Rupees</i>	<i>Year ended 30-06-1999 Rupees</i>
Appropriations:		
Proposed dividend Nil (1999: 25%)	--	31,250,000
Proposed issue of Bonus Shares @ 20% (1999: Nil)	25,000,000	--
Transfer to general reserve	7,700,000	38,100,000
	32,700,000	69,350,000
Unappropriated profit carried forward	94,227	38,071
Earning per share	2.62	5.55

Future Prospects

We foresee that with the start up of production of expansion project of Ibrahim Fibres Limited during third

quarter of 2002, the demand of electrical power will increase and profitability of your company will improve.

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

We wish to thank our valued clients, banks, financial institutions and shareholders for their continued support and confidence on the company. The employees of the company deserve appreciation for their dedication, devotion and hard work.

On behalf of the Board

**Sheikh Mukhtar
Ahmed
Chief Executive**

Lahore.

November 15, 2000

Auditors' Report to the Members

We have audited the annexed Balance Sheet of **Ibrahim Energy Limited**, as at June 30, 2000 and the related profit and loss account, cash flow statement and statement of changes in equity 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.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, 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, investments 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, 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, 2000 and of the Profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance 1980, (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi.
November 15, 2000

F.R. Merchant & Co.,
Chartered Accountants

Balance Sheet as at June 30, 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
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		128,700,000	121,000,000
Reserves for issue of bonus shares		25,000,000	--
Unappropriated profit		94,227	38,071
		-----	-----
		278,794,227	246,038,071
Long Term Loans	4	138,390,102	130,842,102
Liabilities Against Assets			
Subject to Finance Lease	5	31,356,172	56,417,749
Deferred Liabilities			
Provision for gratuity	6	7,304,660	4,978,265

Current Liabilities			
Short term borrowings	7	102,000,000	--
Current portion of long term liabilities	8	76,213,577	95,393,220
Creditors, accrued & other liabilities	9	22,430,116	34,513,057
Proposed dividend		--	31,250,000
		-----	-----
		200,643,693	161,156,277
		-----	-----
		656,488,854	599,432,464
		=====	=====
Fixed Capital Expenditure			
Operating assets	10	498,131,516	508,635,955
Long Term Deposits			
	11	9,597,540	24,597,540
Current Assets			
Stores, spares & loose tools	12	75,347,839	33,393,033
Stock of oils & lubricants	13	24,563,944	8,980,710
Trade debtors	14	18,629,376	8,575,922
Advances, deposits & other receivables	15	23,390,993	8,834,730
Cash & bank balances	16	6,827,646	6,414,574
		-----	-----
		148,759,798	66,198,969
		-----	-----
		656,488,854	599,432,464
		=====	=====

The annexed notes from 1 to 27 form an integral part of these accounts.

Chief Executive

Director

**Profit and Loss Account
for the year ended June 30, 2000**

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
Sales- Net		451,179,155	466,751,925
Cost of sales	17	353,900,725	318,280,134
		-----	-----
Gross profit		97,278,430	148,471,791
Administrative expenses	18	27,700,882	27,284,646
		-----	-----
Operating profit		69,577,548	121,187,145
Other income	19	2,084,743	3,081,186
		-----	-----

		71,662,291	124,268,331
Other charges			
Financial	20	37,977,962	51,296,731
Workers' profit participation fund		1,684,216	3,648,580
		-----	-----
		39,662,178	54,945,311
		-----	-----
Profit before taxation		32,000,113	69,323,020
		-----	-----
Taxation	21	(16,118)	--
W.W.E prior year written back		772,161	--
		-----	-----
		756,043	--
		-----	-----
Profit after taxation		32,756,156	69,323,020
Unappropriated profit brought forward		38,071	65,051
		-----	-----
		32,794,227	69,388,071
		-----	-----
Appropriation			
Proposed dividend Nil (1999 - 25%)		--	31,250,000
Proposed bonus shares @ 20% (1999 -Nil)		25,000,000	--
Transferred to general reserve		7,700,000	38,100,000
		-----	-----
		32,700,000	69,350,000
		-----	-----
Unappropriated profit carried forward		94,227	38,071
		=====	=====

The annexed notes from 1 to 27 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, 2000**

	2000	1999
	Rupees	Rupees
A. Cash flow from operating activities		
Profit for the year before taxation	32,756,156	69,323,020
Adjustment for depreciation	55,339,042	56,465,856
Provision for gratuity	2,745,664	2,877,634
Gratuity paid	(419,269)	(267,839)
(Profit)/loss on sale of fixed assets	7,250	(146,763)
Financial charges	37,977,962	51,296,731

Operating profit before working capital changes	128,406,805	179,548,639
Changes in working capital		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(41,954,806)	(13,820,080)
Stocks in trade	(15,583,234)	7,369,442
Trade debtors	(10,053,454)	839,978
Advances, deposits and other receivables	(14,556,263)	(876,153)
(Decrease)/increase in current liabilities		
Creditors, accrued and other liabilities	(11,908,705)	5,481,336
	(94,056,462)	(1,005,477)
Cash generated from operations	34,350,343	178,543,162
Financial charges paid	(38,420,280)	(53,393,403)
Net cash (used in) /from operating activities	(4,069,937)	125,149,759
B. Cash flow from investing activities		
Fixed capital expenditure	(45,809,956)	(31,057,544)
Proceeds from disposal of fixed assets	968,103	481,920
Long term deposits	15,000,000	4,321,665
Net cash (used in) /from investing activities	(29,841,853)	(26,253,959)
C. Cash flow from financing activities		
Long term loan - revolving finance	21,700,000	--
Repayment of long term loans	(18,695,000)	(27,031,000)
Repayment of lease liability	(39,698,220)	(49,871,653)
Payment of dividend	(30,981,918)	(24,835,806)
Increase/(decrease) in short term borrowings	102,000,000	--
Net cash (used in) /from financing activities	34,324,862	(101,738,459)
Net increase in cash and bank balances (A+B+C)	413,072	(2,842,659)
Cash and bank balances at the beginning of the year	6,414,574	9,257,233
Cash and bank balances at the end of the year	6,827,646	6,414,574

Chief Executive

Director

Statement of Changes in Equity

for the year ended June 30, 2000

	<i>Share Capital (Rupees)</i>	<i>General Reserve (Rupees)</i>	<i>Reserve for issue of bonus shares</i>	<i>Profit for the year and appropriations (Rupees)</i>	<i>Total (Rupees)</i>
Balance as at July 01, 1998	125,000,000	82,900,000	--	65,051	207,965,051
Net profit for the year	--	--	--	69,323,020	69,323,020
	-----	-----	-----	-----	-----
	125,000,000	82,900,000	--	69,388,071	277,288,071
Appropriations:					
Proposed dividend	--	--	--	(31,250,000)	(31,250,000)
General Reserve	--	38,100,000	--	(38,100,000)	--
	-----	-----	-----	-----	-----
Balance as at June 30, 1999	125,000,000	121,000,000	--	38,071	246,038,071
	=====	=====	=====	=====	=====
Balance as at July 01, 1999	125,000,000	121,000,000	--	38,071	246,038,071
Net profit for the year	--	--	--	32,756,156	32,756,156
	-----	-----	-----	-----	-----
	125,000,000	121,000,000	--	32,794,227	278,794,227
Appropriations:					
Proposed for issue of bonus shar	--	--	25,000,000	(25,000,000)	--
General Reserve	--	7,700,000	--	(7,700,000)	--
	-----	-----	-----	-----	-----
Balance as at June 30, 2000	125,000,000	128,700,000	25,000,000	94,227	278,794,227
	=====	=====	=====	=====	=====

Chief Executive

Director

**Notes to the Accounts
for the year ended June 30, 2000**

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, 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 are 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 lease

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 Oil and Lubricants

These are valued at weighted average cost.

2.12 Trade debtors

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

2.13 Revenue recognition

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

3. Issued, subscribed and paid up capital

	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
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

<i>Description</i>	<i>Foreign Currency Japanese yen</i>	<i>Rupees</i>	<i>Revolving Finance Rupees</i>	<i>Total 2000 Rupees</i>	<i>Total 1999 Rupees</i>
Opening Balance	742,329,603	149,537,102	37,000,000	186,537,102	213,568,102
Obtained during the year	--	--	21,700,000	21,700,000	--
	-----	-----	-----	-----	-----
	742,329,603	149,537,102	58,700,000	208,237,102	213,568,102
Less: Paid during the year	92,805,409	18,695,000	--	18,695,000	27,031,000
	-----	-----	-----	-----	-----
	649,524,194	130,842,102	58,700,000	189,542,102	186,537,102
Less: Payable/adjustable within one year shown under current liabilities	108,229,128	21,802,000	29,350,000	51,152,000	55,695,000
	-----	-----	-----	-----	-----
	541,295,066	109,040,102	29,350,000	138,390,102	130,842,102
	=====	=====	=====	=====	=====
		4.1	4.2		

4.1 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.

4.1.1 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.

4.1.2 The rate of interest charged by PICIC during the year on the above loan is 15.61% per annum payable semi-annually on the 1st day of January and 1st day of July in every year upto 01-07-2004.

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

4.1.4 The above loan is secured against first registered charge on all present and future plant and machinery and current assets of the company.

4.2 The amount represents financing from customers for the sale of electric energy on the basis of adjustments from monthly billing. The adjustments from monthly electric billing includes the amount shown under current maturity, last year, has been rescheduled as per new arrangement with the customers. The period available for adjustments of customers financing from monthly billing is upto 30-06-2002.

5. Liabilities against assets subject to finance lease

Opening balance	96,115,969	145,987,622
Paid/adjusted during the year	39,698,220	49,871,653
	-----	-----
	56,417,749	96,115,969
Installment due within one year shown under current liabilities	25,061,577	39,698,220
	-----	-----
Closing balance	31,356,172	56,417,749
	=====	=====

These represents 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 20 quarterly installments under different leasing agreements. The liability represents the total minimum lease payments discounted @ 21.75 % to 22% 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, 2000 are as follows:-

*Year ending
June 30*

Rupees

2001	33,284,523	
2002	33,781,065	

	67,065,588	
Financial charges pertaining to future periods	10,647,839	

	56,417,749	
	=====	
	2000	1999
	Rupees	Rupees
6. Provision for gratuity		
Opening balance	4,978,265	2,368,470
Less: Payment during the year	419,269	267,839
	-----	-----
	4,558,996	2,100,631
Add: Provision during the year	2,745,664	2,877,634
	-----	-----
Closing balance	7,304,660	4,978,265
	=====	=====
7. Short term borrowings secured		
Banking companies under mark-up arrangements	102,000,000	--
	=====	=====
It is secured against first charge on current assets and personal guarantee of directors of the company. It is subject to mark-up @ 14%.		
8. Current portion of long term liabilities		
Long term loan (Note No. 4)	51,152,000	55,695,000
Liabilities against assets subject to finance lease (Note No. 5)	25,061,577	39,698,220
	-----	-----
	76,213,577	95,393,220
	=====	=====
9. Creditors, accrued & other liabilities		
Creditors	1,857,518	2,408,650
Accrued expenses	2,196,675	8,904,545
Retentions/Deposits	718,548	696,175
Mark-up/interest on long term loan	10,212,226	11,671,371
Mark-up/interest on lease finance	2,090,847	2,941,581
Mark-up/interest on short term borrowing	1,867,561	--
Income tax withheld	46,614	6,607

Sales tax payable	937,808	--
Workers' Welfare Fund	--	772,161
Workers' Profit Participation Fund (9.1)	1,684,216	6,561,946
Dividend payable	818,103	550,021
	-----	-----
	22,430,116	34,513,057
	=====	=====

9.1 Workers' Profit Participation Fund

Opening balance	6,561,946	6,757,090
Allocation for the year	1,684,216	3,648,580
Mark-up on previous year balance @ 16.5%	640,889	152,276
	-----	-----
	8,887,051	10,557,946
Less: Paid during the year	7,202,835	3,996,000
	-----	-----
	1,684,216	6,561,946
	=====	=====

10. Operating assets

<i>Assets</i>	<i>Cost at July 01, 1999</i>	<i>Additions/ (Deletions) during the year</i>	<i>Transfer from lease assets to own assets/(Deletion)</i>	<i>Cost as at June 30, 2000</i>	<i>%</i>	<i>Accumulated Depreciation July 01, 1999</i>	<i>Adjustments/ (Deletions)</i>	<i>Depreciation for the year</i>	<i>Accumulated Depreciation June 30, 2000</i>	<i>Written Down value June 30, 2000</i>
Land- Free hold	4,031,369	--	--	4,031,369	--	--	--	--	--	4,031,369
Building power house	51,870,222	72,947	--	51,943,169	10	17,852,485	--	3,409,068	21,261,553	30,681,616
Building power house-Ext.	27,865,030	--	--	27,865,030	10	5,758,953	--	2,210,608	7,969,561	19,895,469
Plant & machinery	346,576,371	4,222,655	--	350,799,026	10	146,886,716	--	20,391,231	167,277,947	183,521,079
Plant & machinery-Ext.	91,606,879	35,574,762	75,000,000	202,181,641	10	17,502,822	15,768,750	16,891,007	50,162,579	152,019,062
Electric installations	22,964,368	2,782,536	--	25,746,904	10	8,110,124	--	1,763,678	9,873,802	15,873,102
Electric installation- Ext.	3,933,250	--	--	3,933,250	10	826,966	--	310,628	1,137,594	2,795,656
Other plant equipments	2,018,762	65,769	--	2,084,531	10	544,999	--	153,953	698,952	1,385,579
Office equipments	7,404,088	1,007,793	--	8,411,881	10	2,726,535	--	568,535	3,295,070	5,116,811
Furniture & fixture	2,931,691	27,400	--	2,959,091	10	1,101,085	--	185,801	1,286,886	1,672,205
Vehicles	6,409,720	2,056,094 (1,005,780)	--	7,460,034	20	3,539,234	(30,427)	790,245	4,299,052	3,160,982
	-----	-----	-----	-----		-----	-----	-----	-----	-----
	567,611,750	44,804,176	75,000,000	687,415,926		204,849,919	15,738,323	46,674,754	267,262,996	420,152,930
	-----	-----	-----	-----		-----	-----	-----	-----	-----
Machinery on Lease - Ext.	181,891,596	--	(75,000,000)	106,891,596	10	38,242,709	(15,768,750)	8,441,764	30,915,723	75,975,873
Office equipment on lease	3,052,452	--	--	3,052,452	10	827,215	--	222,524	1,049,739	2,002,713
	-----	-----	-----	-----		-----	-----	-----	-----	-----
	184,944,048	--	(75,000,000)	109,944,048		39,069,924	(15,768,750)	8,664,288	31,965,462	77,978,586

2000 Rupees	752,555,798	44,804,176	--	797,359,974	243,919,843	(30,427)	55,339,042	299,228,458	498,131,516
1999 Rupees	722,207,754	30,348,044	--	752,555,798	187,828,330	(374,343)	56,465,856	243,919,843	508,635,955

2000
Rupees

1999
Rupees

Allocation of Depreciation

Power generation expenses	53,571,937	54,777,857
Administrative expenses	1,767,105	1,687,999
	55,339,042	56,465,856

10.1 Profit / (Loss) on disposal of fixed assets

<i>Name of asset</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Written down value</i>	<i>Sale Price</i>	<i>Profit/ (loss)</i>	<i>Mode of disposal</i>
Toyota Corolla FDW-7925	876,180	--	876,180	876,180		-- The Premier Insurance Company of Pakistan Ltd. Lahore (Insurance Claim)
Honda CD-70 LXB-2842	62,350	30,427	31,923	31,923		--Mr. Nadeem Javed Lahore Office (As per co. Policy)
Honda CD-70 KAP-6637	67,250	--	67,250	60,000	(7,250)	The Premier Insurance Company of Pakistan Ltd. Lahore (Insurance Claim)
Rupees	1,005,780	30,427	975,353	968,103	(7,250)	

2000
Rupees

1999
Rupees

11. Long term deposits

Banks/financial institutions	9,597,540	24,597,540
------------------------------	-----------	------------

12. Stores, spares & loose tools

Stores	1,182,552	960,468
Spares	74,030,909	32,301,514
Loose tools	134,378	131,051

	----- 75,347,839 =====	----- 33,393,033 =====
13. Stocks of oils & lubricants		
Furnace oil	22,045,152	7,319,404
Diesel oil	1,086,147	351,114
Lube oil	1,432,645	1,310,192
	----- 24,563,944 =====	----- 8,980,710 =====
14. Trade debtors		
(unsecured considered good)		
Local industrial consumer of electric power	18,629,376 =====	8,575,922 =====
15.1 Advances, deposits & other receivables		
15.1 Loans and advances (Unsecured considered good)		
Employees	486,771	349,674
Suppliers	4,059,254	37,964
Income tax	1,071,299	211,011
Letter of Credits	15,213,389	6,189,740
	----- 20,830,713 =====	----- 6,788,389 =====
15.2 Deposits and prepayments		
Security deposits	244,100	276,341
Prepayment	750,000	1,080,000
Others	690,000	690,000
Insurance claim receivable	876,180	--
	----- 2,560,280 ----- 23,390,993 =====	----- 2,046,341 ----- 8,834,730 =====
16. Cash and bank balances		
Cash in hand	1,286,946	388,877
Cash at banks-in current accounts	5,540,700	6,025,697
	----- 6,827,646 =====	----- 6,414,574 =====
17. Cost of sales		
Cost of fuel, oil and lubricants	269,510,984	231,067,687

Salaries, wages and benefits	13,503,047	10,097,532
Stores and spares	14,975,711	17,860,657
Insurance	432,968	475,592
Repairs and maintenance	1,906,078	4,000,809
Depreciation	53,571,937	54,777,857
	-----	-----
	353,900,725	318,280,134
	=====	=====

18. Administrative expenses

Director's remuneration	1,860,000	1,860,000
Staff salaries and benefits	13,701,298	13,278,998
Postage, telephone and telegram	3,377,702	2,772,567
Electricity	373,581	454,548
Vehicles running and maintenance	1,009,919	888,766
Printing and stationery	729,209	663,470
Computer expenses	230,657	80,205
Rent, rates and taxes	418,060	364,450
Advertisement	66,000	176,950
Travelling and conveyance	904,642	663,957
Fees, subscription and periodicals	196,500	1,118,576
Legal and professional	600,575	75,000
Insurance	228,975	382,844
Repairs and maintenance	1,028,117	869,080
Auditors' remuneration (18.1)	75,000	75,000
Entertainment	381,987	245,266
Donation (18.2)	126,000	1,115,000
Depreciation	1,767,105	1,687,999
Others	625,555	511,970
	-----	-----
	27,700,882	27,284,646
	=====	=====

18.1 Audit fee	40,000	40,000
Tax services	35,000	35,000
	-----	-----
	75,000	75,000
	=====	=====

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

19. Other income

Sale of scrap	2,091,993	2,885,582
Miscellaneous revenue	--	48,841
Profit/(loss) on sale of fixed assets	(7,250)	146,763
	-----	-----
	2,084,743	3,081,186
	=====	=====

20. Financial charges

Mark-up / interest on Long term loans	21,182,083	24,103,607
Lease finance	12,254,940	26,412,538
Short term borrowings	3,890,848	--
Workers' profit participation fund	640,889	152,276
Bank charges, excise duty and commission	9,202	628,310
	-----	-----
	37,977,962	51,296,731
	=====	=====

21. 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, 1995.

Assessment has been completed upto assessment year 1999-2000

22. Financial instruments and related disclosures

22.1 Credit Risk

Credit risk arises from the possibility of one party to a financial instrument failing to meet its obligations causes the other party to incur financial loss.

The company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits company's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk.

22.2 Fair Value of Financial Instruments

The estimated fair value of financial instruments are not significantly different from their book values as shown in these financial statements.

22.3 Interest Risk Management

Interest rate risk is the risk that value of a financial instrument will fluctuate due to changes in market interest rates. Changes in interest rates can adversely affect the rates charged on interest bearing assets/liabilities. This can result in an increase in interest expense relative to finance income or vice versa. The company manages its risk by maintaining a fair balance between interest rates, financial assets and financial liabilities.

<i>Notes</i>	<i>Mark-up Bearing</i>		<i>Non Mark-up Bearing</i>		<i>Total</i>
	<i>Within one year (Rupees)</i>	<i>One year to five years (Rupees)</i>	<i>Within one year (Rupees)</i>	<i>One year to five year (Rupees)</i>	

Financial Assets

Lease Assets	10	--	77,978,586	--	--	77,978,586
Long term deposits	11	--	--	--	9,597,540	9,597,540
Stores, spares & loose tools	12	--	--	75,347,839	--	75,347,839
Stock of Oil & lubricants	13	--	--	24,563,944	--	24,563,944
Trade debtors	14	--	--	18,629,376	--	18,629,376
Advances, deposits & pre-payme	15	--	--	22,514,813	--	22,514,813
Cash and bank balances	16	--	--	6,827,646	--	6,827,646
			-----	-----	-----	-----
		--	77,978,586	147,883,618	9,597,540	235,459,744
			=====	=====	=====	=====

Financial Liabilities

Long term loans	4	21,802,000	109,040,102	29,350,000	29,350,000	189,542,102
Lease liabilities	5	25,061,577	31,356,172	--	--	56,417,749
Short term borrowings	7	102,000,000	--	--	--	102,000,000
Creditors, accrued and other liabil	9	--	--	22,430,116	--	22,430,116
			-----	-----	-----	-----
		148,863,577	140,396,274	51,780,116	29,350,000	370,389,967
		=====	=====	=====	=====	=====
Net financial assets/(liabilities)		(148,863,577)	(62,417,688)	96,103,502	(19,752,460)	(134,930,223)
		=====	=====	=====	=====	=====

22.4 Effective mark-up rates

The effective mark-up rates for the company's financial assets and liabilities are as follows:

Financial assets

Investment in lease finance 21.75% - 22%

Financial Liabilities

Long term loans 15.61%

Short term borrowings 14%

23. Earning per share

There is no dilutive effect on the basis earning per share of the company, which is based on:

	2000	1999
Profit after taxation - Rupees	32,756,156	69,323,020
Weighted average number of ordinary shares	1,250,000	12,500,000
Earning per share - Rupees	2.62	5.55

24. Remuneration of Director and Executives

	2000	1999
	Rupees	Rupees

	<i>Director</i>	<i>Executives</i>	<i>Director</i>	<i>Executives</i>
Remuneration	1,200,000	2,937,583	1,200,000	2,214,192
Housing	540,000	1,321,885	540,000	996,384
Utilities	120,000	293,758	120,000	221,424
	-----	-----	-----	-----
	1,860,000	4,553,226	1,860,000	3,432,000
	=====	=====	=====	=====
Number of persons	1	6	1	6

2000
Rupees

1999
Rupees

25. Aggregate transactions with associated undertakings

Purchase of goods	20,903	571,431
Sale of electrical power	364,778,377	372,367,909
Sale of store goods	189,095	281,669
Rent	720,000	720,000

26. Plant capacity and actual power generation

Plant capacity - Megawatt hours	278,568	278,568
Actual generation - Megawatt hours	158,970	150,558

26.1 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.

27. 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, 2000

<i>No. of Shareholders</i>	<i>Having Shares</i>		<i>Shares Held</i>	<i>Percentage</i>
	<i>From</i>	<i>To</i>		
70	1	100	4,354	0.0348
275	101	500	94,096	0.7528
263	501	1000	225,100	1.8008
353	1001	5000	948,164	7.5853
90	5001	10000	703,941	5.6315
29	10001	15000	375,765	3.0061
10	15001	20000	185,488	1.4839

9	20001	25000	211,875	1.6950
6	25001	30000	170,000	1.3600
2	30001	35000	67,500	0.5400
5	35001	40000	191,375	1.5310
2	40001	45000	85,700	0.6856
9	45001	50000	442,092	3.5367
2	50001	55000	105,000	0.8400
2	55001	60000	116,250	0.9300
9	60001	65000	575,600	4.6048
2	65001	70000	135,500	1.0840
1	95001	100000	100,000	0.8000
1	100001	105000	101,425	0.8114
1	115001	120000	120,500	0.9600
1	120001	125000	122,500	0.9800
2	125001	130000	258,400	2.0672
1	185001	190000	185,775	1.4862
1	230001	235000	234,375	1.8750
4	245001	250000	1,000,000	8.0000
2	255001	260000	516,600	4.1328
1	295001	300000	296,800	2.3744
1	310001	315000	312,500	2.5000
1	320001	325000	320,200	2.5616
1	360001	365000	361,750	2.8940
1	370001	375000	375,000	3.0000
1	430001	435000	431,875	3.4550
3	495001	500000	1,500,000	12.0000
1	620001	625000	625,000	5.0000
1	995001	1000000	1,000,000	8.0000
-----			-----	-----
1,163			12,500,000	100.0000
=====			=====	=====

Categories of Shareholders

<i>Particulars</i>	<i>Number of Shareholders</i>	<i>Shareholding</i>	<i>Percentage</i>
Individuals	1,086	9,893,650	79.149
Financial Institutions	17	1,416,175	11.329
Insurance Companies	5	261,200	2.090
Investment Companies/Banks	8	372,500	2.980
Joint Stock Companies	27	390,350	3.123
Leasing Companies/Modarabas	13	150,125	1.201
Modaraba management Companies	1	1,000	0.008
Others	6	15,000	0.120
-----			-----
	1,163	12,500,000	100.000

