

Japan Power Generation Limited
Annual Report 1998

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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. ZAFAR MAHMOOD Chief Executive
MR. HASEEB KHAN
MR. TAKASHI KABURAGI
MR. SAITO YOSHIHIRO
MR. AKHTAR ALI UPPAL
MR. ASAD ALI UPPAL
MR. FAISAL QAMMAR UFPAL
SHEIKH NIZAZ ALI
SHEIKH MAHMOOD ALI
MRS.
SHAHAZ
MR. MOHAMMAD ALI
MRS. SAMINA ZAFAR
MR. WASIF MUSTAFA KHAN

COMPANY SECRETARY

SYED ZAFAR HALDER

AUDITORS

COOPERS & LYBRAND
CHARTERED ACCOUNTANTS
&
JAVAID TARIQ & CO.
CHARTERED ACCOUNTANTS

LEGAL ADVISOR

SYED RASHID RAHIM

BANKERS

PRIME COMMERCIAL BANK LTD.
ASKARI COMMERCIAL BANK LTD.
ALLIED BANK OF PAKISTAN LTD.
FAYSAL BANK LTD.

REGISTERED OFFICE

26, PESHAWAR BLOCK,
FORTRESS STADIUM,
LAHORE CANTT.

PLANT LOCATION

JIA BAGGA RAILWAY STATION,
RAIWIND ROAD, DISTRICT LAHORE.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 4th Annual General Meeting of the members of Japan Power Generation Limited will be held on Thursday the 31st December, 1998 at 11.00 A.M. at plant site located at Khan-e-Nepal Road near Jia Bagga Railway Station, Raiwind Road, District Lahore to transact the following business .

1. To confirm the minutes of last Annual General Meeting held on December 30, 1997.
2. To receive, consider and adopt the audited accounts of the Company for the financial year ended June 30, 1998 together with the Auditors' and Directors' Reports thereon.
3. To elect twelve Directors of the Company for a period of three years in accordance with section 178(1) of the Companies Ordinance, 1984 in place of retiring directors namely:

MR. ZAFAR MAHMOOD	MR. FAISAL QAMMAR UPPAL
SHEIKH NIZAZ ALI	MR. HASEEB KHAN
SHEIKH MAHMOOD ALI	MR. TAKASHI KABURAGI
MRS. SHAHNAZ	MR. SAITO YOSHIHIRO
MR. MOHAMMAD ALI	MR. AKHTAR ALI UPPAL
MRS. SAMINA ZAFAR	MR. ASAD ALI UPPAL

All retiring directors are eligible for re-election.

4. To appoint Auditors for the financial year 1998-99 and fix their remuneration.
5. To transact any other business that may be placed before the meeting with the permission of the Chair.

For and on behalf of
the
Board of Directors

Lahore
Date: December 09, 1998

(SYED ZAFAR HALDER)
Company Secretary

Notes:

i) The Share Transfer Books of the Company will remain closed from December 21, 1998 to December 31, 1998 (both days inclusive).

ii) A member entitled to attend and vote at the above meeting may appoint another person as proxy. Proxies, in order to be effective, must be received at 26-Peshawar Block, Fortress Stadium, Lahore Cantt., the registered office of the Company not later than forty-eight hours before the time of the meeting and must be duly stamped, signed and witnessed.

iii) Members are requested to immediately notify the change in address, if any.

DIRECTORS' REPORT

Your Directors feel pleasure in presenting the 4th Annual Report and Audited Accounts for the year ended June 30, 1998.

CONSTRUCTION PROGRESS:

Your project is almost 95 % complete and the remaining work is being carried out by the EPC contractor (SIEMENS). The most recent undertaking given by the EPC contractor is that the Plant will be available for Reliability Test by the end of February 1999.

In the absence of transmission line from WAPDA the internal testing could not be carried out for the full Complex. However, each engine and generator has been tested successfully at 110 % load using dummy load under the supervision of TTC/MHI.

REASONS FOR DELAY IN COD:

The Commercial Operation Date (COD) as per last year's Annual Report was January 1998 which is now expected in March 1999. The main causes for delays in achieving COD are briefly summarised as follows:

1. Delay in providing interconnection and transmission line facilities to which the COD is actually linked. This facility has now been provided to the Company during the first week of December 1998.

2. Due to the late delivery of 4 number 132 KV 45~50 MVA power transformers, the Grid Station at the site was completed later than what was originally expected.

3. In spite of best efforts by the management the cost overruns, as explained in previous year's report, were arranged later than expected. This delay occurred due to the fact that it took longer than our expectations to convince the lenders under the prevailing unsatisfactory economic situation. In addition, documentation process was also time consuming.

4. Uncertainty prevailing with respect to the government policy towards the IPP's.

GENERAL:

1. The Company has been asked by the GOP to renegotiate the tariff already signed with WAPDA. The management is in his process of a dialogue with the Special Committee and has offered a reduction in non escalable portion of CPP which is meant for repayment of debt. The Company has been able to offer this reduction due to the fact that the loan on the project is significantly on the lower side as compared with other projects. Although the Committee is appreciative of the Company's project cost and the unilateral gesture of tariff reduction, a formal agreement (if any) is yet to be reached with the government.

2. The expected COD of March 1999 may be further affected due to the following circumstances:

a) exemption from WAPDA providing SCADA system for a short period.

b) delay in the arrangement of working capital/other expenditure which is estimated at Rs. 450 M.

c) any delay attributable to GOP.

The management is working its best endeavours to achieve an early solution to the above mentioned points, and is confident to resolve them satisfactorily at the earliest.

3. The O & M Contract with TTC/MHI is to be effectuated.

4. The Company has requested GOP to extend the Required Commercial Operation Date, which was originally 23.01.98, to avoid liquidated damages claimed by WAPDA.

5. The first installment of supplier's credit including interest and fee amounting to JY 973 M became due on September 26, 1998. The payment is secured by a letter of credit from Allied Bank of Pakistan Ltd. but the remittance could not be made, as the permission was not granted by SBP owing to the shortage of foreign currency.

As the Company has not yet started generating funds, this non-funded facility provided by the Bank's Syndicate will become funded after remittance by ABL.

The management is trying to obtain approval for the rescheduling of at least first two installments, however, till to date no meaning-full progress has been achieved in this respect due to the prevailing uncertainty about the Government Policy regarding IPP's.

6. The Company is facing liquidity problem due to delay in operation for more than one year which also

resulted in an increase of various carrying costs. However, proper austerity measures are being taken to face this situation.

AUDITORS:

Retiring Auditors M/S Coopers & Lybrand, Chartered Accountants and Javaid Tariq & Co., Chartered Accountants being eligible offer themselves for reappointment.

PATTERN OF SHAREHOLDING:

Statement reflecting the pattern of shareholding is attached to the Annual Report.

ON BEHALF OF THE BOARD

Lahore

Date: December 07, 1998

CHIEF EXECUTIVE

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Japan Power Generation Limited as at June 30, 1998 and the related 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 purposes of our audit 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 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 and the cash flow statement, together with the notes forming 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 cash flows for the year then ended; and

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

Lahore
Date: December08, 1998.

Coopers & Lybrand
Chartered
Accountants

Javaid Tariq & Co.
Chartered
Accountants

BALANCE SHEET AS AT JUNE 30, 1998

	Note	1998 Rupees	1997 Rupees
Fixed capital expenditure			
Fixed assets	3	41,982,285	41,133,710
		3,916,378,01	
Capital work in progress	4	7	3,673,051,194
Pre-operational cost	5	184,804,974	77,600,108
		-----	-----
		4,143,165,27	
		6	3,791,785,012
Deferred cost		64,935,957	64,935,957
Current assets			
Stock and stores		20,158,387	-
Advances, deposits, prepayments and other receivables	6	4,357,794	10,764,229
Cash and bank balances	7	90,005,173	152,612,026
		-----	-----
		114,521,354	163,376,255
		-----	-----
		4,322,622,58	
		7	4,020,097,224
		=====	=====
Share capital			
Authorized			
150,000,000 ordinary shares of Rs.10/- each		1,500,000,00	1,500,000,000
		0	
		=====	=====
Issued, subscribed and paid-up			
133,200,000 ordinary shares of Rs. 10/- each fully paid in cash		1,332,000,00	1,332,000,000
		0	
		2,270,718,96	
Long term loans	8	5	2,641,186,730
Liabilities against assets subject to finance lease			
	9	3,960,148	4,907,573
Deferred liabilities - Gratuity		1,438,900	611,000
Current liabilities			

Current portion of long term liabilities	10	500,283,500	812,917
Creditors, accrued and other liabilities	11	214,221,074	40,579,004
		-----	-----
		714,504,574	41,391,921
Contingencies and commitments	12	-	-
		-----	-----
		4,322,622,587	4,020,097,224
		=====	=====

The annexed notes form an integral part of these accounts.

**CHIEF
EXECUTIVE**

DIRECTOR

DIRECTOR

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 1998**

		1998 Rupees	1997 Rupees
CASH FLOW FROM INVESTING ACTIVITIES			
(Increase)/decrease in current assets			
Advances, deposits, prepayments and other receivables		6,406,435	(10,720,105)
Stock and stores		(20,158,387)	-
Increased(decrease) in current liabilities			
Current portion of long term liabilities		499,470,583	812,917
Creditors, accrued and other liabilities		173,642,070	39,947,493
		-----	-----
		659,360,701	30,040,305
		-----	-----
Fixed capital expenditure		(351,380,264)	(534,591,055)
Deferred cost		-	(20,348,300)
		-----	-----
		(351,380,264)	(554,939,355)
		-----	-----
Net cash inflow from investing activities	A	307,980,437	(524,899,050)
		-----	-----

CASH FLOW FROM FINANCING ACTIVITIES

Share capital		-	661,870,000
		(370,467,765	
Long term loans)	-
Lease finance		(947,425)	4,907,573
Gratuity		827,900	-
Share application money		-	(450,488,200)
		-----	-----
Net cash outflow from financing activities	B	(370,587,290	216,289,373
)	
		-----	-----
Net increase/(decrease) in cash and cash equivalents (A+B)		(62,606,853)	(308,609,677)
Cash and cash equivalents at the beginning of the year		152,612,026	461,221,703
		-----	-----
Cash and cash equivalents at the end of the year		90,005,173	152,612,026
		=====	=====

**CHIEF
EXECUTIVE**

DIRECTOR

DIRECTOR

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 1998

1. STATUS AND ACTIVITIES

Japan Power Generation Limited is a Public Company, limited by shares, incorporated on September 29, 1994 under the Companies Ordinance, 1984 and its shares are quoted on Lahore and Karachi Stock Exchanges. The principal business of the Company is to generate and supply electric power to WAPDA.

The Company's original Commercial Operation Date was January 23, 1998 but due to certain unavoidable circumstances it has been delayed. In the absence of any operational activity no profit and loss account has been prepared.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Staff retirement benefits

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

2.3

Taxation

The Company's profit and gains from Power Generation are exempted from income tax under Clause 176 of Part 1 of the Second Schedule of the Income Tax Ordinance, 1979. The Company is also

exempt from minimum tax on turnover under Clause 20 of Part IV of the Second Schedule of the Income Tax Ordinance, 1979.

2.4 Fixed assets

All fixed assets are stated at cost and no depreciation has been charged as yet. Depreciation will be provided on commencement of the Company's commercial operations.

2.5 Capital work in progress

All costs/expenditure related to specific assets incurred during the project implementation period are carried under this head including foreign exchange rate variances. These costs will be transferred to specific assets as and when these assets are available for use.

2.6 Stock and stores

These are valued at the lower of cost and net realizable value. Cost is determined on average basis.

2.7 Pre-operational cost

All costs/expenditure not directly related to specific assets incurred before the commencement of operational activities are charged under this head. These will be allocated to building and plant and machinery at the time of commencement of commercial operations.

2.8 Deferred cost

Deferred cost consists of expenses incurred in connection with the Company's formation and public issue of shares including brokerage and commission etc. These will be amortized over a period of five years starting from the year of commercial operations.

2.9 Foreign currency translations

Foreign currency transactions are converted into Pak Rupees at the rates prevailing on the date of transaction. Assets and liabilities in foreign currencies at the year end are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Since the Company has not yet commenced commercial operations, exchange gains and losses on translation are accounted for in pre-operational cost. Exchange differences on translation of foreign currency loan utilised for the acquisition of fixed assets are capitalised and incorporated in the cost of such assets.

2.10 Accounting for leases

The Company accounts for assets acquired under finance lease by recording the assets and related liabilities. The amounts are determined on the basis of discounted value of total minimum lease payments and residual value of the assets at the end of the lease period in a manner so as to provide a constant periodic charge on the outstanding liabilities. Financial charges are allocated to pre-operational costs in a manner so as to provide a constant periodic rate of charge on the outstanding liabilities. No depreciation has been charged on leased assets as the Company has not yet commenced its operational activities.

	1998 Rupees	1997 Rupees
3. Fixed assets		
Freehold land	16,046,645	16,046,645
Furniture and fixture	2,454,459	1,927,884
Office equipment	1,347,905	1,025,905
Tubewell at site	1,723,760	1,723,760
Railway siding	6,650,000	6,650,000
Vehicles	6,940,516	6,940,516
Leasehold		
Office premises	775,000	775,000
Vehicles	6,044,000	6,044,000
	-----	-----
	41,982,285	41,133,710
	=====	=====
4. Capital work in progress		
Building		
Civil works	241,126,570	182,149,314
Advances to contractors	3,013,723	4,526,742
	3,669,564,21	
	3	3,386,237,949
Machinery		
Advances to contractors	1,320,586	34,112,776
Letters of credit	280,425	65,824,413
Advance for land	1,072,500	200,000
	-----	-----
	3,916,378,01	3,673,051,194
	7	
	=====	=====
5. Pre-operational cost		
Directors' remuneration	1,140,000	1,140,000
Travelling and conveyance	14,139,263	11,421,484
Staff salaries and benefits	22,215,879	9,536,909
Rent, rates and taxes	2,428,689	978,425
Postage and telegrams	279,618	151,403
Telephone and telex	4,038,539	2,600,031
Printing and stationery	1,114,851	843,522
Newspapers and periodicals	30,099	17,893
Auditors' remuneration	615,700	370,700
Fee and subscription	438,556	60,565
Insurance	1,237,271	569,072
Vehicle running	2,356,289	957,322
Entertainment	1,206,947	873,423

(Note 5.1)

Charity and donation	(Note 5.2)	182,784	171,784
Legal, professional and consultancy	(Note 5.3)	30,187,499	22,476,477
Utilities		765,122	361,466
Repair and maintenance		991,342	678,778
Publicity and advertisement		792,775	573,030
Bank charges and excise duty		369,620	357,064
Financial charges		100,399,106	4,210,934
Guarantee commission		4,476,046	4,476,046
Bank fees and other charges		72,281,673	68,955,630
Lease finance		2,033,402	412,636
Miscellaneous		392,598	355,659
		-----	-----
		264,113,668	132,550,253
		-----	-----
Less: Interest received on saving bank accounts		47,731,096	36,248,077
Exchange gain		27,940,917	17,468,241
Scrap sale		3,636,681	1,233,827
		-----	-----
		79,308,694	54,950,145
		-----	-----
		184,804,974	77,600,108
		=====	=====

5.1 Auditors' remuneration

	1998		1997	
	Coopers & Lybrand	Javaid Tariq & Co.	Coopers & Lybrand	Javaid Tariq & Co.
	Rupees	Rupees	Rupees	Rupees
Audit fee	130,000	75,000	75,000	50,000
Out of pocket expenses	25,000	15,000	-	-
	-----	-----	-----	-----
	155,000	90,000	75,000	50,000
	=====	=====	=====	=====

5.2 None of the directors or their spouses have any interest in the donation paid.

5.3 It includes a retainership fee @ Rs. 150,000 per month payable to Haseeb Khan & Co, Chartered Accountants, the proprietor of which firm is also a director in the Company.

6. Advances, deposits, prepayments and other receivables

	1998	1997
	Rupees	Rupees
Advances :		
Suppliers	-	2,721,553
Employees	1,810,500	3,614,300
Expenses	18,752	769
Income tax	253,099	241,434
Others	1,012,359	947,441
	-----	-----
	3,094,710	7,525,497
Deposits:		
Leasing companies	604,400	6,044,001
Rented property	383,356	183,356
Others	72,738	67,876
	-----	-----
	1,060,494	855,632
Prepayments		
:		
Insurance	64,340	277,754
Rent	50,500	45,000
Others	87,750	-
	-----	-----
	202,590	322,754
Other receivables:		
Octroi refundable	-	2,060,346
	-----	-----
	4,357,794	10,764,229
	=====	=====
7. Cash and bank balances		
Cash in hand	17,071	20,701
Cash with banks:		
in current accounts	59,133	137,895
in saving accounts	89,928,969	152,453,430
	-----	-----
	90,005,173	152,612,026
	=====	=====
8. Long term loans		
Secured		

Supplier's credit

Plant and machinery	(Note 8.1)	2,454,870,01 3	2,641,186,730
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Syndicated loan

	(Note 8.2)		
Prime Commercial Bank Limited		51,920,000	-
National Development Finance Corp.		40,000,000	-
Askari Commercial Bank Limited		49,230,000	-
Allied Bank of Pakistan Limited		24,600,000	-
Al-Faysal Investment Bank Limited		20,490,000	-
Faysal Bank Limited		20,490,000	-
Gulf Commercial Bank Limited		18,460,000	-
Prudential Commercial Bank Limited		10,250,000	-
Prudential Investment Bank Limited		10,250,000	-
Crescent Investment Bank Limited		8,210,000	-
		-----	-----
		253,900,000	-

Unsecured**Supplier's credit**

Power cable	(Note 8.3)	61,021,243	-
		-----	-----
		2,769,791,25 6	2,641,186,730

Less: Current portion of long term loans

Supplier's credit- Plant and machinery		409,145,002	-
Syndicated loan		74,671,990	-
Supplier's credit- Power Cable		15,255,299	-
		-----	-----
		499,072,291	-
		-----	-----
		2,270,718,96 5	2,641,186,730
		=====	=====

8.1 Supplier's credit - plant and machinery

This supplier's credit has been obtained in Japanese Yen from Toyota Tsusho (Singapore) PTE Limited amounting to Japanese Yen 7,428,600,000 representing 90% of the total value of the plant and machinery, as 10% of the total value amounting to Japanese Yen 825,400,000 was paid in advance as down payment. This credit carries an interest at the rate of 7.9% per annum and is repayable in twelve equal half yearly installments alongwith interest commencing after 18 months from the last major shipment. Since the last major shipment was effected on 26th March, 1997. The 1st installment alongwith interest was due on 26th September, 1998 which is still outstanding.

In addition to the supplier's credit a financing fee amounting to Japanese Yen 735,535,552 will be paid in twelve equal half yearly installments of Japanese Yen 61,461,296 each commencing from September 26, 1998. The first installment is still outstanding.

This credit facility is secured against an irrevocable letter of credit established by Allied Bank of Pakistan Limited in favour of Toyota Tsusho (Singapore) PTE Limited. The letter of credit is secured against a counter guarantee issued by a syndicate of twelve banks amounting to Japanese Yen 7,428,600,000 in which Allied Bank of Pakistan Limited is also a member of counter guarantee syndicate.

The syndicated counter guarantee is secured against first equitable mortgage/charge on all the present and future assets including equipment, inventory and receivables of the Company, personal guarantee of the directors and pledge of sponsors' shares.

8.2 Syndicated loan

This loan is secured by a first charge ranking pari passu on all present and future assets including equipment, inventory and receivables of the Company, assignment of performance guarantee of Toyota Tsusho (Singapore) PTE. Limited and personal guarantees of the directors. It carries mark-up @ 20% per annum extendable to 30% per annum in case the payment is made after due date. The mark-up is payable on quarterly basis while the principal is payable in three annual installments commencing from March 12, 1999.

8.3 Supplier's credit - power cable

This credit has also been obtained in US dollar from Toyota Tsusho Corporation, Japan amounting to US\$ 1,315,113 against the import of cables. This credit is unsecured and carries an interest at the rate of 7% per annum with additional interest @ 7% on delayed payments, and is repayable in eight equal consecutive semi-annual installments commencing after 12 months from the date of shipment. Since the shipment was effected on July 08, 1997, the first installment alongwith interest was due on July 08, 1998 which is still outstanding.

9. Liabilities against assets subject to finance lease

	1998 Rupees	1997 Rupees
Opening balance	5,720,490	-
Finance obtained during the year	-	6,044,000
Less: Paid during the year	549,133	323,510
	-----	-----
	5,171,357	5,720,490
	-----	-----
Less: Overdue installments	263,784	86,781
Current maturity-payable within next financial year	947,425	726,136
	-----	-----
	1,211,209	812,917
	-----	-----
	3,960,148	4,907,573
	=====	=====

This represents finance obtained against vehicles under three separate Lease agreements from First Crescent Modaraba. The purchase option is available to the Company on payment/adjustment of residual value alongwith the last installment. Other significant terms and conditions are as under:

	Lease I	Lease II	Lease III
Lease amount	Rs. 505,000	Rs. 839,000	Rs. 4,700,000
Installment amount	Rs. 14,780	Rs. 24,170	Rs. 129,762
No. of monthly installments	48	48	60
Implicit rate of return	25.08%	24.09%	28.03%
Deposit	10%	10%	10%
Penalty	Rs. 100 Per day for delay of installment	Rs. 100 Per day for delay of installment	Rs. 100 Per day for delay of installment

The future minimum lease payments to which the Company has committed under the lease agreements are as follows:

Year ending Rupees

1999	2,683,392
2000	2,012,544
2001	1,715,724
2002	901,334

	7,312,994
Less:	
Financial charges allocated to future periods	2,141,637

	5,171,357
	=====

	1998 Rupees	1997 Rupees
10. Current portion of long term liabilities		
Long term loans (Note 8)	499,072,291	-
Liabilities against assets subject to finance lease (Note 9)	1,211,209	812,917
	-----	-----
	500,283,500	812,917
	=====	=====

11. Creditors, accrued and other liabilities

Creditors		1,186,279	1,552,721
Accrued liabilities		6,986,487	3,344,763
Interest payable on long term loans		83,493,172	-
Capital expenditure payable		80,993,190	24,053,905
Payable against imported merchandise	(Note 11.1)	32,601,304	-
Retention money		8,626,284	8,816,945
Other liabilities		334,358	2,810,670
		-----	-----
		214,221,074	40,579,004
		=====	=====

11.1 This is secured against a letter of credit of US \$ 674,778 issued by Allied Bank of Pakistan Limited in favour of supplier. The letter of credit facility is further secured against cash margin of US \$ 298,968 and pledge of lube oil.

12. Contingencies and commitments**Contingencies**

12.1 The Company has filed a legal suit with Sindh High Court against the levy of 0.20% Sindh Govt. Infrastructure Tax on import of machinery. The court has awarded the stay order against the levy of tax. Upon the court's order the Company has provided a bank guarantee in favour of the Sindh Government issued by Prime Commercial Bank Limited amounting to Rs.4,396,800.

12.2 The Company has filed a legal suit with Lahore High Court against a decision of Deputy Commissioner of Income Tax for the levy of tax of Rs. 15,826,573 for the assessment year 1997-98. The Court has awarded a stay order against the decision of the Deputy Commissioner of Income Tax.

Commitments

12.3 The Company has arranged a letter of guarantee from Allied Bank of Pakistan Limited in favour of WAPDA for US \$ 2.675 M against Company's commitment to achieve Commercial Operation Date (COD) and for liquidated damages in the event of default as per the Articles 4.7 and 9.4 or any other relevant Article/Section of the Power Purchase Agreement (PPA). The Company has failed to achieve the original COD due to certain unavoidable circumstances. Consequently, WAPDA has invoiced the Company for liquidated damages of US \$ 2,217,661. WAPDA has further warned the Company vide its letter of October 3, 1998 to encash the letter of guarantee. However, the encashment proceedings have not yet been initiated.

12.4 The Company has arranged a letter of credit from Prime Commercial Bank Limited in favour of Siemens Pakistan Engineering Company United for Rs.17,672,418 against the payments for grid station, erection and commissioning.

13. Management remuneration

	1998			1997		
	Chief Executive	Director(s)	Executive(s)	Chief Executive	Director(s)	Executive(s)
Managerial remuneration	-	-	6,522,581	-	-	5,257,792
House rent and utilities	-	-	1,226,710	-	-	755,229
	-	-	7,277,810	-	-	5,257,792
No. of person	-	-	10	-	-	8

- No Board meeting fee has been paid to Directors.
- Company maintained vehicles are provided to the Chief Executive and the Directors.

14. Figures

- have been rounded off to the nearest rupee.
- of prior year have been rearranged wherever necessary for the purpose of comparison.

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

PATTERN OF SHAREHOLDINGS AS AT JUNE 30, 1998

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
1	1	100	50
623	101	500	312,000
53	501	1,000	53,000
63	1,001	5,000	204,554
56	5,001	10,000	522,100
7	10,001	15,000	85,180
2	15,001	20,000	36,000
1	20,001	25,000	25,000
1	25,001	30,000	30,000
1	40,001	45,000	44,500
2	45,001	50,000	96,000
2	50,001	55,000	106,220
2	55,001	60,000	114,000

1	60,001	65,000	65,000
1	65,001	70,000	67,000
1	70,001	75,000	75,000
3	85,001	90,000	267,500
2	95,001	100,000	197,500
1	135,001	140,000	139,000
1	140,001	145,000	141,000
1	145,001	150,000	146,000
2	170,001	175,000	342,198
1	190,001	195,000	193,000
1	195,001	200,000	200,000
1	230,001	235,000	231,000
1	245,001	250,000	250,000
1	295,001	300,000	300,000
1	315,001	320,000	316,000
6	340,001	345,000	2,052,948
1	365,001	370,000	370,000
1	390,001	395,000	395,000
1	425,001	430,000	427,025
1	440,001	445,000	442,500
1	540,001	545,000	544,000
1	545,001	550,000	548,000
1	575,001	580,000	576,000
1	615,001	620,000	619,000
1	660,001	665,000	663,000
1	705,001	710,000	706,500
1	750,001	755,000	751,000
1	855,001	860,000	855,395
1	905,001	910,000	910,000
5	930,001	935,000	4,660,000
1	995,001	1,000,000	1,000,000
1	1,025,001	1,030,000	1,026,409
1	1,275,001	1,280,000	12,774,711
1	1,455,001	1,460,000	1,459,500
1	1,645,001	1,650,000	1,645,500
7	1,660,001	1,665,000	11,650,000
1	1,710,001	1,715,000	1,710,790
1	1,815,001	1,820,000	1,815,500
1	2,185,001	2,190,000	2,188,000
1	2,845,001	2,850,000	2,849,000
1	2,955,001	2,960,000	2,959,100
1	3,200,001	3,205,000	3,201,700
1	3,250,001	3,255,000	3,250,500
2	3,395,001	3,400,000	6,800,000
3	3,880,001	3,885,000	11,650,000

1	4,435,001	4,440,000	4,438,000
1	4,660,001	4,665,000	4,660,700
1	4,665,001	4,670,000	4,667,000
1	5,335,001	5,340,000	5,335,100
1	9,010,001	9,015,000	19,013,500
		12,885,00	
1	12,880,001	0	12,883,100
		18,640,00	
1	18,635,001	0	18,640,000
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	888		133,200,000
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CATEGORIES OF SHAREHOLDERS

CATEGORY	DESCRIPTION	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE
1	Individuals	839	52,897,630	39.71
2	Investment Companies	32	55,960,171	42.01
3	Insurance Companies	2	346,000	0.26
4	Joint Stock Companies	11	13,610,699	10.22
5	Financial Institution	0	0	0.00
6	Modaraba Company	1	146,000	0.11
7	Foreign Companies	3	10,239,500	7.69
8	Others	0	0	0.00
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	Total	888	133,200,000	100.00