

Genertech Pakistan Limited
Annual Report 1999

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COMPANY INFORMATION

CHAIRMAN
CHIEF EXECUTIVE
DIRECTORS

Jahangir Elahi
Alamgir Elahi
Jahangir Elahi
Tanvir Elahi
Ahmed Jahangir
Amir Jahangir
Akhlaq Ali Khan
Humayun Nabi Jan

COMPANY SECRETARY
GENERAL MANAGER (ACCOUNTS)
AUDITORS

Humayun Nabi Jan
Nadir Ali Awan
M/s Zahid Jamil & Co.
Chartered Accountants
(An Independent Member of BKR
International)

LEGAL ADVISOR

M/s. Rizvi & Company

BANKERS

ABN-AMRO Bank
Askari Commercial Bank Limited
Emirates Bank International P.J.S.C.
Trust Investment Bank Limited
Union Bank Limited
Escorts Investment Bank Limited
The Bank of Punjab

REGISTERED OFFICE

31/C-1, Ghalib Road, Gulberg III,
Lahore - Pakistan.

Tel: (042) 5710216-20 / 5751811-14
Fax: (042) 5712881 / 5756686

PLANT

49th Kilometer, Lahore Multan Road,
Near Bhai Pheru, Tehsil Chunian,
District Kasur.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Ninth Annual General Meeting of the Shareholders of Genertech Pakistan Limited will be held at the Registered office of the company at 31/C-1, Ghalib Road, Gulberg III, Lahore, on Friday December 31, 1999 at 11.00 A.M. to transact the following business.

1. To confirm the minutes of the last General Meeting.
2. To receive and adopt the audited accounts for the year ended June 30, 1999 together with the Auditors' and Directors' report thereon.
3. To approve Cash Dividend @20.00% i.e. Rs. 2.00 per share as recommended by the Board of Directors.
4. To appoint auditors for the current year and fix their remuneration. The present auditors M/s. Zahid Jamil & Co. Chartered Accountants, (An Independent Member of BKR International), being eligible, have offered themselves for re-appointment.
5. To discuss any matter with the permission of the chair.

**For and on behalf of
BOARD OF DIRECTORS**

**HUMAYUN NABI JAN
Company Secretary**

Lahore: November 26, 1999

NOTES:

1. The Share Transfer Books of the Company shall remain closed from December 21, 1999 to December 30, 1999 (both days inclusive). Transfers received in order, at 31/C-1, Ghulib Road, Gulberg III, Lahore, the Share Department of the Company, at the close of Business on December 20, 1999 shall be treated in time for the purpose of payment of dividend to transferees.
2. A member entitled to attend and vote at the above meeting may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies in order to be

effective must be received at the company's registered office not later than forty eight hours before the time for holding the meeting. Account and sub account holders of the Central Depository System appointing proxies must attach attested copy of their National Identity Card with the proxy form.

3. Accounts holders and sub-account holders, holding book entry securities of the Company in CD S of Central Depository Co. of Pakistan Ltd., who wish to attend the Annual General Meeting are requested to please bring original National Identity Card with copy thereof duly attested by their Bankers for identification purposes.

4. Shareholders are requested to promptly notify the Company of any change in their address and send Zakat Declaration immediately.

PATTERN OF SHARE HOLDING AS AT JUNE 30, 1999

<i>NUMBER OF SHARE HOL</i>	<i>FROM</i>	<i>SHARE HOLDERS</i>	<i>TO</i>	<i>TOTAL</i>
94	1	--	100	9,350
2222	101	--	500	976,325
525	501	--	1000	418,000
621	1001	--	5000	1,573,300
159	5001	--	10000	1,178,250
36	10001	--	15000	421,500
19	15001	--	20000	278,800
7	20001	--	25000	183,700
18	25001	--	30000	441,900
7	30001	--	40000	264,400
3	40001	--	45000	137,300
6	45001	--	50000	202,300
2	50001	--	55000	110,500
3	55001	--	60000	153,250
1	60001	--	65000	65,900
3	65001	--	70000	112,000
4	71001	--	75000	305,600
5	90001	--	95000	278,800
4	95001	--	100000	398,500
2	110001	--	115000	136,700
3	115001	--	125000	2,811,000
1	151001	--	155000	158,000
1	161001	--	165000	68,300
2	176001	--	180000	156,000
2	236001	--	240000	253,500
2	326001	--	330000	338,300
1	516001	--	520000	420,950
2	591001	--	595000	499,500
1	1796001	--	1800000	1,301,025

1	2746001	--	2750000	2,354,550
1	3086001	--	3090000	1,992,500
-----				-----
	3758			18,000,000
=====				=====

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
1. Individuals	3671	8,662,425	48.12
2. Investment Companies	24	942,400	5.24
3. Insurance Companies	4	264,000	1.47
4. Joint Stock Companies	23	6,303,625	35.02
5. Financial Institutions	14	1,558,650	8.66
6. Modaraba Companies	5	64,000	0.36
7. Foreign Investors	9	157,200	0.87
8 Co-Operative Societies	0	0	0.00
9. Charitable Trusts	0	0	0.00
10. Others	8	47,700	0.26
	-----	-----	-----
	3758	18,000,000	100.00
	=====	=====	=====

DIRECTOR'S REPORT

The directors of your company welcome you to the ninth Annual General Meeting of the company and present their report together with audited financial statement of the company for the year ended June 30th, 1999.

OPERATING RESULTS AND APPROPRIATIONS

During the period under review, the economy of the country experienced nothing short of a turmoil. The year began with the level of confidence in economy at its' lowest ebb and fear of country's default on its' financial commitments looming large on the horizon. The uncertainty vis-a-vis restructuring of national debt with World Bank and Paris club, coupled with escalation of hostilities between India and Pakistan, ultimately resulting in to a large-scale skirmish at Kargil, heightened the economic chaos.

As the flip side of this disarray, your company benefited from the relative stability in furnace oil prices up to May 1999, when these were increased again, by another 10.33 percent. The last quarter of the year also witnessed an unprecedented move by WAPDA when it reduced its tariff by around 11% April 1st, 1999. The industrial sector in the country has been demanding a reduction and on rationalization of electricity tariff and this recent reduction appears to be realization of fact that the cost of electricity in the country is one of the highest in world, thus rendering our industry in-competitive. We strongly support every reduction in industrial electricity tariff, however we feel that this tariff level is not sustainable unless:

Government agrees to reduce surcharge it collects on furnace oil & other POL products.
 Public utilities reduce their line losses and theft to an acceptable level.
 Public utilities improve on their resource allocation and reduce wastage.

The terrible financial state of public utility corporations is no secret, even with much touted plan for reduction in line losses to acceptable levels, these corporations can not sustain much longer without proper reflection of these factors in the electricity tariff. Alternatively GOP will have to extend substantial subsidies, which does not seem feasible considering the overall health of exchequer and conditionalities under various agreements with loan/aid given agencies.

The highlights of Operating results for the year are as under, giving an EPS of PRs.4.53 (PRs.3.17- 1998).

	(PRs.000)	
	1999	1998
Sales (net)	588,011	540,287
Gross Profit	149,478	127,863
Operating Profit	141,860	121,689
Net Profit	81,486	57,101
Un-appropriated profit brought forward	8,713	8,112

The Board of Directors is pleased to recommend following appropriation:

	1999	1998
Transfer to General Reserve	45,000	25,000
Dividend (20%)	36,000	31,500

As regards the operating efficiency levels, the salient features of the operations are as under:

	1999	1998
Operating Efficiency Level	84.25%	78.84%
Auxiliary consumption	2.10%	2.25%
Line losses	0.68%	1.02%

Y2K COMPLIANCE

Your company had taken up the issue proactively, and all its plant & equipment, computer hardware and software is fully Y2K compliant.

AUDITORS

The retiring auditors Messers Zahid Jamil & Company, Chartered Accountants (An independent member of BKR International) being eligible offer themselves for re-appointment.

ACKNOWLEDGMENT

Directors wish to place on record their appreciation for the dedicated work of staff and

executives of the company.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 1999 as required under section 236 of the Companies Ordinance, 1984 is enclosed.

For and on behalf of
Board of Directors

Alamgir Elahi
Chief Executive

Lahore: November 26, 1999.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of GENERTECH PAKISTAN LIMITED as at June 30, 1999 and the related profit and loss account and cash flow statement, 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 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 purposes 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, except for the effect of the matter referred to in note 10.1, the balance sheet, profit and loss account and cash flow statement 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, 1999 and of the profit and the cash flow for the year then ended; and

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

LAHORE: (ZAHID JAMIL & COMPANY)
 DATED: November 26, 1999 (CHARTERED ACCOUNTANTS)

BALANCE SHEET AS AT JUNE 30, 1999

	<i>NOTE</i>	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
SHARE CAPITAL & RESERVES			
Authorised share capital 20,000,000 ordinary shares of Rs. 10 each		200,000,000 =====	200,000,000 =====
Issued, subscribed & paid up share capital 18,000,000 ordinary shares of Rs. 10 each fully paid up in cash		180,000,000	180,000,000
Premium on issue of shares		114,945,750	114,945,750
Revenue reserve	3	175,000,000	130,000,000
Unappropriated profit		9,199,233	8,713,398
		479,144,983	433,659,148
LONG TERM LOAN	4	78,324,324	156,648,050
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	5	61,696,639	98,901,141
CURRENT LIABILITIES			
Current portion of long term liabilities	6	118,182,159	112,131,011
Short term running finance	7	132,070,658	124,463,256
Creditors, accrued & other liabilities	8	37,508,881	37,552,925
Dividend payable		42,604,107	36,695,903
		-----	-----
		330,365,805	310,843,095
CONTINGENCIES & COMMITMENTS	9	--	--
		-----	-----
		949,531,751	1,000,051,434
		=====	=====
TANGIBLE FIXED ASSETS			
Operating fixed assets	10	695,827,656	718,171,240

Capital work-in-progress	11	17,009,813	20,375,000
		712,837,469	738,546,240
LONG TERM DEPOSITS	12	15,822,281	17,609,266
DEFERRED COST	13	--	1,061,432
CURRENT ASSETS			
Stores & spares	14	68,327,921	63,951,340
Trade debts	15	75,856,355	86,766,144
Advances, prepayments & other receivable	16	17,234,958	28,981,972
Cash & bank balances	17	59,452,767	63,135,040
		-----	-----
		220,872,001	242,834,496
		-----	-----
		949,531,751	1,000,051,434
		=====	=====

The annexed notes from 1 to 27 form an integral part of these accounts. Auditor's report to the members is annexed here to.

CHIEF EXECUTIVE

DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1999

	<i>NOTE</i>	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
SALES (Net)		588,010,761	540,287,038
COST OF SALES	18	438,532,861	412,423,911
		-----	-----
GROSS PROFIT		149,477,900	127,863,127
ADMINISTRATIVE & GENERAL EXPENSES	19	7,618,009	6,173,587
		-----	-----
OPERATING PROFIT		141,859,891	121,689,540
FINANCIAL & OTHER CHARGES	20	56,085,328	61,582,460
WORKERS' PARTICIPATION FUND		4,288,728	3,005,354
		-----	-----
		60,374,056	64,587,814

PROFIT FOR THE YEAR		-----	-----
		81,485,835	57,101,726
FORWARD		8,713,398	8,111,672
PROFIT AVAILABLE FOR APPROPRIATION		-----	-----
APPROPRIATIONS		90,199,233	65,213,398
Transfer to general reserve		45,000,000	25,000,000
Proposed final dividend Rs. 2/- per share (1998: Rs. 1.75)		36,000,000	31,500,000
		-----	-----
		81,000,000	56,500,000
UNAPPROPRIATED PROFIT CARRIED		-----	-----
FORWARD		9,199,233	8,713,398
Earning per share	24	=====	=====
		4.53	3.17

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

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 1999

	<i>NOTE</i>	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		81,485,835	57,101,726
Add: Adjustments to reconcile profit to net cash provided by operating activities			
Depreciation		717,592,821	74,493,497
Deferred cost amortized		1,061,431	1,061,431
		-----	-----
		72,820,713	75,554,928
		-----	-----
Cash flows from operating activities before working capital changes		154,306,548	132,656,654
(Increase)/decrease in current assets			
Stores & spares		(4,376,581)	(18,302,692)
Trade debts		10,909,789	(19,351,727)
Advances, prepayments & other receivable		11,747,014	36,812,961

	-----	-----
	18,280,222	(841,458)
Increase/(decrease) in current liabilities		
Short term running finance	7,607,402	38,827,656
Creditors, accrued & other liabilities	(44,044)	4,381,067
	-----	-----
	7,563,358	43,208,723
	-----	-----
Net cash used in operating activities	180,150,128	175,023,919
 CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets acquired	(48,113,190)	(84,686,949)
Long term deposits	1,786,985	1,093,928
Sale proceeds of fixed assets	2,062,679	20,873,424
	-----	-----
Net cash used in investing activities	(44,263,526)	(62,719,597)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	2,705,000	20,870,500
Repayment of long term loan	(78,323,726)	(78,323,726)
Lease rentals paid	(33,858,353)	(26,921,094)
Dividend paid	(30,091,796)	(25,569,493)
	-----	-----
Net cash flows from financing activities	(139,568,875)	109,943,813)
	-----	-----
Net increase/(decrease) in cash & cash equivalents	(3,682,273)	2,360,509
Cash & cash equivalents at the beginning of the year	63,135,040	60,774,531
	-----	-----
Cash & cash equivalents at the end of the year	59,452,767	63,135,040
	=====	=====

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1999

1. STATUS AND OPERATIONS

Genertech Pakistan Limited is a public limited company and its shares are listed on all three stock exchanges of Pakistan. The company is primarily engaged in owning, managing and operating electric power generation facilities.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified by capitalization of exchange differences referred to in note 2.5.

2.2 Employees' Retirement Benefits

The company operates a funded contributory provident fund scheme for all permanent employees. Equal monthly contributions, at the rate of 8.33 percent of basic pay, are made both by the company and employee.

2.3 Fixed Capital Expenditure

Operating fixed assets are stated at cost less accumulated depreciation except land and capital work-in-progress which are stated at cost.

Depreciation is charged to income applying the reducing balance method. Full year's depreciation is charged on assets acquired during the year, except standby generating facilities and major additions or extension to generating facilities which are depreciated on pro-rata basis for the period of use during the year. No depreciation is charged on deletions during the year.

Repair and maintenance of assets is charged to income as and when incurred. Major renewals and replacements are capitalized. Gain or loss on disposal of fixed assets are included in the profit and loss account in the year of disposal of assets.

2.4. Leased Assets

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amount of obligation relating to assets subject to finance lease is accounted for at net present value of liabilities. Finance charges are allocated to accounting period in a manner so as to produce a constant periodic rate of charge on the outstanding liability.

Assets so acquired are depreciated in accordance with the depreciation policy for company owned assets.

2.5 Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates approximating those prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities. Exchange differences and/or exchange risk fee in respect of foreign currency loans obtained for acquisition of fixed assets are incorporated in the cost of the relevant assets. All other exchange differences are taken to profit and loss account.

2.6 Investments

These are stated at cost

2.7 Deferred Cost

These are being amortized over a period of five years from the year of incurrance.

2.8 Stores and Spares

These are valued at moving average cost, except stores in transit which are stated at actual cost.

2.9 Trade Debts

Known bad debts, if any, are written off and provision is made against debts considered doubtful.

2.10 Revenue Recognition

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

2.11 Taxation

By virtue of clause 176 of part I of Second Schedule to the Income Tax Ordinance, 1979, profits and gains of the company are exempt from levy of income tax and minimum tax.

	1999	1998
	Rupees	Rupees
3. REVENUE RESERVE		
Balance as at 01 July	130,000,000	105,000,000
Transfer from profit and loss account	45,000,000	25,000,000
	-----	-----
	175,000,000	130,000,000
	=====	=====
4. LONG TERM LOAN - SUPPLIER'S CREDIT		
Balance as at 30 June	156,648,050	234,971,776
Current portion (Note 6)	78,323,726	78,323,726
	-----	-----
	78,324,324	156,648,050
	=====	=====

This loan has been obtained in Japanese Yen, against guarantee given by Emirates Bank International (EBI), for the purchase of generating sets. The liability for repayment has been fixed in Pak Rupees, against payment of exchange risk fee of 7.5% per annum, at the rate of exchange prevailing at the time of disbursement.

The guarantee of EBI is secured against first charge on present and future assets of the company and financial guarantees of banks / financial institutions.

The loan carries interest at the rate of 7.6% per annum and is repayable in 12 equal half yearly installments, commenced from 28 October, 1995

5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	1999	1998
	Rupees	Rupees
Present value of minimum lease payments	101,555,072	132,708,426
Current portion (Note 6)	39,858,433	33,807,285
	-----	-----
	61,696,639	98,901,141
	=====	=====

5.1 Present value of minimum lease payments has been discounted using the implicit rate. Rentals are paid in monthly/half-yearly installments. Overdue rental payments are subject to an additional charge at the rate of Rs. 100 per day. Taxes, repairs and insurance have to be borne by the lessee. Lease agreements are renewable at the option of the lessors on such terms as may be agreed upon. Liabilities are secured against deposits of Rs. 11.808 (1998:11.953) million.

5.2	<i>Approximate Avg. rate of interest</i>	<i>Balance rentals outstanding as at June 30</i>
		1999
		Rupees
Monthly	22.00%	95,865,367
Half yearly	20.50%	20,819,622
		1999
		Rupees
		1998
		Rupees

6. CURRENT PORTION OF LONG TERM LIABILITIES

Long term loan	78,323,726	78,323,726
Liabilities against assets subject to finance leases	39,858,433	33,807,285
	-----	-----
	118,182,159	112,131,011
	=====	=====

7. SHORT TERM RUNNING FINANCE

Credit facility of Rupees 60.00 million sanctioned by ABN Amro Bank is secured against first charge on the current assets of the company. Mark up is charged at a rate of 16.00% per annum on quarterly basis.

Musharika Finance and Pro-Note Discounting Facilities for an aggregate amount of Rs. 61.00 million sanctioned on renewable basis by Trust Investment Bank Ltd. at a mark up rate of 20.50% per annum. The facilities are secured against a floating charge on current assets of

the company.

Morabaha Finance Facility of Rs.20.00 million sanctioned by Escorts Investment Bank Ltd. for six to ten months is secured against a floating charge on current assets of the company, at a mark up rate of 21.00% per annum.

Credit Facility of Rs.21.00 million sanctioned by Muslim Commercial Bank Ltd. is secured against a floating charge on the current assets of the company, at a mark up rate 16.00% per annum.

Credit Facility of Rs. 10. million sanctioned by Saudi Pak Leasing Co. Ltd. is secured against a floating charge on the current assets of the company, at the rate of 19.25% per annum.

Also includes temporary Bank overdrafts aggregate an amount of Rs. 1,190,510/- (1998~ Nil), represent cheques issued by the company in excess of balance at bank which have been presented for payments in subsequent period.

8. CREDITORS, ACCRUED & OTHER LIABILITIES

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
Creditors	5,940,890	6,914,609
Trade	262,761	596,178
	-----	-----
Others	6,203,651	7,510,787
Interest on long term loan	2,049,256	3,073,888
Exchange risk fee	1,770,333	3,041,754
Accrued liabilities	19,927,269	13,438,332
Other liabilities	3,269,644	6,958,200
Workers' participation fund (Note 8.1)	4,288,728	3,529,964
	-----	-----
	37,508,881	37,552,925
	=====	=====

8.1 Workers' participation fund

Balance as at 01 July	3,529,964	3,230,357
Interest accrued	441,245	516,857
	-----	-----
	3,971,209	3,747,214
Less. Payments made	3,971,209	3,222,604
	-----	-----
	--	524,610
Profit allocated for the year	4,288,728	3,005,354
	-----	-----
	4,288,728	3,529,964
	=====	=====

9. CONTINGENCIES & COMMITMENTS

9.1 Contingencies

Company is contingently liable to an income tax of Rs. 11.00 million in respect of income from other sources demanded by the Income Tax Department against which a petition has been filed in the honourable Supreme Court of Pakistan for the assessment year 1994-95 / 1995-96 and in the honourable Income Tax Appellate Tribunal for the assessment year 1996-97.

9.2 Commitments

Nil (1998: Nil)

10. OPERATING FIXED ASSETS

DESCRIPTION	COST		ACCUMULATED DEPRECIATION		BOOK VALUE		DEPRECIATION Rate %
	As at July 01, 1998	Additions / (deletions)	As at June 30, 1999	AS AT JUNE 30, 1999	AS AT June 30, 1999	Charge for the year	
OWNED ASSETS							
Freehold land	8,118,467	--	8,118,467	--	8,118,467	--	--
Building -factory	56,272,104	27,481	56,299,585	21,766,791	34,532,794	3,836,977	10
Building - non factory	5,607,651	13,000,000	18,607,651	1,681,217	16,926,434	890,865	5
Plant & machinery	717,374,757	39,611,271 (2,227,000)	754,759,028	264,087,016	490,672,012	54,519,112	10
Factory equipment	414,133	--	414,133	157,085	257,048	28,561	10
Furniture & fixtures	1,765,518	116,975	1,882,493	649,310	1,233,183	137,020	10
Office equipments	1,412,605	569,292	1,981,897	531,686	1,450,211	161,135	10
Vehicles	2,427,253	2,359,758 (362,679)	4,424,332	1,840,699	2,583,633	645,908	20
	-----	-----	-----	-----	-----	-----	-----
	793,392,488	53,095,098	846,487,586	290,713,804	555,773,782	60,219,578	
LEASED ASSETS							
Plant & machinery	174,894,65'	(6,911,400)	167,983,251	31,090,026	136,893,225	10,962,042	10
Vehicles	1,396,924	1,005,000	2,401,924	771,275	1,630,649	407,662	20
Electric Installation	--	1,700,000	1,700,000	170,000	1,530,000	170,000	10
	-----	-----	-----	-----	-----	-----	-----
	176,291,575	(4,206,400)	172,085,175	32,031,301	140,053,874	11,539,704	
	-----	-----	-----	-----	-----	-----	-----
Rupees 1999	969,684,063	48,888,698	1,018,572,761	322,745,105	695,827,656	71,759,282	
	-----	-----	-----	-----	-----	-----	-----
Rupees 1998	929,787,818	39,896,245	969,684,063	251,512,823	718,171,240	74,493,497	
	=====	=====	=====	=====	=====	=====	=====

10.1 Additions to plant & machinery (owned assets) includes Rupees 15.144 (1998: 21.018) million on account of exchange risk coverage fee in respect of long term loan obtained for the acquisition of fixed assets. However, International Accounting Standard do not permit the capitalisation of exchange risk coverage fee. Had this amount not been

capitalised, the profit for the year would have reduced to Rupees 66.341 million.

10.2 Depreciation for the year has been allocated as follows.

	1999	1998
	Rupees	Rupees
Cost of sales	70,407,557	73,672,022
Administrative & general expenses	1,351,725	821,475
	-----	-----
	71,759,282	74,493,497
	=====	=====

10.3 Transfer from assets subject to finance lease under the cost and depreciation columns above comprises the follows.

PARTICULARS	COST	DEPRECIATION
	Rupees	Rupees
Power Generator	6,911,400	1,359,818

10.4 DISPOSAL OF OPERATING FIXED ASSETS

DESCRIPTION	COST	ACCUMULATED BOOK VALUE	SALE PROCEEDS	MODE OF DISPOSAL	PARTICULARS OF PURCHASER
	Rupees	DEPRECIATION	Rupees		
	Rupees	Rupees	Rupees		
Electric Installation	2,227,000	527,000	1,700,000	1,700,000 Sale and lease back agreement	First Fidelity Leasing Modaraba
VEHICLES					
Suzuki Khyber LXH 4967	362,679	--	362,679	362,679 Stolen	

	1999	1998
	Rupees	Rupees
11. CAPITAL WORK-IN-PROGRESS		

Civil works	7,375,000	20,375,000
Plant & machinery	9,634,813	--
	-----	-----
	17,009,813	20,375,000
	=====	=====

12. LONG TERM DEPOSITS

Securities	12,304,707	12,149,777
Bank guarantee margin	3,517,574	5,459,489
	-----	-----
	15,822,281	17,609,266
	=====	=====

13. DEFERRED COST

Preliminary expenses	--	21,541
----------------------	----	--------

Public issue expenses	--	502,981
Commission / brokerage on shares	--	536,910
	-----	-----
	--	1,061,432
	=====	=====

1.4. STORES & SPARES

Oils & lubricants	29,012,256	42,271,090
Other stores	2,774,671	1,835,775
Spare parts	36,540,994	19,844,475
	-----	-----
	68,327,921	63,951,340
	=====	=====

15. TRADE DEBTS - UNSECURED CONSIDERED GOOD

These represent receivables from electricity consumers and include Rupees 8.518 (1998:19.198) million, due from consumer associated undertakings.

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
16. ADVANCES, PREPAYMENTS & OTHER RECEIVABLES		
Advances - considered good		
Suppliers	4,899,521	9,849,856
Others	1,272,714	1,296,175
	-----	-----
	6,172,235	11,146,031
Short term prepayments	404,818	635,120
Other receivables	2,573,534	10,766,060
Income tax refundable	8,084,371	6,434,761
	-----	-----
	17,234,958	28,981,972
	=====	=====

17. CASH & BANK BALANCES

Cash in hand	41,844	103,852
Cash with banks	59,410,923	63,031,188
	59,452,767	63,135,040

18. COST OF SALES

Fuel	306,362,416	281,735,489
Lubricants & chemicals	31,225,806	27,024,977
Salaries, wages & benefits	10,699,131	10,471,570
Insurance	7,277,323	7,621,057
Other power generation expenses	12,560,628	11,898,796
Depreciation	70,407,557	73,672,022
	-----	-----

438,532,861 412,423,911
=====

19. ADMINISTRATIVE & GENERAL EXPENSES

Directors' remuneration	960,000	960,000
Salaries & benefits	1,693,991	1,503,495
Communication	725,624	621,593
Printing & stationery	251,340	238,418
Rent, rates & taxes	15,518	3,774
Travelling & conveyance	94,202	31,315
Legal & professional	100,000	52,000
Auditor's remuneration	70,000	70,000
Electricity, water & gas	158,265	187,521
Vehicles running	554,627	592,000
Fee & subscription	1,040,766	495,208
Advertisement	32,775	148,345
Other administrative overheads	199,626	144,968
Miscellaneous	369,550	303,475
Depreciation	1,351,725	821,475
	-----	-----
	7,618,009	6,173,587
	=====	=====

20. FINANCIAL & OTHER CHARGES

Financial		
Interest on:		
Long term loan	16,576,256	21,297,672
Finance leases	23,802,603	25,875,117
Workers' participation fund	441,245	516,857
Mark-up Commission & Bank Charges	14,203,793	12,745,623
	-----	-----
	55,023,897	60,435,269
Other charges		
Deferred cost amortized	1,061,431	1,061,431
Loss/(Gain) on sale of fixed assets	--	85,760
	-----	-----
	56,085,328	61,582,460
	=====	=====

21. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

Managerial remuneration	2,066,708	1,844,388
Allowances	1,045,117	847,488
Utilities	71,984	70,107
Provident fund	494,163	421,011
Ex gratia	168,670	101,578
	-----	-----
	3,846,642	3,284,572
	=====	=====

No. of persons 12 10
 No meeting fee has been paid to chief executive and directors. Six executives are entitled to free use of company maintained vehicles

22. STATEMENT OF CHANGES IN EQUITY

The changes in the equity are as follows

	<i>Rupees</i>	<i>General reserve Rupees</i>	<i>Profit for the year & appropriation Rupees</i>	<i>Total Rupees</i>
Balance as at July 1st 1997				
Paid up Capital	180,000,000			180,000,000
Premium on Issue of Shares	114,945,750			114,945,750
Un-Appropriated Profit & Reserves		105,000,000	8,111,672	113,111,672
	-----	-----	-----	-----
	294,945,750	105,000,000	8,111,672	408,057,422
Net profit for the year			57,101,726	57,101,726
Appropriation:				
General Reserves		25,000,000	(25,000,000)	
Proposed Dividend			(31,500,000)	(31,500,000)
	-----	-----	-----	-----
Balance as at June 30, 1998	294,945,750	130,000,000	8,713,398	433,659,148
Net profit for the year			81,485,835	81,485,835
Appropriation:				
General Reserves		45,000,000	(45,000,000)	
Proposed Dividend			(36,000,000)	(36,000,000)
	-----	-----	-----	-----
Balance as at June 30, 1999	294,945,750	175,000,000	9,199,233	479,144,983
	=====	=====	=====	=====

23. FINANCIAL ASSETS AND LIABILITIES SUBJECT TO INTEREST RATE AND CREDIT RISK

Exposure to Interest Rate Risk

The company's exposure to risk associated with interest rates on its financial assets and liabilities are summarized as follows:

		<i>Interest/Mark-up Bearing</i>		<i>Non Interest/Mark-up Bearing</i>		<i>Total</i>	
		<i>Maturity Upto One year Rupees</i>	<i>Maturity More Than One year Rupees</i>	<i>Maturity Upto One year Rupees</i>	<i>Maturity More Than One year Rupees</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
Financial Assets	Note						
Long term Deposits	12	--	--	2,160,162	13,662,119	15,822,281	17,609,266

Trade Debts	15	--	--	75,856,355	--	75,856,355	86,766,144
Advances, Deposits & other Receivables	16	--	--	17,234,958	--	17,234,958	28,981,972
Cash & Bank Balances	17	--	--	-59,452,767	--	59,452,767	63,135,040
		-----	-----	-----	-----	-----	-----
		--	--	154,704,242	13,662,119	168,366,361	196,492,422
		=====	=====	=====	=====	=====	=====
Financial Liabilities							
Supplier Credit	4	78,323,726	78,324,324	--	--	156,648,050	234,971,776
Lease Liability	5	39,858,433	61,696,639	--	--	101,555,072	132,708,426
Short Term Finances	7	130,880,148	--	1,190,510	--	132,070,658	124,463,256
Creditors, Accrued & other Liabilities	8	4,288,728	--	33,220,153	--	37,508,881	37,552,925
Dividend Proposed Unclaimed				36,000,000 6,604,107		36,000,000 6,604,107	31,500,000 5,195,903
		-----	-----	-----	-----	-----	-----
		253,351,035	140,020,963	77,014,770	--	470,386,768	566,392,286
		=====	=====	=====	=====	=====	=====

Effective Mark-up Rate

Financial Assets

Nil

Financial Liabilities

Supplier Credit	7.60%
Lease Liabilities	20.5% to 22.00%
Short Term Finance	1600% to 21.00%
W.P.P.F	12.50%

Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company supplies electricity to its associated companies and other entities and all related income is promptly received in accordance with contractual arrangements.

24. EARNING PER SHARE

		1999	1998
Net Profit	Rupees	81,485,835	57,101,726
Ordinary Shares	Nos.	18,000,000	18,000,000
Earning Per Share		4.53	3.17

25. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

25.1 The company purchased from and sold to associated undertakings goods and services in the aggregate sum of Rupees 0.592 (1998: 0.610) million and Rupees 152.723 (1998:164.738) million, respectively.

25.2 Maximum amount due from associated undertakings at the end of any month during the year was Rupees 26.723 (1998:46.068) million.

26. PLANT CAPACITY & ACTUAL POWER GENERATION

	1999	1998
	Rupees	Rupees
Plant capacity	208,926	208,926
Actual generation	176,020	163,577

26.1 REASONS FOR LOW POWER GENERATION

Actual power generation, in comparison to plant capacity is low due to scheduled and unscheduled, maintenance of generators.

27. FIGURES

of previous year have been rearranged in order to facilitate comparison. have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR