

Kohinoor Genertek Limited

Annual Report 2000

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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. TARIQ SAYEED SAIGOL	Chairman
MR. SARMAD 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

REGISTERED OFFICE & SHARES DEPARTMENT

42 - LAWRENCE ROAD,
LAHORE.
TEL: (92-042)-6302261 - 62
FAX: (92-042)-6368721

PROJECT

8TH KILOMETRE, 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 8th Annual General Meeting of the members of Kohinoor Genertek Limited will be held on Wednesday, December 20, 2000 at 11.00 a.m. at its Registered Office, 42-Lawrence Road, Lahore, to transact the following business :-

1. To confirm the minutes of the Extra-Ordinary General Meeting held on May 30, 2000.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2000 together with the Directors' and Auditors' reports thereon.
3. To approve the payment of final cash dividend @ Rs. 1.75 per share of Rs. 10/- each (17.5%), for the year ended June 30, 2000, 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,

Lahore · November 29, 2000.

(MUHAMMAD ASHRAF)
Company Secretary

NOTES:

1. The share transfer books of the Company shall remain closed from December 14, 2000 to December 20, 2000 (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 13, 2000 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. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her NIC or Passport to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her NIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Shareholders are requested to promptly notify the Company of any change in their addresses.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of your company would like to present their report along with audited accounts and auditors report thereon for the year ended 30th June 2000.

FINANCIAL AND OPERATING RESULTS

Your companys operations for the year resulted in an after tax profit of Rs. 59.706 million against an after tax profit of Rs. 50.177 million last year, indicating an impressive increase of 19.00%. The gross profit margin has been reduced by 12.86% i.e. from 32.35% last year to 19.49% for the current year. The only contributing factor to this drastic reduction in the gross profit of the Company is the inflationary trend in the petroleum products in our country as well as in the international markets. The average increase in the prices of Heavy Furnace Oil, which is our basic raw material, was 29.41% during the period under review. However, the other manufacturing expenses remained within the limits set by the management.

Due to the better financial planning by the management, financial charges have shown a considerable reduction from Rs. 19.270 million for last year to Rs. 11.187 million for the current year, showing a decrease of 42% over the last year.

During the last year a provision of Rs. 44.400 million for diminution in the value of investment was provided to comply with the requirements of the law. However, during the year under review, due to the better performance of the stock market and the investee company an amount of Rs. 12.750 million representing the appreciation in the value of investment had been incorporated in the accounts.

Overall performance of the production facilities remained satisfactory. The Company generated 122,767 MWh during the year as compared to 117,152 MWh last year showing an increase of 4.79%. During the year. All the periodic maintenance were smoothly carried out as per specified schedules of the

manufacturer.

DIVIDEND

Your directors are pleased to recommend a cash dividend ~ 17.5% for the year under review as compared to a cash dividend ~ 15% for the preceding year.

APPROPRIATIONS

Your directors recommend the appropriation of profit as under:

	(Rupees in million)	
	2000	1999
Net profit after taxation	59.706	50.177
Prior year adjustments	6.656	--
Un appropriated profit brought forward	4.416	78.688
	-----	-----
Profit available for appropriation	70.778	128.87
Appropriations:		
Proposed cash dividend ~ 17.5% (1999:15%)	28.525	24.450
Transferred to general reserve	40.000	100.000
	-----	-----
	68.525	124.450
	-----	-----
Un appropriated profit carried forward	2.253	4.416
	=====	=====
Earning per share	Rupees	
	4.07	3.08

FUTURE PROSPECTS

With the deregulation of the furnace oil prices and elimination of freight pool system by the Government of Pakistan, prices of furnace oil have increased by almost 55 % since 1st July 2000. This will have a substantial impact on the profitability of your company. While efforts to control maintenance cost continue, the devaluation of Pak Rupee will effect cost of spare parts which are not manufactured locally. Although subsequent to the reporting period, Electricity Tariff has been marginally revised upwards, however, this increase does not counter the massive impact of increase in the prices of furnace oil. Under the current scenario, the future profitability of the Company is dependent on increase in Power tariff and/or reduction in furnace oil prices.

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 holdings as required by Section 236 of the Companies Ordinance, 1984 is being annexed herewith.

ACKNOWLEDGEMENT

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

Lahore, Thursday, November 23, 2000.

For and on behalf of the Board
(SARMAD AMIN)
Chief Executive

PATTERN OF SHARES HELD BY THE SHAREHOLDERS AS AT 30 JUNE 2000

NO. OF SHAREHOL	SHAREHOLDING FROM	TO	TOTAL SHARES HELD
12	1	100	600
1,806	101	500	898,400
139	501	1,000	138,300

226	1,001	5,000	642,100
56	5,001	10,000	449,700
22	10,001	15,000	259,200
9	15,001	20,000	164,000
8	20,001	25,000	183,500
5	25,001	30,000	140,500
3	30,001	35,000	94,500
11	35,001	40,000	433,000
5	45,001	50,000	246,000
1	50,001	55,000	53,500
3	55,001	60,000	175,500
1	60,001	65,000	60,500
2	75,001	80,000	156,000
1	80,001	85,000	82,000
2	85,001	90,000	177,500
3	95,001	100,000	299,500
1	140,001	145,000	142,200
1	200,001	205,000	202,000
1	235,001	240,000	240,000
1	395,001	400,000	400,000
1	550,001	555,000	553,000
1	890,001	895,000	893,500
1	995,001	1,000,000	1,000,000
1	1,090,001	1,095,000	1,095,000
1	2,040,001	2,045,000	2,043,300
1	2,155,001	2,160,000	2,156,000
1	2,920,001	2,925,000	2,920,700
-----			-----
2,326 T O T A L			16,300,000
=====			=====

Note: The slabs not applicable have not been shown.

SHAREHOLDERS CATEGORIES	Number of Shareholders	Number of shares held	Percentage of Issued Capital
Individuals	2,291	3,952,200	24.247
Investment Companies	7	1,409,000	8.644
Joint Stock Companies	20	9,318,700	57.170
Financial Institutions	1	10,400	0.064
Modaraba	2	25,000	0.153
Foreign Investors	5	1,584,700	9.722
-----			-----
GRAND TOTAL	2,326	16,300,000	100.000
=====			=====

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of KOHINOOR GENERTEK LIMITED as at 30 June, 2000 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said

statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the Company.

(c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2000 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Date: November 23, 2000.

Place: Lahore.

(**AVAIS HYDER ZAMAN RIZWANI**)

CHARTERED ACCOUNTANTS

BALANCE SHEET AS AT 30 JUNE 2000

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
SHARE CAPITAL AND RESERVES			
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	238,000,000	198,000,000
Unappropriated profit		2,252,720	4,415,746
		403,252,720	365,415,746
DEFERRED LIABILITY - Gratuity	5	847,199	705,557
CURRENT LIABILITIES			
Current portion of long term loans		--	28,784,176
Short term finance - Secured	6	46,594,302	65,506,611
Creditors, accrued and other liabilities	7	8,607,088	13,695,978
Taxation		342,242	825,938
Dividend	8	29,878,854	25,571,748
		-----	-----
		85,422,486	134,384,451
CONTINGENCIES AND COMMITMENTS	9	--	--
		-----	-----

		489,522,405	500,505,754
=====			
FIXED CAPITAL EXPENDITURE			
Operating fixed assets - tangible	10	345,589,714	363,752,328
Capital work-in-progress	11	--	769,687
		-----	-----
		345,589,714	364,522,015
LONG TERM INVESTMENT	12	29,250,000	16,500,000
LONG TERM DEPOSITS AND DEFERRED COST	13	300,000	1,874,557
CURRENT ASSETS			
Stores, spares and loose tools	14	29,162,452	31,932,755
Stock of oil and lubricants	15	23,612,277	15,085,293
Trade debts - unsecured	16	49,990,738	39,216,146
Advances, deposits, prepayments and other receivables	17	6,470,018	27,662,520
Cash and bank balances	18	5,147,206	3,712,468
		-----	-----
		114,382,691	117,609,182
		-----	-----
		489,522,405	500,505,754
=====			

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 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
Sales	19	399,953,019	400,760,331
Cost of generation	20	321,987,905	271,109,193
		-----	-----
Gross profit		77,965,114	129,651,138
Administrative and selling expenses	21	7,923,065	6,839,590
		-----	-----
Operating profit		70,042,049	122,811,548
Other income	22	1,091,183	3,959,729
		-----	-----
		71,133,232	126,771,277
Provision for appreciation/(diminution) in value of investments		12,750,000	(44,400,000)
		-----	-----
Financial and other charges	23	15,512,054	24,473,279
Amortisation of deferred cost		1,574,557	4,210,349
Workers' profit participation fund		3,672,619	2,684,383
		-----	-----
		20,759,230	31,368,011
		-----	-----
Profit before taxation		63,124,002	51,003,266
Taxation	24	3,417,795	825,938
		-----	-----
Profit after taxation		59,706,207	50,177,328
Prior year adjustments	25	6,655,767	--
		-----	-----
		66,361,974	50,177,328
Unappropriated profit brought forward		4,415,746	78,688,418
		-----	-----

Profit available for appropriation		70,777,720	128,865,746
Appropriations:			
Transfer to general reserve		40,000,000	100,000,000
Final proposed dividend @ Rs. 1.75 (1999 · Rs. 1.50) per share		28,525,000	24,450,000
		-----	-----
		68,525,000	124,450,000
		-----	-----
Unappropriated profit carried forward		2,252,720	4,415,746
		=====	=====
Earning per share	26	4.07	3.08
		=====	=====

The annexed notes form an integral part of these accounts.

SARMAD AMIN
Chief Executive

USMAN SAID
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2000

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	63,124,002	51,003,266
Add/(Less) adjustment for non cash charges and other items		
Depreciation	38,457,331	40,462,302
Amortisation of deferred costs	1,574,557	4,210,349
Profit on disposal of fixed assets	(143,238)	(207,120)
Financial charges	11,187,032	19,269,865
Provision for gratuity	273,867	200,669
(Appreciation)/diminution in investment	(12,750,000)	44,400,000
Exchange loss	4,325,022	5,203,414
Prior year adjustments	6,655,767	--
	-----	-----
Cash flow from operating activities before working capital changes	112,704,340	164,542,745
(Increase)/decrease in current assets		
Stores, spares and lose tools	2,770,303	5,913,833
Stock of oil and lubricants	(8,526,984)	(2,820,467)
Trade debts	(10,774,592)	(1,588,322)
Advances, deposits, prepayments and other receivables	21,192,503	50,883,109
Increase/(decrease) in current liabilities		
Short term running finances- secured	(18,912,309)	(12,087,400)
Creditors, accrued and other liabilities	(4,318,356)	(13,801,422)
	-----	-----
Effect on cash flow due to working capital changes	(18,569,435)	26,499,331
	-----	-----
Cash flow from operating activities	94,134,905	191,042,076
Financial charges paid	(11,957,567)	(22,692,304)
Gratuity paid	(132,225)	(251,212)
Tax paid	(3,901,491)	--
	-----	-----
Net cash inflow from operating activities	78,143,622	168,098,560
	-----	-----
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(19,936,792)	(20,626,868)
Long term deposits	--	(300,000)
Proceeds from sale of fixed assets	555,000	1,479,500
	-----	-----

Net cash outflow from investing activities	(19,381,792)	(19,447,368)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans	(33,109,198)	(119,029,535)
Dividend paid	(24,217,894)	(28,146,432)
	-----	-----
Net cash outflow from financing activities	(57,327,092)	(147,175,967)
	-----	-----
Net increase in cash and cash equivalents	1,434,738	1,475,225
Cash and cash equivalents at the beginning of the year	3,712,468	2,237,243
	-----	-----
Cash and cash equivalents at the end of the year	5,147,206	3,712,468
	=====	=====

SARMAD AMIN
Chief Executive

USMAN SAID
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2000

	Share Capital	Capital	Reserves General	Unappropriated Profit	2000 Total
Balance as at 30 June, 1998	163,000,000	98,000,000	--	78,688,418	339,688,418
Net profit for the year	-	--	--	50,177,328	50,177,328
Appropriation:					
Proposed dividend	--	--	--	(24,450,000)	(24,450,000)
Transferred from profit and loss account	--	--	100,000,000	(100,000,000)	--
	-----	-----	-----	-----	-----
Balance as at 30 June, 1999	163,000,000	98,000,000	100,000,000	4,415,746	365,415,746
Correction for fundamental error	--	--	--	6,655,767	6,655,767
	-----	-----	-----	-----	-----
	163,000,000	98,000,000	100,000,000	11,071,513	372,071,513
Net profit for the year	--	--	--	59,706,207	59,706,207
Appropriation:					
Proposed dividend	--	--	--	(28,525,000)	(28,525,000)
Transferred from profit and loss account	--	--	40,000,000	(40,000,000)	--
	-----	-----	-----	-----	-----
Balance as at 30 June, 2000	Rupees 163,000,000	98,000,000	140,000,000	2,252,720	403,252,720
	=====	=====	=====	=====	=====

SARMAD AMIN
Chief Executive

USMAN SAID
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2000

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 summarised 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 benefit

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 expenditures 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 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 capitalised.

Gains/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 recognised 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/appreciation in value of an investment is made in the accounts when considered permanent.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
16,300,000 ordinary shares of Rs. 10 each fully paid in cash	163,000,000	163,000,000
4. RESERVES		
Composition of reserves is as follows -		
Capital		
Share premium	98,000,000	98,000,000
Revenue		
General reserve	140,000,000	100,000,000
	-----	-----
	238,000,000	198,000,000
	=====	=====

5. DEFERRED LIABILITY - Gratuity

Balance brought forward	705,557	756,100
Provision during the year	273,867	200,669
Payments to outgoing staff	132,225	251,212
	-----	-----
	141,642	(50,543)
	-----	-----
Balance carried forward	847,199	705,557
	=====	=====

6. SHORT TERM FINANCE - Secured

The financing was obtained from various financial institutions and banks under mark-up arrangements aggregating Rs. 46.594 million (1999 ' Rs. 65.507 million). The rate of mark-up ranges from 20% to 20.5% (1999 ' 20% 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 investment), bank guarantees and personal guarantees of sponsor directors.

7. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		817,356	2,597,881
Accrued expenses		1,387,251	1,417,760
Mark-up accrued on short term running finance		385,666	508,558
Commission payable on letter of credit		--	647,644
Workers' profit participation fund	7.1	3,677,682	8,067,165
Electricity duty		432,117	404,707
Income tax deduction at source		60,746	--
Sales tax		1,510,316	--
Retention money		335,954	52,263
		-----	-----
		8,607,088	13,695,978
		=====	=====

7.1 Workers' profit participation fund

At beginning of the year		8,067,165	8,097,003
Interest provided during the year		5,063	984,000
Profit allocation for the year		3,672,619	2,684,383
		-----	-----
		11,744,847	11,765,386
Less - Payments made during the year/ prior year's adjustment		8,067,165	3,698,221
		-----	-----
		3,677,682	8,067,165
		=====	=====

	2000	1999
	Rupees	Rupees

8. DIVIDEND

Unclaimed dividend	1,353,854	1,121,748
Proposed dividend	28,525,000	24,450,000
	-----	-----
	29,878,854	25,571,748
	=====	=====

9. CONTINGENCIES AND COMMITMENTS

9.1 The Company is contingently liable to pay custom duty and sales tax etc. amounting to Rs. 43.767 million on import of three engines. The Company, in the meantime, has filed appeals against levy of the duties before the Hon'able Supreme Court of Pakistan. The Company, however, deposited the custom duties amounting to Rs. 7.764 million.

9.2 Bank guarantees have been issued by a bank of the Company aggregating Rs. nil (1999 · Rs. 5.0 million).

9.3 Commitments in respect of contracts for capital expenditure Rs. nil (1999 · Rs. 4.139 million).

10. OPERATING FIXED ASSETS - Tangible

	DEPRECIATION						<i>Book Value</i>	<i>Depreciation</i>
	<i>Cost at 1 July 1999</i>	<i>Additions/ (Deletions)</i>	<i>Cost at 30 June 2000</i>	<i>Accumulated at 1 July 1999</i>	<i>For the year at 30 June 2000</i>	<i>Accumulated at 30 June 2000</i>	<i>at 30 June 2000</i>	<i>Rate % per annum</i>
Freehold land	2,638,051	33,779	2,671,830				2,671,830	
Building on freehold land	40,984,709	6,259,846	47,244,555	11,790,269	3,545,429	15,335,698	31,908,857	10
Plant and machinery (10,1)	441,711,212	13,176,972	454,888,184	114,317,817	34,057,037	148,374,854	306,513,330	10
Electrical installation	418,578	--	418,578	118,195	30,038	148,233	270,345	10
Furniture and fixture	1,368,767	37,275	1,406,042	389,486	101,656	491,142	914,900	10
Office equipment	574,260	25,900	600,160	183,575	41,659	225,234	374,927	10
Computers	618,759	--	618,759	199,817	41,894	241,711	377,048	10
Vehicles	4,667,558	1,172,707	4,949,776	2,230,407	639,619	2,391,299	2,558,477	20
		(890,489)			(478,727)			
2000 Rupees	492,981,894	20,706,479	512,797,884	129,229,566	38,457,331	167,208,170	345,589,714	
		(890,489)			(478,727)			
1999 Rupees	473,820,852	21,068,848	492,981,894	89,402.69	40,462,302	129,229,566	363,752,328	
		(1,907,806)			(635,426)			

10.1 Addition to Plant & Machinery includes exchange rate difference of Rs. nil (1999 ' Rs. 18,090,699) arising on maturity of long term loans.

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

		<i>2000 Rupees</i>	<i>1999 Rupees</i>
Cost of generation	Note 20	37,895,902	39,891,668
Administrative and selling expenses	Note 21	561,429	570,634
		38,457,331	40,462,302

10.3 Disposal of Fixed Assets

PARTICULARS	<i>Cost</i>	<i>Acc. Dep.</i>	<i>Book Value</i>	<i>Sale Proceeds</i>	<i>Gain/ (Loss)</i>	<i>Mode of Disposal</i>	<i>Sold To</i>
Vehicles							
Suzuki Margala LOW - 8411	506,377	340,447	165,930	275,000	109,070	Negotiation	Mr. Khalid Asghar Executive of the Company.
Suzuki Khyber LXE - 7950	384,112	138,280	245,832	280,000	34,168	- do -	Mr. Barkat Ali Punjab Hardware & Electrical Store, Shahab Road, Bhagat- pura, Shadbagh, Lahore.
	890,489	478,727	411,762	555,000	143,238		

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

11. CAPITAL WORK-IN-PROGRESS

Staff colony	--	769,687
--------------	----	---------

12. LONG TERM INVESTMENT

Associated undertaking - quoted

Maple Leaf Cement Factory Limited

6,000,000 (1999: 6,000,000) fully paid

Ordinary shares of Rs. 10/- each

Provision for diminution in value of investment

	60,900,000	60,900,000
	(31,650,000)	(44,400,000)
	29,250,000	16,500,000

Aggregate market value of investment as on 30 June 2000 is Rs. 2925 million (1999 : Rs. 16.5 million).

13. LONG TERM DEPOSITS AND DEFERRED COST

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

14. STORES, SPARES AND LOOSE TOOLS

Stores		1,427,268	1,778,293
Spares		27,159,177	29,646,416
Loose tools		576,007	508,046
		-----	-----
		29,162,452	31,932,755

15. STOCK OF OIL AND LUBRICANTS

Furnace oil		13,963,350	10,111,579
Diesel oil		6,335,691	2,052,475
Lube oil		3,313,236	2,921,239
		-----	-----
		23,612,277	15,085,293

16. TRADE DEBTS- Unsecured

Considered good	16.1	49,990,738	39,216,146
Considered doubtful		399,470	--
		-----	-----
		50,390,208	39,216,146
Provision for doubtful debts		(399,470)	--
		-----	-----
		49,990,738	39,216,146

16.1 These include Rs. 29.923 million (1999 : Rs. 19.010 million) due from associated undertakings. The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. 34.603 million (1999: Rs. 19.494 million).

17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - unsecured considered good			
To employees	17.10	338,615	167,415
To suppliers and contractors		5,641,231	4,358,499
Provision for doubtful advances		(680,973)	--
		-----	-----
		4,960,258	4,358,499
Due from associated undertaking	17.20	5,675	14,450
Income tax deducted at source		751,835	1,173,313
Deposit set aside for usance letters of credit		--	20,611,266
Letter of credit		--	982,625
Prepaid expenses		17,596	245,612
Other receivables		396,039	109,340

6,470,018 27,662,520

=====

17.1 Advances to employees include Rs. nil (1999: Rs. 16,408) due from executives.
The maximum aggregate amount due from executives at the end of any month during the years was Rs. 60,260 (1999: Rs. 26,914).

17.2 Included therein is a sum of Rs. 5,675 (1999: Rs. 5,675) and Rs. nil (1999: Rs. 8,775) due from Maple Leaf Cement Factory Limited and Kohinoor Gujar Khan Mills Limited respectively.
The maximum aggregated amount due from associated undertakings at the end of any month during the year was Rs. 2.712 million (1999: Rs. 0.997 million).

18. CASH AND BANK BALANCES

Cash in hand	115,235	145,640
Cash at banks		
On current accounts	98,998	36,836
On deposit accounts	4,932,973	3,529,992
	-----	-----
	5,147,206	3,712,468
	=====	=====

19. SALES

Gross sales	457,465,704	403,087,013
Less:		
Electricity duty	2,444,929	2,274,842
Sales tax	55,016,996	--
Withholding tax	50,760	51,840
	-----	-----
	57,512,685	2,326,682
	399,953,019	400,760,331

20. COST OF GENERATION

Oil and lubricants consumed		230,192,723	181,723,875
Steam & water dozing chemical consumed		6,499,284	5,713,242
Salaries, wages and benefits	20.1	6,915,532	7,966,184
Insurance		1,617,026	1,343,536
Repair and maintenance		36,125,017	32,289,854
Depreciation	10.2	37,895,902	39,891,668
Other expenses		2,742,421	2,180,834
		-----	-----
		321,987,905	271,109,193
		=====	=====

20.1 Salaries and benefits include Rs. 503,984 (1999: Rs. 414,458) on account of staff retirement benefits.

2000 **1999**
Rupees **Rupees**

21. ADMINISTRATIVE AND SELLING EXPENSES

Salaries and benefits	21.1	2,446,181	3,448,930
Directors' fee		1,500	2,500
Travelling and conveyance		510,878	375,171
Printing and stationery		395,008	464,461
Books and periodicals		13,416	10,893
Postage telephone and telegrams		330,023	510,416
Office maintenance		472,553	51,567
Vehicle running and maintenance		509,139	607,063
Advertisement		145,080	67,300
Entertainment		50,651	45,665
Legal and professional		131,620	123,746
Fees and subscription		234,011	271,930
Auditors' remuneration	21.2	139,400	53,090
Depreciation	10.2	561,429	570,634
Provision for doubtful debts and advances		1,080,443	--
Other expenses		901,733	236,224

-----	-----
7,923,065	6,839,590
=====	

21.1 Salaries and benefits include Rs. 176,571 (1999: Rs. 162,305) on account of staff retirement benefits.

21.2 Auditors' Remuneration

Statutory audit	55,000	50,000
Tax services	80,000	--
Out of pocket expenses	4,400	3,090
	-----	-----
	139,400	53,090
=====		=====

22. OTHER INCOME

Profit on bank deposits		
Rupee accounts	936,497	2,502,842
Dollar accounts	205	1,249,767
Profit on disposal of fixed assets	143,238	207,120
Credit balance written back	11,243	--
	-----	-----
	1,091,183	3,959,729
=====		=====

23. FINANCIAL AND OTHER CHARGES

Financial charges

Mark up on Short term finance	10,626,244	15,408,566
Commission on letter of credit	349,953	2,009,875
Bank guarantee commission	34,635	215,569
Bank charges	171,137	651,855
Interest on workers' profit participation fund 7.1	5,063	984,000
	-----	-----
	11,187,032	19,269,865

Other charges

Exchange loss	4,325,022	5,203,414
	-----	-----
	15,512,054	24,473,279
=====		=====

24. TAXATION

Current year	24.1	309,044	825,938
Prior year's		3,108,751	--
		-----	-----
		3,417,795	825,938
=====		=====	=====

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

25. PRIOR YEAR ADJUSTMENTS

These represent:

25.1 The capitalization of certain assets of Rs. 5,413,025 i.e. assemblies wrongly charged to repair and maintenance expense in the previous years, and

25.2 The excess interest on Workers' Profit Participation Fund amounting to Rs. 1,242,742 provided in the earlier years now written back.

26. BASIC AND DILUTED EARNING PER SHARE

Net profit for the year attributable to ordinary shareholders	66,361,974	50,177,328
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	16,300,000	16,300,000
	Rupees Rupees	
Earning per share	4.07	3.08

There is no dilutive effect on the basic earning per share of the Company for the years ended 30 June 2000 and 30 June 1999.

27. NUMBER OF EMPLOYEES

Number of employees as at year end	56	57
------------------------------------	----	----

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

28.1 The financial assets of the Company aggregated Rs. 56.178 million of which Rs. 49.991 million are subject to credit risk. The effective interest/mark up rate of financial assets range from 8% to 11.5% per annum.

28.2 The financial liabilities of the Company aggregated Rs. 95.921 million. The financial liabilities are based on interest/mark up except for liabilities aggregating Rs. 49,327 million. The effective interest/mark up rate of financial liabilities range from 20% to 20.5% per annum,

28.3 The Company's credit risk exposure is not significantly different from that reflected in the financial statements,

28.4 The carrying value of the financial assets and liabilities approximates their fair values as reflected in the financial statements.

29. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

29.1 The Company purchased from associated undertakings material and services aggregating Rs. 4.077 million (1999 - Rs. 4.050 million),

29.2 The Company sold to associated undertakings electrical energy aggregating Rs. 214.879 million (1999 - Rs. 180.660 million),

30. REMUNERATION OF DIRECTORS AND EXECUTIVES

30.1 DIRECTORS

30.1.1 No remuneration was paid to any of the directors during the year.

30.1.2 Rs. 1,500 (1999: Rs. 2,500) were paid as meeting fee to two of the directors during the year (1999: two directors).

30.2 EXECUTIVES

30.2.1 Aggregate amounts charged in the accounts for remuneration, including all benefits to the executives of the Company are as follows:

	Executives	
	2000	1999
	(Rupees)	
Managerial remuneration	1,855,036	2,029,202
House rent and utilities	1,020,200	1,093,233
Bonus and ex-gratia	267,225	423,638
Other allowances and reimbursement (subject to actual)	629,353	901,672
	3,771,814	4,447,745
Number of persons	8	9

30.2.2 Four (1999: six) executives of the Company are provided with free use of Company's owned and maintained cars.

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 hours)	151,930	151,930
Actual generation (Mega watt hours)	111,983	110,082
Standby generators		
Caterpillar generation (Mega watt hours)	10,784	7,070

31.1 Plant operation capacity based on 365 days (1999: 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 suppliers are being made from standby arrangements.

32. FIGURES

32.1 Figures have been rounded off to the nearest rupee,

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

SARMAD AMIN
Chief Executive

USMAN SAID
Director