

# **Kohinoor Energy Limited**

## **Annual Report 1999**

### **CONTENTS**

Company Information  
Notice of Annual General Meeting  
Directors' Report  
Auditors' Report to the Members  
Balance Sheet  
Profit and Loss Account  
Cash Flow Statement  
Notes to the Accounts  
Pattern of Share Holding of Shares

### **COMPANY INFORMATION**

#### **Board of Directors**

Mr. M. Azam Saigol	Chairman
Mr. M. Naseem Saigol	
Mrs. Amber Saigol	
Mr. Pervez Ma	Chief Executive
Mr. Haruyoshi Murakami	(Nominee of Tomen Corporation, Japan)
Mr. Akira Sasaki	(Nominee of Tomen Corporation, Japan)
Mr. Roll Anderson	(Nominee of Wartsila Diesel Oy, Finland)

#### **Corporate Secretary**

Mr. Ahmed Zia Haider

#### **Management**

Mr. Pervez Malik	Chief Executive
Mr. Haruyoshi Murakami	Plant Director
Mr. Mehboob A. Mirza	Plant Manager
Mr. Ahmed Zia Haider	Finance Manager

#### **Auditors**

A.F. Ferguson & Co.  
Chartered Accountants

#### **Bankers**

Off-Shore Trustee  
US Bank Trust National Association, New York  
On-Shore Trustee  
Bank of America NT&SA Lahore  
Others

Al-Faysal Investment Bank Limited  
Emirates Bank International  
Bank Alfalah Limited

**Registered office**

2nd Floor, Rashid Plaza  
24-D, Blue Area  
Islamabad  
Tel: 92-51-824273 '

**Head office / Share department**

06-Egerton Road, Lahore.  
Tel: 92-42-6312936-37  
Fax: 92-42-6312938

**Project**

35 KM, Link Manga Raiwind Road, Lahore.  
Tel: 92-1951-391284-5

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Sixth Annual General Meeting of Shareholders of Kohinoor Energy Limited will be held on Friday 31st December 1999, at 11:00 A.M. at the Registered Office, Rashid Plaza, 2nd Floor, 24-D. Blue Area, Islamabad, to transact the following business

1. To confirm the minutes of the Annual General Meeting held on 26th January 1999.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 1999 alongwith Directors' and Auditors' Reports thereon.
3. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.
4. Any other business with the permission of the Chair.

By order of the Board

Islamabad  
08 December 1999

Ahmed Zia Haider  
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from 31st December 1999 to 06th January 2000 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint a proxy. Proxies in order to be effective, must be received at 06-Egerton Road, Lahore, the Head Office of the

Company not less than forty-eight hours before the time of the meeting and must be duly stamped, signed and witnessed.

3. Members are requested to notify the Company for change in their addresses, if any:

4. Members of all recognized fiqas may file with the Company their declaration ( if any ) for Non Deduction of zakat

## **DIRECTORS' REPORT**

The Directors are pleased to present their annual report together with the Company's audited annual accounts for the year ended June 30, 1999.

## **PRINCIPAL ACTIVITIES**

Company was listed on the Stock Exchanges of Pakistan on June 30, 1996. It achieved its commercial operation date on June 19, 1997, after performing testing requirements as per Power Purchase Agreement entered with WAPDA and finally it achieved its Project completion date on March 31, 1998 as required by the Principal lenders (International Finance Corporation and ABN AMRO Bank.)

The principal activities of the Company are to own, operate and maintain a furnace oil power station with a net capacity of 120 MW (Gross Capacity 131.44 Mw).

## **OPERATIONS**

The plant comprises eight 15 MW diesel engine generators and a heat recovery system including a 6 MW steam turbine. The Plant was in commercial operations for the last 2 years by the grace of God. The plant in general was operated to a very high standard achieving a thermal efficiency rate of 44.75 %. The station generated 482,152 MW of electricity at the request of WAPDA.

High efficiency rates were achieved through regular maintenance, which was carried out on all 8 units and on the system of steam turbine. During this period all eight (8) diesel engine generators (DG) 8000-hrs maintenance was also carried out as per manufacturer's recommendations. This major maintenance has resulted in increased consumption of mechanical stores.

## **FINANCE**

Turn Over for the year was Rs 1,834 million and operating costs were Rs. 1,076 million resulting in a net profit of Rs.307 million for the period with an EPS of Rs.2.36.

Company has proved to have good relations with WAPDA, all the dispatch requirements received from WAPDA were duly fulfilled by the Company in time. Company is also upto date in receiving all its payments from WAPDA on the original tariff basis signed between The Company and WAPDA.

The Company is upto date in making its debt service payments to lenders and there stands no default in this regard. The company has also fulfilled its obligations under the various contracts.

## **Y2K COMPLIANCE**

The Millennium Compliance has been achieved to the extent of 99 % and the management is confident that the Company's internal operations will not be disrupted due to this issue.

## **DIVIDENDS**

Directors of your Company would like to inform you that as per the First Amended and Restated Agreement as to certain common representations, warranties, covenants and other terms among Kohinoor Energy Limited, International Finance Corporation and ABN AMRO Bank dated May 22 1995 as amended and restated September 19, 1995, Company cannot declare or pay any dividends to its shareholders, unless Reserve Accounts have been funded to the extent then required under Trust and Retention agreement and Trust and Retention agreement requirements are otherwise satisfied.

At the moment the Company is not in a position to fill its Reserve Accounts due to strict GOP policies regarding foreign exchange.

You would appreciate that your Company has to fulfil all the requirements of its lenders, which are in accordance with the signed agreements before it can declare or pay any dividends to its shareholders.

Please be assured that the Company is keen to declare dividends as soon as the requirements attached thereto are fulfilled.

## **AUDITORS**

The Auditors, Messrs. A.F.Ferguson & Co., Chartered Accountants retire at the conclusion of the meeting. Being eligible, they have offered themselves for re-appointment.

## **DIRECTORS**

Since the last Annual General Meeting Mr. Tore Bjorkman (nominee of Wartsila Diesel Oy, Finland) and Mr. Koichi Atsuta (nominee of Tomen Corporation, Japan) have resigned and in their places Mr. Rolf Andersson and Mr. Akira Sasaki have been appointed as nominee directors of Wartsila Diesel Oy, Finland and Tomen Corporation, Japan respectively.

The Board of Directors wishes to record its appreciation for the valuable services rendered by the retiring Directors and extends its warm welcome to the incoming Directors.

## **ACKNOWLEDGMENT**

The Directors wish to thank all the Executives, Officers and staff members for their efforts and hard work rendered for successful operation and maintenance of the power generation project and hope the team spirit will continue for successful running of the project.

Your Directors wish to place on record their thanks to the Bankers of the Company who have played a vital role in the progress of the Company.

## **PATTERN OF SHAREHOLDING**

A statement reflecting the pattern of shareholding as at June 30, 1999 is attached to the Annual Report.  
For and on the behalf of the Board

**Chief Executive**

Lahore  
December 08, 1999

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Kohinoor Energy Limited as at June 30,1999 and profit and loss account and cash flow statement for the year then ended together with the notes forming part thereof and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and, after due verification thereof, we report that:

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

In our opinion:

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

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

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

© In our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account and the 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 company's affairs as at June 30 1999, and the profit and the cash flow for the year then ended; and

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

Lahore  
December 08,1999

A.F. Ferguson &, Co.  
Chartered Accountants

## **BALANCE SHEET AS AT JUNE 30, 1999**

	<i>Note</i>	<i>1999</i> <i>(Rupees in thousand)</i>	<i>1998</i>
<b>CAPITAL</b>			
Authorised 140,000,000 ordinary shares of Rs 10 each		1,400,000	1,400,000
		=====	=====
Issued, subscribed and paid up capital 130,352,780 (1997: 130,352,780) ordinary shares of Rs 10 each issued for cash		1,303,528	1,303,528
Reserves - Share premium		140,348	140,348
Unappropriated profit	3	677,211	369,762
		-----	-----
		2,121,087	1,813,638
<b>LONG TERM LOANS - SECURED</b>	4	3,746,315	3,818,046
<b>LONG TERM LOANS - UNSECURED</b>	5	295,571	295,463
<b>DEFERRED LIABILITIES</b>	6	5,899	1,114
<b>CURRENT LIABILITIES</b>			
Current maturity of long term loans - Secured	4	522,460	409,269
Unsecured	5	52,160	15,551
Creditors, accrued and other liabilities	7	314,686	342,940
Provision for taxation		19,000	5,808
		-----	-----
		908,306	773,568
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
		-----	-----
		7,077,178	6,701,829
		=====	=====
<b>FIXED CAPITAL EXPENDITURE</b>			
Operating fixed assets	9	5,732,977	5,527,738
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	10	152,499	153,422
Stock in trade	11	129,859	100,464
Trade debts	12	248,637	245,152
Advances, deposits, prepayments and other receivables	13	171,298	182,230
Cash and bank balance	14	641,908	492,823
		-----	-----
		1,344,201	1,174,091
		-----	-----

	7,077,178	6,701,829
	=====	=====

The annexed notes form an integral part of these accounts.

**Director**

**Chief Executive**

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

		<i>1999</i>	<i>1998</i>
	<i>Note</i>	<i>(Rupees in thousand)</i>	
Sales	15	1,834,192	1,833,627
Cost of sales	16	1,076,213	1,013,319
		-----	-----
Gross profit		757,979	820,308
Administration and general expenses	17	26,160	24,119
		-----	-----
Operating profit		731,819	796,189
Other income	18	52,020	21,390
		-----	-----
		783,839	817,579
Financial charges	19	458,559	449,514
		-----	-----
Profit before tax		325,280	368,065
Provision for taxation	20	17,831	11,980
		-----	-----
Profit after taxation		307,449	356,085
Accumulated profit brought forward		369,762	13,677
		-----	-----
Accumulated profit carried forward		677,211	369,762
		=====	=====

The annexed notes form an integral part of these accounts.

**Chief Executive**

**Director**

**CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 1999**

		<i>1999</i>	<i>1998</i>
	<i>Note</i>	<i>(Rupees in thousand)</i>	
Cash flow from operating activities			
Cash generated from operations	21	920,423	803,571
Financial charges paid		(414,845)	(388,807)
Taxes paid		(4,639)	(15,304)

Net cash inflow/(outflow) from operations	500,939	399,460
Cash flow from investing activities		
Fixed capital expenditure	(480,283)	(614,565)
Interest/mark-up income received	46,818	13,143
Sale proceeds of fixed assets	3,434	--
	-----	-----
Net cash outflow from investing activities	(430,031)	(601,422)
Cash flow from financing activities		
Long term loans	781,771	606,439
Net cash inflow from financing activities	78,177	606,439
	-----	-----
Net increase/(decrease) in cash and cash equivalents	149,085	404,477
Cash and cash equivalents at beginning of the year	492,823	88,346
	-----	-----
Cash and cash equivalents at the end of the year 14	641,908	492,623
	=====	=====

**Chief Executive**

**Director**

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

### **1. THE COMPANY AND ITS OPERATIONS**

The company was incorporated on April 26, 1994 and received Certificate for Commencement of Business on September 14, 1994. The company is listed on all Stock Exchanges in Pakistan and its principal activity is power generation and supply to WAPDA. The company commenced its commercial operations from June 20, 1997.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Accounting convention**

The accounts have been prepared under the historical cost convention, modified by capitalisation of exchange differences referred to in note 27.

#### **2.2 Taxation**

Profit and gains derived by the company from electric power generation project are exempt from tax under clause 176 of the Second Schedule to the Income Tax Ordinance, 1979.

The company is also exempt from minimum tax on turn over under clause 20 of the Part IV of Second Schedule to the Income Tax Ordinance 1979.

#### **2.3 Retirement benefits**

The company operates an unapproved unfunded gratuity scheme for all employees, payable on cessation of employment, subject to a minimum qualifying period of service. Provision is made annually to cover obligations under the scheme for all employees eligible to gratuity benefits.



## **2.4 Fixed assets**

Operating fixed assets except land are stated at cost less accumulated depreciation. Land and capital work in progress are stated at cost. Cost of certain fixed assets comprise of historical cost, exchange differences referred to in note 2.7 and interest etc. in note 2.8.

Depreciation on operating fixed assets is charged to profit on the straight line method so as to write off the historical cost of an asset over its estimated useful life at the annual rates mentioned in note 9. The net exchange differences relating to an asset, at the end of each year is amortised in equal instalments over its remaining useful life Depreciation on additions is charged from the month in which the asset is put to use and no depreciation is charged on assets deleted during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised Gains and losses on disposal of assets are taken to profit and loss account.

## **2.5 Stores, spares and loose tools**

Stores, spare and loose tools are valued principally at moving average cost. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon.

## **2.6 Stock in trade**

Raw materials except furnace oil are valued at lower of moving average cost and net realisable value. Furnace oil is valued at lower of FIFO cost and net realisable value.

## **2.7 Foreign currencies**

Assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Exchange differences on loans utilised for the acquisition of plant and machinery are capitalised

## **2.8 Financial and other charges**

Financial and other charges on long term loans are capitalised upto the date of commissioning of the respective plant and machinery, acquired out of the proceeds of such long term loans. All other financial and other charges are charged to income.

## **2.9 Revenue recognition**

Revenue on account of energy is recognised on transmission of electricity to WAPDA, whereas on account of capacity is recognised when due. Profit on deposits with onshore banks is recognised on a time proportion basis taking into account the amounts outstanding and the rates applicable thereon, whereas profit on deposits with offshore bank is recognised on receipt basis.

3. In accordance with the terms of agreement between the company and the lenders of long terms loans, there are certain restrictions on distribution of dividends by the company.

## **4. LONG TERM LOANS - SECURED**

These are composed of

*Rate of*                      *No of equal*

Lender	Currency	Foreign currency balance		Rupees equivalent interest		Interest per annum	Half yearly instalments	Interest payable
		1999	1998	1999	1998			
		(Dollars in thousand)		(Rupees in thousand)				
IFC Loan A	US \$	23,750	25.00	1,232,625	1,160,500	1125%	19ending Sep, 2008	Half yearly
IFC Loan B	US S	30,500	34.57	1,582,950	1,604,585	Libor + 2.5%	15ending Sep, 2006	Half yearly
ABN AMRO Bank Loan C	US\$	28,000	31,500	1,453,200	1,462,230	745%	16ending March, 2007	Half yearly
		-----	-----	-----	-----			
		82,250	91,067	4,268,775	4,227.32			
Less Current maturity		10,067	8,817	522,460	409,269			
		-----	-----	-----	-----			
		72,183	82,250	3,746,315	3,818,046			
		=====	=====	=====	=====			

#### Security

These loans are secured by a registered mortgage on the company's freehold land and building, a first charge on present and future moveable assets including plant and machinery, equipment and motor vehicles and a floating charge on the company's present and future current assets including stock in trade, stores and spares, trade debts and other receivables.

#### 5. Long term loans - unsecured

This represents a loan amount of US \$ 6.7 million from Tomen Corporation of the total facility available of US \$ 9 million availed for meeting loan repayments.

Lender	Currency	Foreign currency balance		Rupees equivalent interest		Rate of Interest per annum	No of equal Half yearly instalments	Interest payable
		1999	1998	1999	1998			
		(Dollars in thousand)		(Rupees in thousand)				
Tomen Corporation	US \$	6,700	6,700	347,731	311,014	Libor + 5%	20ending Sep, 2008	Half yearly
Less: Current maturity - note 5.1		1,005		52,160	15,551			
		-----	-----	-----	-----			
		5,695	6,365	295,571	295,463			
		=====	=====	=====	=====			

5.1 Current maturity includes overdue installments of Rs 15,551 thousand (1998: Rs Nil).

#### 6. Deferred liabilities

	1999	1998
	(Rupees in thousand)	
Provision for staff gratuity	5,899	1,114
	=====	=====

#### 7. Creditors, accrued and other liabilities

Trade creditors	43,428	65,076
-----------------	--------	--------

Retention money		559	23,101
Accrued liabilities		4,154	34,574
Due to associated undertaking	note 7.1	59,709	54,579
Income tax deducted at source		36	135
Interest on long term loans - secured		127,484	124,291
Interest on long term loans - unsecured		62,021	21,500
Workers' profit participation fund	note 7.2	122	410
Payable to workers' welfare fund		16,179	18,700
Other payables		994	574
		-----	-----
		314,686	342,940
		=====	=====

#### 7.1 Due to associated undertaking

Tomen Corporation - Japan		58,685	54,555
Pak Electron Limited		24	24

#### 7.2 Workers' profit participation fund

Opening balance as on July 1, 1998		410	132
Provision for t - note 13.2		87	258
Interest for the year		35	20
		-----	-----
		532	410
Less: Payments during the year		410	--
		-----	-----
		122	410
		=====	=====

### 8. Contingencies and commitments

#### 8.1 Contingencies

(i) Letter of credit of Rs 181.68 million (1998: Rs 181.68 million) in favour of WAPDA on account of liquidated damages, if the company fails to make available electricity to WAPDA on its request. The facility is secured by a second charge on fixed and current assets of the company and assignment on sale proceeds of electricity or any other payments receivable from WAPDA.

(ii) Letter of credit other than capital expenditure of Rs 0.548 million (1998: Rs Nil).

(iii) Guarantees to Collector of Customs for custom duties amounting to Rs 0.228 million (1998: Rs Nil).

8.2 Commitments - Rs Nil (1998: Rs Nil).

### 9. Operating fixed assets

#### 9.1 The following is a statement of the operating fixed assets:

Rupees in thousand

Cost as at July 1, 1998	Additions/ (deletions)	Cost as at June 30, 1999	Accumulated Depreciation as at June 30, 1998	Depreciation charge/(deletions) for the year	Accumulated Depreciation as at June 30, 1999	Book value as at June 30, 1999	Rate %
-------------------------------	---------------------------	--------------------------------	---	--	---	---	-----------

Freehold land	9,612	--	9,612	--	--	--	9,612	--
Building	444,274	38,517	482,791	19,824	20,602	40,426	442,365	4.55 - 4.98
Plant and machinery	5,313,862	430,983	5,744,845	237,382	246,276	483,658	5,261,187	4.55-4.98
Cranes and Forklifter	4,859	(4,859)	--	661	(661)	--	--	
Office appliances and equipment	828	252	1,080	204	100	304	776	10
Laboratory equipment	33	487	520	2	15	17	503	10
Electric appliances and equipment	2,901	495	3,396	312	335	647	2,749	10
Computers	5,445	5,696	11,141	492	883	1.38	9,766	10
Furniture and fixtures	1,192	70	1,262	358	121	479	783	10
Vehicles	8,814	3,783 (3,550)	9,047	4,847	1,451 (2,487)	3,811	5,236	20
June 30, 1999	5,791,820	480,283 (8,409)	6,263,694	264,082	269,783 (3,148)	530,717	5,732,977	
June30,1998	5,177,255	614,565	5,791,820	11,536	252,546	264,082	5,527,738	

Additions to building and plant and machinery include exchange loss on foreign loans aggregating Rs 449 million (1998: Rs 544 million)

**1999**                      **1998**  
**(Rupees in thousand)**

The depreciation charge for the year has been allocated as follows:

Cost of sales	note 16	268,087	251,306
Administration and selling expenses	note 17	1,696	1,240
		-----	-----
		269,783	252,546
		=====	=====

## 9.2 Disposal of operating fixed assets

Details of certain fixed assets sold during the year, all through negotiation, are as follows:

Particulars of assets Sold to Executives	Cost	Accumulated depreciation	Rupees in thousand	
			Book value	Sale proceeds

<b>Motor cars</b>	<b>Mr. Pervez Malik</b>	765	536	<b>229</b>	<b>229</b>
	Mr. Farooq All Malik	403	362	41	160
	<b>Outsiders</b>				
	M/s. Siddiq Motors	706	424	282	370
	Mr Adnan Usman	1,676	1,166	510	1,151
<b>Cranes and Forklifter</b>	<b>Mr Adnan Usman</b>	434	57	377	849
	Mr. Tariq Mahmood	4,425	603	3,822	675
		-----	-----	-----	-----
		8,409	3,148	5,261	3,434
		=====	=====	=====	=====

**1999**                      **1998**  
(Rupees in thousand)

**10. Stores, spares and loose tools**

Stores	1,740	2,209
Spares including in transit Rs. 283 thousand (1998: Rs. Nil)	150,470	151,040
Loose tools	289	173
	-----	-----
	152,499	153,422

**11. Stock in trade**

These comprises of the following

Furnace oil	115,556	97,480
Diesel	753	491
Lubricating oil	13,550	2,493
	-----	-----
	129,859	100,464

**12. Trade debts - considered good**

These are receivable from WAPDA and are secured.

**13. Advances, deposits, prepayments and other receivables**

Due from associated company	note 13.1	69	69
Warranty claims receivable		4,488	6,288
Advances to staff		1,047	593
Advances to suppliers		26,080	31,560
Prepayments		23,788	34,259
Interest receivable		17,828	11,450
Liquidated damages		--	78,914
Security deposits		807	7
Claims recoverable from WAPDA for pass through items			
Workers' Profit Participation Fund & Workers' Welfare Fund - note 13.2		34,669	19,090
Other receivables		62,522	--
		-----	-----
		171,298	182,230

**13.1 Due from associated company**

Saigols (Private) Limited

	=====	=====
	69	69
	=====	=====

13.2 Under section 14.2(a) of Pad III of Schedule 6 to the Power Purchase Agreement (PPA) with WAPDA payments to Workers' Profit Participation Fund and Workers' Welfare Fund are recoverable from WAPDA as a pass through item.

**14. Cash and bank balances**

Balance at banks on:

Current accounts - Foreign currency'US \$ 6,623,357

(1998: US \$ 7,582,063) - Off shore

- note 14.1

343,752

351,836

Saving accounts - Onshore

236,553

140,777

Trust - Retention Account (Current Account) - Onshore - note 14.1

61,536

184

-----

-----

641,841

492,797

Cash in hand

67

26

-----

-----

641,908

492,823

=====

=====

14.1 The above accounts are governed by Trust and Retention Agreement with lenders, whereby, the company is required to keep its entire funds with the Trustees in Offshore and Onshore Escrow accounts in foreign and local currencies respectively. These funds are released by the Trustees out of Escrow accounts in accordance with annual budgets approved by the lenders. Special permission for operating of and maintaining these accounts have been obtained from the State Bank of Pakistan.

**1999**                      **1998**  
**(Rupees in thousand)**

**15. Sales**

Energy Payments

700,930

732,597

Capacity payments

1,133,262

1,101,030

-----

-----

1,834,192

1,833,627

=====

=====

**16. Cost of sales**

Raw material consumed

633,536

624,432

Salaries, wages and benefits

14,068

10,151

Operating and maintenance fee

7,722

15,380

Fee for produce energy (FPE)

61,729

47,960

Stores and spares consumed

49,805

26,686

Depreciation

- note 9

268,087

251,306

Insurance

29,724

26,439

Travelling, conveyance and entertainment	3,320	2,718
Repairs and maintenance	2,790	1,749
Printing and stationery	36	67
Communication charges	--	555
Electricity consumed inhouse	890	--
Miscellaneous	4,506	5,876
	-----	-----
	1,076,213	1,013,319
	=====	=====

#### 17. Administration and general expenses

Salaries, wages and benefits	15,750	9,547
Printing and stationery	--	256
Communication charges	756	795
Depreciation	- note 9	1,240
Amortization of deferred costs	--	3,848
Insurance	500	314
Travelling, conveyance and entertainment	3,079	3,710
Repairs and maintenance	296	553
Legal and professional charges	- note 17.1	2,636
Miscellaneous expenses	1,968	1,220
	-----	-----
	26,160	24,119
	=====	=====

#### 17.1 Auditors' remuneration

Statutory audit fee	331	300
Out of pocket expenses	20	20
	-----	-----
	351	320
	=====	=====

#### 18. Other income

Interest on bank deposits		
- On shore	48,509	12,932
- Off shore	4,687	8,332
Loss on sale of fixed assets	(1,827)	--
Scrap sale	651	126
	-----	-----
	52,020	21,390
	=====	=====

#### 19. Financial charges

Interest on long term loans		
- Secured	368,926	309,462
- Unsecured	34,596	20,652
Mark up on running finance - secured	--	12,475
Lender's consultancy charges	9,891	9,456
Loan administration fee	3,433	3,177

Bank guarantee, L/C commission	3,884	4,833
Exchange loss	37,760	29,420
Others	69	39
	-----	-----
	458,559	449,514
	=====	=====

## 20. Provision for taxation

For the year	17,550	7,100
Prior year	281	4,880
	-----	-----
	17,831	11,980
	=====	=====

## 21 .Cash flow from operating activities

Profit before taxation	325,280	368,065
Adjustment for non cash charges and other items		
Depreciation	269,783	252,546
Amortisation of deferred cost	--	3,848
Loss on sale of fixed assets	1,827	--
Exchange loss/(gain)	37,760	29,420
Interest income	(53,196)	(21,264)
Provision for gratuity	4,785	1,114
Financial charges	420,799	420,094
	-----	-----
	1,007,038	1,053,823
Working capital changes		
(Increase)/decrease in current assets		
Stores and spares	923	22,382
Stock in trade	(29,395)	(70,920)
Trade debts	(3,485)	(121,601)
Other receivables	17,310	(44,656)
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	(71,968)	(35,457)
	-----	-----
	(86,615)	(250,252)
	-----	-----
	920,423	803,571
	=====	=====

## 22. Remuneration of Chief Executive and Executives

	1999		1998	
	Chief	Executive	Chief	Executive
No of persons	1	10	1	9
	(Rupees in thousand)			
Managerial remuneration and allowances	2,473	2,308	1,432	2,644
Company's contribution to provident fund	--	--	--	--
House rent	1,012	929	655	1,190



Recreation and entertainment	1,450	807	1,016	482
Medical expenses	103	99	302	24
Telephone and motor vehicles	85	--	38	--
Others	1,224	691	1,224	564
	-----	-----	-----	-----
	6,347	4,834	4,667	4,904
	=====	=====	=====	=====

### 23. Associated undertakings

The aggregate amount of the company's purchases from the associated undertakings of services and plant and machinery during the year is as follows:

	<b>1999</b>	<b>1998</b>
	<i>(Rupees in thousand)</i>	
Kohinoor Industries Limited	--	1,300
Kohinoor Power Co. Ltd.	5,025	--
Tomen Power- Singapore	--	303
	-----	-----
	5,025	1,603
	=====	=====

### 24. Capacity and production

Installed capacity (Based on 8,760 hours)	1,051,200	1,103,760
Actual energy delivered	482,152	457,563

### 25. Earnings per share

	<b>1999</b>	<b>1998</b>
	<i>(Rupees in thousand)</i>	
Net profit for the year	307,449	356,085
Average ordinary shares in issue during June 30, 1999 130,352,780 (1998: 130,352,780).		
	<i>Rupees</i>	<i>Rupees</i>
Earnings per share	2.36	2.73
	=====	=====

### 2.6. Financial assets and liabilities

	<i>Rupees in thousand</i>						
	<i>Interest/mark up bearing</i>			<i>Non interest bearing</i>			
	<i>Maturity</i>	<i>Maturity</i>	<i>Sub</i>	<i>Maturity</i>	<i>after one</i>	<i>Sub</i>	<i>1999</i>
	<i>upto one</i>	<i>after one</i>	<i>total</i>	<i>upto one</i>	<i>year</i>	<i>total</i>	<i>Total</i>
	<i>year</i>	<i>year</i>		<i>year</i>			
<b>Financial assets</b>							

Trade debts	248,637	--	248,637	--	--	--	248,637
Advances, deposits prepayments:							
Due from associated companies	--	--	--	69	--	69	69
Advances to staff	--	--	--	1,047	--	1,047	1,047
Profit receivable on bank deposits	--	--	--	17,828	--	17,828	17,828
Security deposits	--	--	--	807	--	807	807
Other receivables	--	--	--	62,522	--	62,522	62,522
Cash and bank balances	641,841	--	641,841	--	--	--	641,841
	-----	-----	-----	-----	-----	-----	-----
	890,478	--	890,478	82,273	--	82,273	972,751
	=====	=====	=====	=====	=====	=====	=====

#### Financial liabilities

Long' term loans							
Secured	522,460	3,746,315	4,260,775	--	--	--	-4,260,775
Unsecured	52,160	295,571	347,731	--	--	--	347,731
Deferred liabilities	--	--	--	--	5,899	5,899	5,699
Creditors, accrued and other liabilities	--	--	--	314,686	--	314,686	314,686
Guarantees	--	--	--	228	--	228	228
Letter of credits	--	--	--	182,228	--	182,228	182,228
	-----	-----	-----	-----	-----	-----	-----
	574,620	4,041,886	4,616,506	497,142	5,899	503,041	5,119,547
	=====	=====	=====	=====	=====	=====	=====

#### 26.1 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs 972,751 thousands, the financial assets which are subject to credit risk amounted to Rs 724,114 thousands. The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the company applies credit limits to its customers and also obtains collaterals.

#### 26.2 Foreign exchange risk management

Foreign currency risk arises mainly where receivable and payable exist due to transactions with foreign undertakings, especially group companies. Payables exposed to foreign currency risks are covered through registration of loan agreements with the State Bank of Pakistan whereby the Bank is responsible to provide foreign currency at official rates.

#### 26.3 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

	<b>1999</b>	<b>1998</b>
<b>27. Number of employees</b>		
Number of employees as at year end	157	146
	=====	=====

#### 28. Statement of changes in equity

**Rupees in thousand**

	<i>Share capital</i>	<i>Share premium</i>	<i>Un-appro- priated profit</i>	<i>1999 Total</i>
Balance as on June 30, 1998	1,303,528	140,348	369,762	1,813,638
Net profit for the year	--	--	307,449	307,449
	-----	-----	-----	-----
Balance as on June 30, 1999	1,303,528	140,348	677,211	2,121,087
	=====	=====	=====	=====

**29. Corresponding figures**

Previous year's figures where necessary have been rearranged for the purposes of comparison.

**Chief Executive**

**Director**

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

<i>No of Shareholders</i>	<i>From</i>	<i>To</i>	<i>Total Shares Held</i>
3	1	100	214 shares
843	101	500	420,745 "
103	501	1000	103,000 "
112	1001	5000	357,000 "
35	5001	10000	287,500 "
11	10001	15000	135,500 "
9	15001	20000	166,000 "
3	20001	25000	200,000 "
4	25001	30000	89,500 "
2	30001	35000	135,000 "
1	35001	40000	77,000 "
4	40001	45000	43,500 "
2	45001	50000	194,000 "
3	50001	55000	106,000 "
2	55001	60000	171,200 "
1	60001	65000	126,000 "
2	65001	70000	68,406 "
1	75001	80000	155,500 "
1	950001	100000	97,000 "
1	105001	110000	109,000 "
1	110001	115000	113,500 "
1	135001	140000	137,500 "
1	145001	150000	147,000 "
1	165001	170000	167,000 "
1	195001	200000	199,000 "
1	215001	220000	215,500 "

1	220001	--	225000	"	224,109
1	240001	--	245000	"	224,000
1	270001	--	275000	"	270,500
1	295001	--	300000	"	592,200
1	320001	--	325000	"	324,500
1	330001	--	335000	"	331,428
1	460001	--	465000	"	460,800
1	475001	--	480000	"	476,500
1	485001	--	490000	"	489,400
1	560001	--	565000	"	562,500
1	585001	--	590000	"	589,700
1	650001	--	655000	"	654,300
1	790001	--	795000	"	794,500
2	925001	--	930000	"	1,852,500
1	1600001	--	1605000	"	1,605,000
1	1640001	--	1645000	"	1,641,067
1	1830001	--	1835000	"	1,835,000
1	2360001	--	2365000	"	2,363,287
1	2605001	--	2610000	"	2,607,055
1	3760001	--	3765000	"	3,764,428
1	4275001	--	4280000	"	4,276,300
2	6075001	--	6080000	"	12,158,460
2	10865001	--	10870000	"	21,733,263
1	19550001	--	19555000	"	19,552,917
1	20855001	--	20860000	"	20,856,445
1	26070001	--	26075000	"	26,070,556
-----					
1187				130,352,780	
=====					

Note: The slabs not applicable, have not been shown

Categories of Shareholders	Numbers	Shares Held	Percentage
Individuals	1126	41957382	32.19
Investment Companies	8	5228428	4.01
Insurance Companies	3	200500	0.16
Joint Stock Companies	14	4394663	3.37
Financial Institutions	12	4512834	3.46
Foreign Companies/Foreigner	19	73913973	56.70
Modaraba & Leasing Companies	5	145000	0.11
	-----	-----	-----
	1187	130352780	100.00