

## Kohinoor Genertek Limited

### Annual Report 1999

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#### COMPANY INFORMATION

##### BOARD OF DIRECTORS

MR. TARIQ SAYEED SAIGOL	Chairman
MR. SARMA D AMIN	Chief Executive
MR. TAUFIQUE SAYEED SAIGOL	
MR. SAYEED TARIQ SAIGOL	
MR. AAMIR FAYYAZ SHEIKH	
MR. ASAD FAYYAZ SHEIKH	
MR. USMAN SAID	
MR. SHAMSUDDIN KHAN	(Nominee of NIT)

##### COMPANY SECRETARY

MR. MUHAMMAD ASHRAF

##### AUDITORS

M/S. AVAIS HYDER ZAMAN RIZWANI,  
CHARTERED ACCOUNTANTS

##### BANKERS

PRIME COMMERCIAL BANK LIMITED  
GULF COMMERCIAL BANK LIMITED  
UNION BANK LIMITED

##### REGISTERED OFFICE & SHARES DEPARTMENT

42-LAWRENCE ROAD,  
LAHORE.

TEL: (92-42) 6302261-62

FAX: (92-42) 6368721

##### PROJECT

8TH KILOMETER, MANGA RAIWIND ROAD,  
DISTRICT KASUR.

TEL: (92-04951) 391941-45

FAX: (92-04951) 391948

#### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 7th Annual General Meeting of the members of Kohinoor Genertek Limited will be held on Wednesday, December 29, 1999 at 10.00 a.m. at its Registered Office, 42-Lawrence Road, Lahore, to transact the following business:-

1. To confirm the minutes of the 6th Annual General Meeting held on December 24, 1998.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 1999 together with the Directors' and Auditors' Reports thereof,

3. To approve the payment of final cash dividend @ Rs. 1.50 per share of Rs. 10/= each (15%), for the year ended June 30, 1999, as recommended by the Directors.
4. To appoint Auditors and fix their remuneration. M/s. Avais Hyder Zaman Rizwani, Chartered Accountants, the retiring auditors, being eligible offer themselves for re-appointment.
5. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD  
(MUHAMMAD ASHRAF)  
Company Secretary

Lahore: December 1, 1999.

**NOTES:**

1. The share transfer books of the Company shall remain closed from December 23, 1999 to December 29, 1999 (both days inclusive) and no transfer will be accepted during this period. The members whose names appear in the register of members as at the close of business on December 22, 1999 will qualify for the payment of cash dividend.
2. A member entitled to vote at this meeting is entitled to appoint another member as proxy. Proxies in order to be effective must be received at 42-Lawrence Road, Lahore, the Registered Office of the Company not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
3. Shareholders are requested to promptly notify the Company of any change in their addresses.

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Directors of your company welcome you to the 7th Annual General Meeting of the Company, and take pleasure in placing before you their report alongwith audited accounts and auditors' report thereon for the year ended 30th June, 1999.

**OPERATING AND FINANCIAL RESULTS**

**Operating**

Power generated during the year under review totalled at 117,152 MWh as compared to 120,387 MWh last year. However, the dedicated efforts by the management of the Company have resulted in achieving increased operating profit per MWh generated i.e., Rs. 1,048 when compared to last year's Rs. 839 showing an overall increase of 25%.

**Financial**

Your Company earned a net profit of Rs. 50.177 million as compared to Rs. 75.086 million last year. The operating results of your company showed upward trend when compared with last year as operating profit ratio improved from 25.92% to 30.64%. However, due to the continued recession in the stock market coupled with the economic conditions of Pakistan, the market value of long term investments reduced to Rs. 16.5 million from Rs. 60.9 million. The break-up value of the invested company as per the audited accounts for the year ended 30 June 1998 was as. 24.04 and as per the un-audited accounts for the half year ended 31 December 1998 was Rs. 21.23. The summarised results for the year ended 30 June 1999 are as follows:

	<b>(Rupees in thousand)</b>	
	<b>1999</b>	<b>1998</b>
Net profit of the Company for the year ended 30th June 1999	50,178	75,086
Unappropriated profit brought forward	78,688	32,127
	-----	-----
Profit available for appropriation	128,866	107,213
<b>Appropriations:</b>		
Proposed Final Cash Dividend @ Rs. 1.50 (1998: Rs. 1.75) per share	24,450	28,525
Transfer to General Reserve	100,000	--
	-----	-----

	124,450	28,525
Unappropriated profit carried forward	4,416	78,688
Earning per share (Rupees)	3.08	4.61

#### **FUTURE PROSPECTS**

The reduction in WAPDA's industrial tariff in April 1999 by about 10 to 12% and increase in furnace oil prices from Rs. 5,500 per metric ton to Rs. 6,070.5 per metric ton in May 1999 will adversely affect your Company's profitability. However, the management of the Company is exerting its best efforts to minimize the effect on profitability through improved maintenance cost reductions and improvement in consumption ratio of the petroleum products.

#### **MILLENNIUM BUG**

The hardware and software systems being used by the Company are Y2K compliant.

#### **ENGINE MAINTENANCE PROGRAMS**

Overall performance of Niigata engines remained satisfactory. During the current financial year two engines are due for major 32,000 hours maintenance and the third engine for 24,000 hours maintenance. In addition, during the current year other periodic maintenance will be undertaken as per specified schedule of the manufacturer.

#### **STAFF COLONY**

A phased program for construction of a housing colony to accommodate key staff members is currently in hand and is due for completion towards the end of the year. Under the initial phase 2 Nos. two bed room residences 2 Nos. single bed residences, 4 single room quarters and 10 Nos. bachelor quarters are being constructed.

#### **DIVIDEND**

Your Directors have recommended a cash dividend @ Rs. 1.50 per share of Rs. 10 each (15%) for the year ended 30th June, 1999.

#### **AUDITORS**

The auditors M/s. Avais Hyder Zaman Rizwani, Chartered Accountants retire and being eligible offer themselves for re-appointment.

#### **PATTERN OF SHARE HOLDING**

The pattern of share holding of the Company is included in the Annual Report.

#### **ACKNOWLEDGEMENT**

The Directors place on record their appreciation for the dedicated efforts made by the Staff and Executives of the Company and hope that the same spirit of devotion and dedication will continue in future.

for and on behalf of the Board

Lahore: Monday, November 22, 1999.

(SARMAD AMIN)  
Chief Executive

#### **PATTERN OF SHARES HELD BY THE SHAREHOLDERS AS AT 30 JUNE 1999**

<b>NO. OF SHAREHOLDERS</b>	<b>SHAREHOLDING FROM</b>	<b>TO</b>	<b>TOTAL SHARES HELD</b>
16	1	100	1,280
2,651	101	500	1,319,000
114	501	1,000	113,500
184	1 001	5,000	528.60
54	5 001	10,000	438.52
22	10 001	15,000	274 300
8	15 001	20,000	148.50
8	20 001	25.00	192500
2	25 001	30 000	56.50
2	30 001	35 000	66.60

11	35 001	45 000	434 500
4	45 001	50 000	197 500
1	50 001	55 000	53 500
1	55.00	75 000	56 500
2	75.00	95 000	164 500
3	95001	140 000	300 000
1	140.00	155 000	142 200
1	155001	200 000	156 000
1	200.00	235 000	202 000
1	235,001	240000	240 000
1	240,001	295 000	290 000
1	295,001	995,000	909,000
1	995,001	1,090,000	1,000,000
1	1,090,001	2,155,000	1,095,000
1	2,155,001	2,840,000	2,156,000
1	2,840,001	2,920,000	2,843,300
1	2,920,001	2,985,000	2,920,700
-----	-----	-----	-----
3,094	GRAND TOTAL		16,300,000

Note: The slabs not applicable have not been shown.

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF ISSUED CAPITAL
Individuals	3,070	4,988,800	30.61
Investment Companies	8	1,364,500	8.37
Joint Stock Companies	6	7,937,100	48.69
Financial Institutions	2	9,900	0.06
Modaraba	2	25,000	0.15
Foreign Investors	6	1,974,700	12.12
GRAND TOTAL	3,094	16,300,000	100.00

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Kohinoor Genertek Limited as at 30 June 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 purposes of our audit and, after due verification thereof, we report that:

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

(b) in our opinion ·

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the 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 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 30 June 1999 and of the profit and 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.

**Date: November 22, 1999.**

Place: Lahore.

AVAIS HYDER ZAMAN RIZWANI

Chartered Accountants

## BALANCE SHEET AS AT 30 JUNE 1999

	Note	1999 Rupees	1998 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised Capital			
30,000,000 ordinary shares of Rs. 10 each		300,000,000	300,000,000
		=====	=====
Issued, subscribed and paid-up capital	3	163,000,000	163,000,000
Reserves	4	198,000,000	98,000,000
Unappropriated profit		4,415,746	78,688,418
		-----	-----
		365,415,746	339,688,418
<b>LONG TERM LOANS - Secured</b>	5	--	22,938,635
<b>DEFERRED LIABILITY - Gratuity</b>	6	705,557	756,100
<b>CURRENT LIABILITIES -</b>			
Current portion of long term loans		28,784,176	119,671,662
Short term finance - Secured		65,506,611	77,594,011
Creditors, accrued and other liabilities		14,817,726	31,663,019
Taxation		825,938	0
Proposed dividend		24,450,000	28,525,000
		-----	-----
		109,384,451	257,453,692
<b>CONTINGENCIES AND COMMITMENTS</b>	9	--	--
		-----	-----
		500,505,754	620,836,845
		=====	=====
<b>FIXED CAPITAL EXPENDITURE</b>			
Operating fixed assets	10	363,752,328	384,418,162
Capital work-in-progress	11	769,687	1,211,667
		-----	-----
		364,522,015	385,629,829
<b>LONG TERM INVESTMENT</b>	12	16,500,000	60,900,000
<b>LONG TERM DEPOSITS AND DEFERRED COST</b>	13	1,874,557	5,784,906
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	14	31,932,755	37,846,588
Stock of oil and lubricants	15	15,085,293	12,264,826
Trade debts	16	39,216,146	37,627,824
Advances, deposits & prepayments	17	27,284,630	76,514,478
Other receivables	18	377,890	2,031,151
Cash and bank balances	19	3,712,468	2,237,243
		-----	-----
		117,609,182	168,522,110
		-----	-----
		500,505,754	620,836,845
		=====	=====

The annexed notes form an integral part of these accounts.

**SARMAD AMIN**  
Chief Executive

**USMAN SAID**  
Director

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

	Note	1999 Rupees	1998 Rupees
Sales	20	400,760,331	389,407,553
Cost of generation	21	271,109,193	282,832,064
Gross Profit		129,651,138	106,575,489
Administrative and selling expenses	22	6,839,590	5,633,473
<b>Operating profit</b>		122,811,548	100,942,016
Other income	23	3,959,729	3,905,245
Financial and other charges	24	126,771,277	104,847,261
Amortisation of deferred cost		68,873,279	20,118,156
Workers' profit participation fund		4,210,349	1,928,300
		2,684,383	4,140,040
Profit before taxation		75,768,011	26,186,496
Taxation	25	51,003,266	78,660,765
		(825,938)	(3,574,132)
<b>Profit after taxation</b>		50,177,328	75,086,633
Unappropriated profit brought forward		78,688,418	32,126,785
Profit available for appropriation		128,865,746	107,213,418
<b>Appropriation:</b>			
Final proposed dividend @ Rs. 1.50 (1998 · Rs. 1.75) per share		24,450,000	28,525,000
Transfer to general reserve		100,000,000	--
		124,450,000	28,525,000
<b>Unappropriated profit carried forward</b>		4,415,746	78,688,418

The annexed notes form an integral part of these accounts.

**SARMAD AMIN**  
Chief Executive

**USMAN SAID**  
Director

	Note	1999 Rupees	1998 Rupees
<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 1999</b>			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	26	191,042,076	32,582,657
Financial charges paid		(22,692,304)	(18,197,359)
Gratuity paid		(251,212)	(27,800)
Tax paid		--	(3,574,132)
<b>Net cash inflow from operating activities</b>		168,098,560	10,783,366
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(20,626,868)	(8,966,606)
Long term deposits		(300,000)	--
Proceeds from sale of fixed assets		1,479,500	--
<b>Net cash outflow from investing activities</b>		(19,447,368)	(8,966,606)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			

Long term loans	(119,029,535)	22,938,635
Dividend paid	(28,146,432)	(27,236,995)
<b>Net cash outflow from financing activities</b>	<b>(147,175,967)</b>	<b>(4,298,360)</b>
Net increase/(decrease) in cash and cash equivalents	1,475,225	(2,481,600)
Cash and cash equivalents at the beginning of the year	2,237,243	4,718,843
<b>Cash and cash equivalents at the end of the year</b>	<b>27 3,712,468</b>	<b>2,237,243</b>

The annexed notes form an integral part of these accounts.

**SARMAD AMIN**  
Chief Executive

**USMAN SAID**  
Director

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

### 1. THE COMPANY AND ITS OPERATIONS

Kohinoor Genertek Limited was incorporated on 28th February, 1993 as a public limited company in Pakistan under the Companies Ordinance, 1984, having the primary object to undertake power generation, distribution and supply of electricity. The shares of the company are quoted on Karachi and Lahore stock exchanges.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies which have been adopted in the preparation of these accounts are summarized below:

#### 2.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to the extent adjustment due to exchange rate fluctuation as stated in note 2.8.

#### 2.2 Staff retirement benefits

The company instituted an approved Contributory Provident Fund Scheme for all its employees with effect from 1st October 1998. Contributions in respect thereof are made in accordance with the terms of Scheme. The Company therefore disbanded the gratuity scheme on 30 September, 1998.

#### 2.3 Taxation

By virtue of clause 176 of part 1 of Second Schedule to the Income Tax Ordinance, 1979, profits and gains of the company are exempt from levy of income tax.

The company is also exempt from minimum tax on turnover under clause 20 of the part IV of Second Schedule of the Income Tax Ordinance, 1979.

#### 2.4 Fixed capital expenditure

All fixed capital expenditure are stated at cost less accumulated depreciation except freehold land and capital work in progress which are stated at cost. Depreciation is calculated on reducing balance method at normal rates specified in note No. 10. Full year's depreciation is charged on additions whereas no depreciation is charged on deletions made during the year. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gain/losses, if any, on disposal of assets are taken to profit and loss account.

#### 2.5 Deferred cost

Expenses, the benefit of which is expected to spread over several years, are deferred and amortised over a period of not more than five years.

#### 2.6 Stocks, stores and spares

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

#### 2.7 Revenue recognition

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

#### 2.8 Foreign currency translation

Assets and liabilities in foreign currencies are translated into Pak Rupees at rate of exchange ruling on balance sheet date. Foreign currency transactions, if any, are converted at the rate prevailing on the date of transaction. Resulting gain or loss, if any, relating to acquisition of assets is capitalised and for other transactions, charged to revenue.

## 2.9 Investment

Long term investments are stated at cost. Provision for diminution in value of an investment is made in the accounts when considered permanent.

	<b>1999</b>	<b>1998</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
16,300,000 ordinary shares of Rs. 10 each fully paid in cash	163,000,000	163,000,000
<b>4. RESERVES</b>		
Composition of reserves is as follows:		
<b>Capital</b>		
Share premium	98,000,000	98,000,000
<b>Revenue</b>		
General reserve	100,000,000	--
	-----	-----
	198,000,000	198,000,000
<b>5. LONG TERM LOANS - Secured</b>		
Union Bank Limited	5.1	-- 119,671,662
Prime Commercial Bank Limited	5.2	28,784,176 22,938,635
		-----
		28,784,176 142,610,297
Less: Current portion of long term loans		28,784,176 119,671,662
		-----
		-- 22,938,635
	=====	=====

5.1 This represents the amount of Usance Letter of Credit (ULC) established by Union Bank Limited for Japanese Yen 329.674 million (1998: Japanese Yen 329.674 million) including interest amounting to Japanese Yen 26.374 million. The said Letter of Credit, established in April 1996 for import of one Niigata engine, got matured in November 1998. The above facility was secured by creating first registered and equitable pari-passu charge on the assets of the Company valuing upto Rs. 175 million.

5.2 This represents the amount of Usance Letter of Credit (ULC) established by Prime Commercial Bank Limited for Japanese Yen 66.796 million (1998: Japanese Yen 66.796 million) in September 1997 for import of spare parts for Niigata engine, the maturity date of which is November 1999.

The above facility is secured by creating first registered and equitable mortgage charge over fixed assets of the Company of a value upto Rs. 87 million and first hypothecation charge over stocks and receivables of the Company valuing upto Rs. 27 million and personal guarantees of directors.

## 6. DEFERRED LIABILITY - Gratuity

Balance brought forward	756,100	369,850
Provision during the year	200,669	414,050
Payments to outgoing staff	251,212	27,800
	-----	-----
	(50,543)	386,250
	-----	-----
Balance carried forward	705,557	756,100
	=====	=====

## 7. SHORT TERM FINANCE - Secured

The financing was obtained from various financial institutions and banks under mark-up arrangements aggregating Rs. 65.507 million (1998 : Rs. 77.594 million). The rate of mark-up ranges from 20% to 23.5% (1998: 19% to 23.5%). The running finance and the purchase price of these facilities is to be settled on various dates upto 31.8.2000.



The arrangements are secured by way of charges over fixed assets, hypothecation of the Company's stocks, trade debts and other receivables, pledge of shares (Investment in shares of Maple Leaf Cement Factory Limited. Please see note 12 on Long term investments), bank guarantees and personal guarantees of sponsor directors.

	<b>1999</b>	<b>1998</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>8. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
Creditors	2,597,881	16,375,814
Accrued expenses	1,417,760	1,057,071
Mark-up accrued on short term running finance	508,558	1,811,234
Commission payable on letter of credit	647,644	2,767,407
Workers' profit participation fund	8.1	8,097,003
Electricity duty	404,707	406,901
Income tax deduction at source	--	127,581
Unclaimed dividend	1,121,748	743,180
Retention money	52,263	276,828
	-----	-----
	14,817,726	31,663,019
	=====	=====
<b>8.1 Workers' profit participation fund</b>		
At beginning of the year	8,097,003	3,689,492
Allocation for the year	2,684,383	4,140,040
	-----	-----
	10,781,386	7,829,532
	-----	-----
Interest on funds utilised in the company's business	24	984,000
Less:		
Amount paid to Welfare department	3,473,221	--
Amount paid to workers	225,000	172,192
	-----	-----
	(2,714,221)	267,471
	-----	-----
	8,067,165	8,097,003
	=====	=====

## 9. CONTINGENCIES AND COMMITMENTS

9.1 The Company is contingently liable to pay custom duty and regulatory duty etc. amounting to Rs. 33.388 million on import of three engines. The Company, however, has filed writ petitions against levy of the duties before the Hon'able Lahore High Court, on which the Hon'able Court passed an interim order staying recovery of the said dues.

9.2 Bank guarantees have been issued by a bank of the Company aggregating Rs. 5 million (1998: Rs. 10 million) which were released subsequently.

9.3 The appeals of Income Tax for assessment year 1995-96 & 1996-97 are pending before the Commissioner of Income Tax (Appeals) The tax demand of Rs. 3,574,132 has already been paid.

### Commitments in respect of

1. Contracts for Capital Expenditure Rs. 4.139 million.

## 10. OPERATING FIXED ASSETS- Tangible

PARTICULARS	Cost at 1 July 1998	Additions/ (Deletions)	Cost at 30 June 1999	Accumulated at 1 July 1998	DEPRECIATION		Book Value at 30 June 1999	Dep. Rate % per annum
					For the Year	Accumulated at 30 June 1999		
Freehold land	2,070,086	567,965	2,638,051				2,638,051	
Building on freehold land	40,347,396	637,313	40,984,709	8,546,442	3,243,827	11,790,269	29,194,440	10

Plant and machinery (10.1)	423,221,277	18,489,935	441,711,212	77,940,773	36,377,044	114,317,817	327,393,395	10
Electrical Installation	418,578		418,578	84,819	33,376	118,195	300,383	10
Furniture and fixture	1,302,002	66,765	1,368,767	280,677	108,809	389,486	979,281	10
Office equipment	574,260	23,000	574,260	143,016	43,409	183,575	390,685	10
		(23,000)'			(2,850)			
Computers	618,759		618,759	153,268	46,549	199,817	418,942	10
Vehicles	5,268,494	1,283,870	4,667,558	2,253,695	609,288	2,230,407	2,437,151	20
		(1,884,806)			(632,576)			
1999 Rupees	473,820,852	21,068,848	492,981,894	89,402,690	40,462,302	129,229,566	363,752,328	
		(1,907,806)			(635,426)			
1998 Rupees	465,888,290	7,932,562	473,820,852	46,500.85	42,901,842	89,402,690	384,418,162	

10.1 Addition to Plant & Machinery includes exchange rate differences of Rs. 18,090,699 arising on maturity of Long Term Loans (note 5.1 )

10.2 The depreciation charge for the year has been allocated as under:

		1999 Rupees	1998 Rupees
Cost of generation	Note 21	39,891,668	42,411,672
Administrative and selling expenses	Note 22	570,634	490,170
		40,462,302	42,901,842

### 10.3 Disposal of Fixed Assets

PARTICULARS	Cost	Acc. Dep.	Book Value	Sale Proceeds	Gain/ (Loss)	Mode of Disposal	Sold To
<b>Office Equipment</b>							
Mobile	15,000	2,850	12,150	0	(12,150)	Stolen	N / A
Mobile	8,000	--	8,000	4,500	(3,500)	Negotiation	Mr. Saghir Azar Ex. (G.M)
<b>Vehicles</b>							
Toyota Corolla LOV-5029	616,281	363,852	252,429	410,000	157,571 ...do..		Mr. Omar Siddique Tehsil Pasrur Dist. Sialkot.
Suzuki Margalla LOV-5028	455,155	268,724	186,431	305,000	118,569 ...do...		Mr. Pevaiz Masih C/o A. K Motors, Jail Road, Lahore.
Honda Civic LXH-2302	813,370	--	813,370	760,000	(53,370) ...do...		M/s Shaheen Associates 3rd Floor Civic Centre, Garden Town, Lahore.
	1,907,806	635,426	1,272,380	1,479,500	207,120		

### 11. CAPITAL WORK-IN-PROGRESS

Staff colony	769,687	1,211,667
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### LONG TERM INVESTMENT

Associated undertaking - quoted

#### Maple Leaf Cement Factory Limited

6,000,000 (1998 · 6,000,000) fully paid

Ordinary shares of Rs. 10/- each

Provision for diminution in value of Investment

	60,900,000	60,900,000
	(44,400,000)	--
	16,500,000	60,900,000

Aggregate market quoted value of investment is Rs. 16.5 million (1998: Rs. 19.2 million). Provision for diminution in value amounting Rs. 44.4 million has been accounted for in the current year, as the management considered it to be permanent in nature.

### 13. LONG TERM DEPOSITS AND DEFERRED COST

Security deposits		300,000	--
Deferred cost	13.1	1,574,557	5,784,906
		-----	-----
		1,874,557	5,784,906
		=====	=====
13.1 Deferred Cost		9,641,506	9,641,506
Less: Amortization			
At beginning of the year		3,856,600	1,928,300
During the year		4,210,349	1,928,300
		-----	-----
		8,066,949	3,856,600
		-----	-----
		1,574,557	5,784,906
		=====	=====

### 14. STORES, SPARES AND LOOSE TOOLS

Stores		1,778,293	1,548,657
Spares		29,646,416	35,857,319
Loose tools		508,046	440,612
		-----	-----
		31,932,755	37,846,588
		=====	=====

### 15. STOCK OF OIL AND LUBRICANTS

Furnace oil		10,111,579	6,150,030
Diesel oil		2,052,475	2,389,610
Lube oil		2,921,239	3,725,186
		-----	-----
		15,085,293	12,264,826
		=====	=====

### 16. TRADE DEBTS- Unsecured

Considered good	16.1	39,216,146	37,627,824
		=====	=====

16.1 These include Rs. 19.010 million (1998 - Rs. 14.444 million) due from associated undertakings. The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. 19.494 million (1998 - Rs. 15.871 million)

### 17. ADVANCES, DEPOSITS AND PREPAYMENTS

Advances - Unsecured considered good

To employees	17.1	167,415	232,568
To suppliers and contractors		4,104,399	2,450,478
Income Tax deducted at source		1,173,313	384,792
Deposit set aside for usance letters of credit	17.2	20,611,266	73,404,769
Letter of Credit		982,625	--
Prepaid expenses		245,612	41,871
		-----	-----
		27,284,630	76,514,478
		=====	=====

17.1 Advances to employees include Rs. 16,408 (1998: Rs. 28,000) due from executives.

The maximum aggregate amount due from executives at the end of any month during the year was Rs. 26,914 (1998: Rs. 211,676).

17.2 This represents the balance built up by the Company on monthly basis for repayment of long term loans as referred to in note 5. It includes an amount of US \$ 114,234 (1998: US \$ 1,245,113) which is converted into Pak rupees at the rate of exchange prevailing at the balance sheet date. The balances in build up accounts are under lien with the bank.

**18. OTHER RECEIVABLES****Unsecured - considered good**

Due from associated undertakings	18.1	14,450	606,907
Others		363,440	1,424,244
		-----	-----
		377,890	2,031,151
		=====	=====

18.1 The maximum aggregate amount due form associated undertakings at the end of any month during the year was Rs. 997,124 (1998: Rs. 606,907).

**19. CASH AND BANK BALANCES**

Cash in hand		145,640	222,449
Cash at banks			
- On deposit accounts		3,529,992	1,831,306
- On current accounts		36,836	183,488
		-----	-----
		3,712,468	2,237,243
		=====	=====

**20. SALES**

Gross Sales		403,087,013	391,835,556
Less: Electricity duty and withholding tax		2,326,682	2,428,003
		-----	-----
		400,760,331	389,407,553
		=====	=====

**21. COST OF GENERATION**

Oil and lubricants consumed		181,723,875	202,472,543
Steam & water dozing chemical consumed		5,713,242	5,680,862
Salaries, wages and benefits		7,966,184	7,595,835
Insurance		1,343,536	1,159,906
Repair and maintenance		32,289,854	20,639,177
Depreciation	10.2	39,891,668	42,411,672
Other expenses		2,180,834	2,872,069
		-----	-----
		271,109,193	282,832,064
		=====	=====

**22. ADMINISTRATIVE AND SELLING EXPENSES**

Salaries and benefits		3,448,930	3,179,882
Directors' fee		2,500	500
Travelling and conveyance		375,171	195,188
Printing and stationery		464,461	325,549
Books and periodicals		10,893	14,897
Postage, telephone and telegrams		510,416	367,354
Office maintenance		51,567	134,730
Vehicle running and maintenance		607,063	457,980
Advertisement		67,300	42,250
Entertainment		45,665	96,917
Legal and professional		126,836	101,045
Fees and subscription		271,930	87,507
Auditors' remuneration		50,000	40,000
Depreciation	10.2	570,634	490,170
Other expenses		236,224	99,504
		-----	-----
		6,839,590	5,633,473
		=====	=====

**23. OTHER INCOME**

Profit on bank deposits			
Rupees accounts		2,502,842	1,737,929
Dollar accounts		1,249,767	1,416,553
Profit on disposal of fixed asset		207,120	--
Exchange gain		--	750,763
		-----	-----

		3,959,729	3,905,245
		=====	=====
<b>24. FINANCIAL AND OTHER CHARGES</b>			
<b>Financial Charges</b>			
Mark up on short term finance		15,408,556	16,054,241
Commission on letter of credit		2,009,875	2,767,407
Bank guarantee commission		215,569	190,658
Bank charges		651,855	666,187
Workers' profit participation fund	8.1	984,000	439,663
		-----	-----
		19,269,865	20,118,156
		=====	=====
<b>Other charges</b>			
Exchange loss		5,203,414	--
Provision for diminution in value of investments		44,400,000	--
		-----	-----
		49,603,414	--
		-----	-----
		68,873,279	20,118,156
		=====	=====

**25. TAXATION**

Current year	25.1	825,938	--
Prior year's		--	3,574,132
		-----	-----
		825,938	3,574,132
		=====	=====

25.1 This represents the amount provided for on profits earned from Pak rupee bank deposit accounts.

**26. CASH GENERATED FROM OPERATIONS**

Profit for the year		51,003,266	78,660,765
Add/(Less) adjustment for non cash charges and other items			
Depreciation		40,462,302	42,901,842
Amortisation of deferred costs		4,210,349	1,928,300
Profit on disposal of fixed assets		(207,120)	--
Financial charges		19,269,865	20,118,156
Provision for gratuity		200,669	--
Decline in investment		44,400,000	--
Exchange loss		5,203,414	--
Working capital changes	26.1	26,499,331	(111,440,456)
		-----	-----
		191,042,076	32,582,657
		=====	=====

**26.1 Working capital changes****(Increase) decrease in current assets**

Stores, spares and losse tools		5,913,833	(23,703,739)
Stock of oil and lubricants		(2,820,467)	(5,135,970)
Trade debts		(1,588,322)	(2,772,615)
Trade debts Advances, deposits and prepayments		49,229,848	(48,588,170)
Other receivables		1,653,261	(1,148,890)
		-----	-----
Increase/(decrease) in current liabilities		52,388,153	(81,349,384)
		-----	-----
Short term finance - secured		(12,087,400)	(34,350,169)
Creditors, accrued and other liabilities		(13,801,422)	4,259,097
		-----	-----
		(25,888,822)	(30,091,072)
		-----	-----
		26,499,331	(111,440,456)
		=====	=====

**27. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in cash flow statement comprise only cash and bank balances as appearing in balance sheet.

## 28. REMUNERATION OF DIRECTORS AND EXECUTIVES

28.1 Aggregate amount charged in the account for remuneration, including all benefits to the directors and executives of the company are as follows:

	<b>Directors</b>		<b>Executives</b>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Fee for attending Board meeting	2,500	500	--	--
Managerial remuneration	--	--	2,029,202	1,932,606
House rent and utilities	--	--	1,093,233	1,052,823
Bonus and Ex-gratia	--	--	423,638	411,090
Other allowances and reimbursements (subject to actual)	--	--	901,672	860,584
	----- 2,500	----- 500	----- 4,447,745	----- 4,257,103
	----- 2	----- 1	----- 9	----- 9

28.2 Six executives of the Company are provided with free use of Company's owned and maintained cars.

29. Total number of employees of the Company at year end were fifty seven.

## 30. TRANSACTION WITH ASSOCIATED UNDERTAKINGS

30.1 The Company purchased from associated undertakings material and services aggregating Rs. 4.05 million (1998 : Rs. 3.6 million).

30.2 The Company sold to associated undertakings electrical energy aggregating Rs. 180.660 million (1998' Rs. 148.462 million).

## 31. PLANT CAPACITY AND ACTUAL POWER GENERATION

### Main generators

Number of generators installed	3	3
Number of generators worked	3	3
Installed capacity (Mega watt hour)	151,930	151,930
Actual generation (Mega watt hour)	110,082	111,976

### Standby generators

Caterpillar generation (Mega watt hour)	7,070	8,411
---	-------	-------

31.1 Plant operation capacity based on 365 days (1998: 365 days).

### Reason for low generation

Actual power generation in comparison to installed capacity is low due to periodical, scheduled and un-scheduled maintenance of generators. During the maintenance period the supplies are being made form standby arrangements.

## 32. FIGURE

32.1 Figures have been rounded off to the nearest rupee.

32.2 Corresponding figures have been re-arranged wherever necessary to facilitate comparison.

**SARAM AMIN**  
Chief Executive

**USMAN SAID**  
Director