

Kohinoor Energy Limited

Annual Report 2000

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COMPANY INFORMATION

Board of Directors

Mr. M. Azam Saigol	Chairman
Mr. M. Naseem Saigol	Chief Executive
Mr. Sheikh Muhammad Shakeel	
Mr. Haruyoshi Murakami	(Nominee of Tomen Corporation, Japan)
Mr. Akira Sasaki	(Nominee of Tomen Corporation, Japan)
Mr. Hideyuki Ohashi	(Nominee of Tomen Power (Singapore) Pvt Ltd)
Mr. Rolf Anderson	(Nominee of Wartsila Diesel Oy, Finland)

Corporate Secretary

Mr. Ahmed Zia Haider

Management

Mr. M. Naseem Saigol	Chief Executive
Mr. Haruyoshi Murakami	Chief Operating Officer
Mr. Umer Masood Tariq	General Manager Admin
Mr. Mehboob A. Mirza	General Manager Technical
Mr. Archimedes B. Donato	General Manager Plant
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

Union Bank formerly Bank of America NT&SA, Lahore

Others

Al-Faysal Investment Bank Limited

Emirates Bank International

Bank Alfalah Limited

Standard Chartered Bank

ABN AMRO Bank

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: 92-4951-391284-5

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the seventh Annual General Meeting of Shareholders of Kohinoor Energy Limited will be held on Friday December 22, 2000 at 11:00 A.M. at 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 December 31, 1999.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2000 alongwith Directors' and Auditors' Reports thereon.
3. To approve issue of Bonus Shares at the rate of 30 shares of Rs. 10/- each for every 100 shares held (30%) as recommended by the Board.
4. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.
5. Any other business with the permission of the Chair.

SPECIAL BUSINESS

1. To approve the terms and conditions of appointment of Chief Executive of the company as

recommended by the Board.

2. To consider and pass the following Resolution as Special Resolution:

Resolved that the Authorised capital of the Company be increased from Rs. 1,400,000,000 to Rs. 1,700,000,000 divided into 170,000,000 Ordinary Shares of Rs. 10/- each. That the Capital clause V of the Memorandum of Association of the Company be amended to the extent of increased Capital and division thereof and to give affect accordingly.

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984.

1. Mr. M. Naseem Saigon was appointed as Chief Executive of the company on 20-04-2000 by the Board of Directors for a term of three years. The terms and conditions of his appointment were circulated to the shareholders of the Company in terms of Section 218(2) of the companies Ordinance 1984.

2. It has been decided by the Board to increase the Authorised Capital of the Company for future capitalisation of Profit/Issue of Shares

By order of the Board

Lahore:
November 22, 2000

(Ahmed Zia Haider)
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from December 22, 2000 to December 29, 2000 (both days inclusive). Transfers received at 06-Egerton Road, Lahore the Head Office of the Company upto the close of business on December 21, 2000 will be treated in time for the issue of Bonus Shares to the transferees.

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.

DIRECTORS' REPORT

The Directors of your Company are pleased to present their annual report together with the Company's audited annual accounts for the year ended June 30, 2000.

PRINCIPAL ACTIVITIES

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 plan was operated to a very high standard of thermal efficiency and availability. The high efficiency rates were achieved through regular maintenance, which was carried out on all 8 units and on steam turbine during the year. Routine and preventive maintenance programs have been completed within budget as scheduled to ensure the long term integrity of plant.

Kohinoor Energy Limited has an operation and maintenance contract with Wartsila NSD Pakistan (Pvt.) Ltd.

During the year of operations, the plant achieved a thermal efficiency rate of 43.38% and generated 256,817,890 KWH of electricity on demand of WAPDA.

FINANCE

Turn over for the year was 1.693 billion and operating cost were Rs. 807 million resulting in a net profit of Rs. 394 million for the period with an EPS of Rs. 3.02.

Under Power Purchase Agreement, WAPDA has provided a Standby Letter of Credit to the Company as security for payments.

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 basis of original tariff signed between the two parties.

The Company has throughout the year fulfilled all of its statutory and contractual obligations. The Company is upto date in making its debt service payments to lenders and there stands no default in this regard.

ENVIRONMENT, HEALTH AND SAFETY

The safety performance of your Company maintained its very high standards. The overall health and safety performance of the Plant was excellent throughout the year. Kohinoor Energy Limited has an ongoing proactive approach to safety management.

The plant continues to operate within the strict environmental guidelines and limits established by the World Bank for emission and waste.

APPROPRIATIONS

The Board of Directors recommends bonus shares @ 30% on the paid up capital of the Company.

AUDITORS

The present auditors Messers A.F. Ferguson & Co. Chartered Accountants retire at the conclusion of the Annual General Meeting, being eligible offer themselves for reappointment.

DIRECTORS

Since the last Annual General Meeting Mrs. Amber Saigol, Director and Mr. Pervez Malik, Director/ Chief Executive has resigned and Mr. Hideyuki Ohashi (Nominee of Tomen Power Singapore (Pvt) Ltd) and Mr. Sheikh Mohammad Shakeel have co-opted as Directors. Mr. M. Naseem Saigol, Director, holds the office of Chief Executive and Mr. Haruyoshi Murakami, Director, is holding the office of Chief Operating Officer.

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 and Chief Executive.

ACKNOWLEDGEMENT

Relationship with the staff, especially with the workers, remains cordial. All achievements made during the period under report were only possible due to great deal of dedicated efforts and teamwork by the company's staff. The Directors take this opportunity to thank all of them for their hard work and commitment. Development of management and staff has a high priority in the Company.

The Directors wish to thank the banks and shareholders for their continued support and confidence on the Company.

PATTERN OF SHAREHOLDING

A statement reflecting the pattern of shareholding as at June 30, 2000 is attached to the Annual Report.

For and on behalf of the Board

Lahore
November 22, 2000

M. Naseem Saigol
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Kohinoor Energy Limited as at June 30, 2000 and the related profit and loss account, statement of changes in equity 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.

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 the 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;

(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, statement of changes in equity and cash flow statement 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 June 30, 2000 and of the profit, changes in equity and its 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
November 22, 2000.

A.F. Ferguson & Co.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

<i>Note</i>	<i>2000</i>	<i>1999</i>
	<i>(Rupees in thousand)</i>	
CAPITAL		
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 (1999: 130,352,780) ordinary shares of Rs 10 each issued for cash	1,303,528	1,303,528
RESERVES		
Bonus shares	391,058	--
Share premium	--	140,348
	-----	-----
	391,058	140,348

Unappropriated profit	3	820,140	677,211
		-----	-----
		2,514,726	2,121,087
LONG TERM LOANS - SECURED	4	3,248,702	3,746,315
LONG TERM LOANS - UNSECURED	5	262,807	295,571
DEFERRED LIABILITIES	6	5,029	5,899
CURRENT LIABILITIES			
Current maturity of long term loans			
Secured	4	526,487	522,460
Unsecured	5	87,603	52,160
Creditors, accrued and other liabilities	7	324,359	293,250
Provision for taxation		32,522	22,314
		-----	-----
		970,971	890,184
CONTINGENCIES AND COMMITMENTS	8		
		-----	-----
		7,002,235	7,059,056
		=====	=====
FIXED CAPITAL EXPENDITURE			
Operating fixed assets	9	5,486,520	5,732,977
CURRENT ASSETS			
Stores, spares and loose tools	10	162,708	152,499
Stock in trade	11	29,623	129,859
Trade debts	12	315,915	248,637
Advances, deposits, prepayments and other receiv	13	229,305	153,176
Cash and bank balances	14	778,164	641,908
		-----	-----
		1,515,715	1,326,079
		-----	-----
		7,002,235	7,059,056
		=====	=====

The annexed notes form an integral part of these accounts.

Chief Executive

Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in thousand)</i>	
Sales	15	1,693,258	1,834,192

Cost of sales	16	806,796	1,076,213
Gross profit		886,462	757,979
Administration and general expenses	17	121,123	26,160
Operating profit		765,339	731,819
Other income	18	53,226	52,020
Financial charge	19	408,805	458,559
Profit before tax		409,760	325,280
Provision for taxation	20	16,121	17,831
Profit after taxation		393,639	307,449
Earnings per share	25	3.02	2.36

The annexed notes form an integral part of these accounts.

Chief Executive

Director

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

	<i>Rupees in thousand</i>				
	<i>Share capital</i>	<i>Reserve for issue of bonus shares</i>	<i>Share premium</i>	<i>Un-appropriated profit</i>	<i>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
Net profit for the year	--	--	--	393,639	393,639
Appropriation					
Reserve for issue of bonus shares	--	391,058	(140,348)	250,710)	--
Balance as on June 30, 2000	1,303,528	391,058	--	820,140	2,514,726

Chief Executive

Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in thousand)</i>	
Cash flow from operating activities			
Cash generated from operations	21	992,105	920,423
Staff gratuity paid		(3,036)	--
Financial charges paid		(381,440)	(414,845)
Taxes paid		(5,913)	(4,639)
		-----	-----
Net cash inflow from operating activities		601,716	500,939
Cash flow from investing activities			
Fixed capital expenditure		(44,612)	(480,283)
Interest/mark-up income received		68,202	46,818
Sale proceeds of fixed assets		1,857	3,434
		-----	-----
Net cash inflow/(outflow) from investing activities		25,447	(430,031)
Cash flow from financing activities			
Long term loans (net)		(490,907)	78,177
		-----	-----
Net cash (outflow)/inflow from financing activities		(490,907)	78,177
		-----	-----
Net increase in cash and cash equivalents		136,256	149,085
Cash and cash equivalents at beginning of the year		641,908	492,823
		-----	-----
Cash and cash equivalents at the end of the year	14	778,164	641,908
		=====	=====

Chief Executive

Director

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2000**

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 2.7.

2.2 Taxation

Profit and gains derived by the company from electric power generation project are exempt from tax under clause 176 of Part I 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 installments 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, spares 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 term loans, there are certain restrictions on distribution of dividends by the company.

4. Long term loans - secured

These are composed of:

<i>Lender</i>	<i>Currency</i>	<i>Foreign currency balance</i>		<i>Rupees equivalent</i>		<i>Rate of interest per annum</i>	<i>No of equal half yearly installments</i>	<i>Interest payable</i>
		<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>			
		<i>(Amount in thousands)</i>		<i>(Rupees in thousands)</i>				
- Loan A	US \$	21,250	23,750	1,111,375	1,232,625	11.25%	17, ending Sep., 2008	Half yearly
- Loan B ABN Amro Bank	US \$	26,433	30,500	1,382,464	1,582,950	Libor + 2.5%	13, ending Sep., 2006	Half yearly
- Loan C	US \$	24,500	28,000	1,281,350	1,453,200	7.45%	14, ending March, 2007	Half yearly
		-----	-----	-----	-----			
		72,183	82,250	3,775,189	4,268,775			
Less: Current maturity		10,067	10,067	526,487	522,460			
		-----	-----	-----	-----			
		62,116	72,183	3,248,702	3,746,315			
		=====	=====	=====	=====			

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.

Foreign currency balance

Rupees equivalent

Interest

half yearly

Interest

<i>Lender</i>	<i>Currency</i>	<i>2000</i> <i>(Amount in thousands)</i>	<i>1999</i> <i>(Amount in thousands)</i>	<i>2000</i> <i>(Rupees in thousands)</i>	<i>1999</i> <i>(Rupees in thousands)</i>	<i>per annum</i>	<i>installments</i>	<i>payable</i>
Tomen Corporation	US \$	6,700	6,700	350,410	347,731	Libor + 5%	20	Half yearly
Less: Current maturity - note 5.1		1,675	1,005	87,603	52,160			
		-----	-----	-----	-----			
		5,025	5,695	262,807	295,571			
		=====	=====	=====	=====			

5.12 Current maturity includes overdue installments of Rs. 52.562 million (1999: Rs. 15.551 million).

	<i>2000</i> <i>(Rupees in thousand)</i>	<i>1999</i> <i>(Rupees in thousand)</i>
6. DEFERRED LIABILITIES		
Provision for staff gratuity	5,029	5,899
	=====	=====
7. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Trade creditors	13,151	24,743
Retention money	526	559
Accrued liabilities	2,677	840
Due to associated undertaking - note 7.1	60,433	59,709
Income tax deducted at source	323	36
Interest on long term loans - secured	115,354	127,484
Interest on long term loans - unsecured	101,516	62,021
Workers' profit participation fund - note 7.2	22,335	16,301
Sales tax payable	6,473	--
Security deposits	279	329
Other payables	1,292	1,228
	-----	-----
	324,359	293,250
	=====	=====
7.1 Due to associated undertaking		
Tomen Corporation - Japan	60,145	59,685
Pak Electron Limited	--	24
Saigols (Private) Limited	288	--
	-----	-----
	60,433	59,709
	=====	=====
7.2 Workers' profit participation fund		
Opening balance as on July 1	16,301	19,110
Provision for the year - note 13.2	20,488	16,266
Interest for the year	1,845	35

	-----	-----
	38,634	35,411
Less: Payments during the year	16,299	19,110
	-----	-----
	22,335	16,301
	=====	=====

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

(i) Letter of credit of Rs 210 million (1999: 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) Guarantees to Collector of Customs for custom duty amounting to Rs 0.228 million (1999: Rs 0.228 million).

8.2 Commitments in respect of

(i) Letter of credit for capital expenditure Rs 23.280 million (1999: Rs Nil).

(ii) Letter of credit other than capital expenditure Rs 3.953 million (1999: Rs 0.548 million).

9. OPERATING FIXED ASSETS

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

	<i>Rupees in thousand</i>							
	<i>Cost as at June 30, 1999</i>	<i>Additions/ (deletions)</i>	<i>Cost as at June 30, 2000</i>	<i>Accumulated depreciation as at June 30, 1999</i>	<i>Depreciation charge for the year/ (deletions)</i>	<i>Accumulated depreciation as at June 30, 2000</i>	<i>Book value as at June 30, 2000</i>	<i>Rate %</i>
Freehold land	9,612	--	9,612	--	--	--	9,612	--
Building	482,790	6,831	489,621	40,425	22,235	62,660	426,961	4.55 - 5.24
Plant and machinery	5,744,845	26,633	5,771,478	483,658	263,910	747,568	5,023,910	4.55 - 5.24
Office appliances and equipment	1,081	836	1,917	304	151	455	1,462	10
Laboratory equipment	520	494	1,014	18	60	78	936	10
Electric appliances and equipment	3,396	543	3,939	647	364	1,011	2,928	10
Computers	11,141	1,181	12,322	1,375	1,153	2,528	9,794	10
Furniture and fixtures	1,262	1,108	2,370	479	174	653	1,717	10
Vehicles	9,047	6,986	12,123	3811.00	1,547	2,923	9,200	20
		(3,910)			(2,435)			

2000	6,263,694	44,612 (3,910)	6,304,396	530,717	289,594 (2,435)	817,876	5,486,520
1999	5,791,820	480,283 (8,409)	6,263,694	264,082	269,783 (3,148)	530,717	5,732,977

Additions to building and plant and machinery include exchange loss on foreign loans
Rs 2.240 million (1999: Rs 35 million) and 1Ls 26.633 million (1999: Rs 415 million) respectively.

2000 **1999**
(Rupees in thousand)

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

Cost of sales	- note 16	288,353	268,087
Administration and selling expenses	- note 17	1,241	1,696
		289,594	269,783

9.2 Disposal of operating fixed assets

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

		<i>Rupees in thousand</i>			
<i>Particulars of a</i>	<i>Sold to</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Book value</i>	<i>Sale proceeds</i>
<i>Motor cars</i>	<i>Chief Executive</i>				
	Mr. Pervez Malik	1,300	347	953	557
	Mr. Pervez Malik	2,610	2,088	522	1,300
		3,910	2,435	1,475	1,857

2000 **1999**
(Rupees in thousand)

10. STORES, SPARES AND LOOSE TOOLS

Stores	1,839	1,740
Spares including in transit Rs 0.956 million (1999: Rs 0.283 million)	160,638	150,470
Loose tools	231	289

	162,708	152,499
	=====	=====
11. STOCK IN TRADE		
These comprise of the following		
Furnace oil	24,702	115,556
Diesel	649	753
Lubricating oil	4,272	13,550
	-----	-----
	29,623	129,859
	=====	=====

12. TRADE DEBTS

These are receivable from WAPDA and are secured.

Considered good	315,915	248,637
Considered doubtful	77,326	--
	-----	-----
	393,241	248,637
Less: Provision for doubtful debts	77,326	--
	-----	-----
	315,915	248,637
	=====	=====

13. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Due from associated company	--	69
Warranty claims receivable	--	4,488
Advances to staff	1,597	1,047
Advances to suppliers	97,847	26,080
Prepayments	5,663	5,666
Interest receivable	1,696	17,828
Security deposits	857	807
Letter of credit margin deposits	27,704	615
Claims recoverable from WAPDA for pass through items		
Workers' Profit Participation Fund & Workers' Welfare Fund	36,754	34,669
Other receivables	57,187	61,907
	-----	-----
	229,305	153,176
	=====	=====

13.1 Due from associated company

Saigols (Private) Limited	--	69
	=====	=====

13.2 Workers' profit participation fund

Opening balance as on July 1	34,669	19,090
Provision for the year	20,488	16,266

	-----	-----
	55,157	35,356
Less: Payments during the year	18,403	687
	-----	-----
	36,754	34,669
	=====	=====

Under section 14.2(a) of Part 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 \$ 10,545,198			
(1999: US \$ 6,623,357) - Off shore	- note 14.1	551,514	343,752
Saving accounts - Onshore		118,137	236,553
Trust - Retention Account (Current Account)			
- On shore	- note 14.1	108,342	61,536
		-----	-----
		777,993	641,841
Cash in hand		171	67
		-----	-----
		778,164	641,908
		=====	=====

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 Off-shore and On-shore 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 and maintaining these accounts have been obtained from the State Bank of Pakistan.

15. SALES

Energy Payments		439,779	700,930
Capacity payments		1,250,902	1,133,262
Energy Premium		2,577	--
		-----	-----
		1,693,258	1,834,192
		=====	=====

16. COST OF SALES

Raw material consumed		385,411	633,536
Salaries, wages and benefits		17,483	14,068
Operating and maintenance fee		7,207	7,722
Fee for Produce of Energy (FPE)		34,466	61,729
Stores and spares consumed		26,893	49,805
Depreciation	- note 9	288,353	268,087
Insurance		19,013	29,724

Travelling, conveyance and entertainment	5,030	3,320
Repairs and maintenance	10,425	2,790
Printing and stationery	71	36
Communication charges	813	611
Electricity consumed in-house	6,193	890
Miscellaneous	5,438	3,895
	-----	-----
	806,796	1,076,213
	=====	=====

17. ADMINISTRATION AND GENERAL EXPENSES

Salaries, wages and benefits	18,108	15,750
Printing and stationery	316	321
Communication charges	697	756
Depreciation - note 9	1,241	1,696
Insurance	495	500
Travelling, conveyance and entertainment	6,770	3,079
Repairs and maintenance	2,007	296
Legal and professional charges - note 17.1	1,117	2,115
Debts written off	9,594	--
Provision for doubtful debts	77,326	--
Donations	125	--
Miscellaneous	3,327	1,647
	-----	-----
	121,123	26,160
	=====	=====

17.1 Auditors' remuneration

Statutory audit fee	365	331
Out of pocket expenses	20	20
	-----	-----
	385	351
	=====	=====

18. OTHER INCOME

Interest on bank deposits		
On shore	28,644	48,509
Off shore	23,426	4,687
Profit/(Loss) on sale of fixed assets	382	(1,827)
Scrap sale	774	651
	-----	-----
	53,226	52,020
	=====	=====

19. FINANCIAL CHARGES

Interest on long term loans		
- Secured	356,926	368,926
- Unsecured	38,747	34,596
Lender's consultancy charges	1,334	9,891

Loan administration fee	3,425	3,433
Bank guarantee, L/C commission	4,342	3,884
Exchange loss	2,131	37,760
Others	1,900	69
	-----	-----
	408,805	458,559
	=====	=====

20. PROVISION FOR TAXATION

For the year	18,100	17,550
Prior year	(1,979)	281
	-----	-----
	16,121	17,831
	=====	=====

21. CASH GENERATED FROM OPERATIONS

Profit before taxation	409,760	325,280
Adjustment for non cash charges and other items:		
Depreciation	289,594	269,783
(Profit)/Loss on sale of fixed assets	(382)	1,827
Exchange loss	2,131	37,760
Interest income	(52,070)	(53,196)
Provision for gratuity	2,166	4,785
Debts written off	9,594	--
Provision for doubtful debts	77,326	--
Financial charges	406,674	420,799
	-----	-----
	1,144,793	1,007,038

Working capital changes

(Increase)/decrease in current assets		
Stores and spares	(10,209)	923
Stock in trade	100,236	(29,395)
Trade debts	151,370	(3,485)
Other receivables	(95,089)	17,310
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	3,744	(71,968)
	-----	-----
	(152,688)	(86,615)
	-----	-----
	992,105	920,423
	=====	=====

22. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	<i>2000</i>		<i>1999</i>
<i>Chief</i>		<i>Chief</i>	

	<i>executive</i>	<i>Executives</i>	<i>executive</i>	<i>Executives</i>
No of persons	1	25	1	10
	<i>(Rupees in thousands)</i>			
Managerial remuneration and allo	2,684	5,727	2,473	2,308
Company's contribution to provident fund	--	--	--	--
House rent	836	2,226	1,012	929
Recreation and entertainment	245	340	1,450	807
Medical expenses	1,422	339	103	99
Telephone and motor vehicles	82	--	85	--
Others	2,560	1,954	1,224	691
	7,829	10,586	6,347	4,834
	7,829	10,586	6,347	4,834

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 Nil (1999: Rs 5.025 million)

	<i>2000</i>	<i>1999</i>
	<i>MWH</i>	<i>MWH</i>
24. CAPACITY AND PRODUCTION		
Installed capacity (Based on 8,760 hours)	1,051,200	1,051,200
Actual energy delivered	256,818	482,152

25. EARNINGS PER SHARE

	<i>2000</i>	<i>1999</i>
	<i>(Rupees in thousands)</i>	
Net profit for the year	393,639	307,449
	Numbers	Numbers
Average ordinary shares in issue as at June 30, 2000	130,352,780	130,352,780
	Rupees	Rupees
Earnings per share	3.02	2.36

26. FINANCIAL ASSETS AND LIABILITIES

Rupees in thousand

Interest/mark up bearing

Non interest bearing

	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub total</i>	<i>2000 Total</i>	<i>1999 Total</i>
Financial assets								
Trade debts	315,915	--	315,915	--	--	--	315,915	248,637
Advances, deposits prepayments:								
- Due from associated companies	--	--	--	--	--	--	--	69
- Advances to staff	--	--	--	1,597	--	1,597	1,597	1,047
- Profit receivable on bank deposi	--	--	--	1,696	--	1,696	1,696	17,828
- Security deposits	--	--	--	857	--	857	857	807
- Other receivables	--	--	--	57,187	--	57,187	57,187	61,907
Cash and bank balances	778,164	--	778,164	--	--	--	778,164	641,841
	-----	-----	-----	-----	-----	-----	-----	-----
	1,094,079	--	1,094,079	61,337	--	61,337	1,155,416	972,136
	=====	=====	=====	=====	=====	=====	=====	=====
Financial liabilities								
Long term loans								
- Secured	526,487	3,248,702	3,775,189	--	--	--	3,775,189	4,268,775
- Unsecured	87,603	262,807	350,410	--	--	--	350,410	347,731
Deferred liabilities	--	--	--	--	5,029	5,029	5,029	5,899
Creditors, accrued and other liabil	--	--	--	295,228	--	295,228.00	295,228	276,913
Guarantees	228	--	228	--	--	--	228	228
Letters of credit	237,233	--	237,233	--	--	--	237,233	182,228
	-----	-----	-----	-----	-----	-----	-----	-----
	851,551	3,511,509	4,363,060	295,228	5,029	300,257	4,663,317	5,081,774
	=====	=====	=====	=====	=====	=====	=====	=====

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 1,155.416 million (1999: Rs 972.751 million), the financial assets which are subject to credit risk amounted to Rs 839.501 million (1999: Rs 724.114 million). 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.

	<i>2000</i>	<i>1999</i>
27. NUMBER OF EMPLOYEES		
Number of employees as at year end	184	167
	=====	=====

28. CORRESPONDING FIGURES

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

Chief Executive

Director

PATTERN OF SHARE HOLDING AS AT JUNE 30, 2000

<i>Number of Shareholders</i>	<i>From</i>	<i>Shareholding</i>	<i>To</i>	<i>Total shares held</i>
10	1	--	100	Shares 668
821	101	--	500	Shares 410,128
150	501	--	1000	Shares 149,900
206	1001	--	5000	Shares 658,300
72	5001	--	10000	Shares 583,906
24	10001	--	15000	Shares 305,000
20	15001	--	20000	Shares 371,300
7	20001	--	25000	Shares 169,500
10	25001	--	30000	Shares 285,000
6	30001	--	35000	Shares 201,500
4	35001	--	40000	Shares 150,100
3	40001	--	45000	Shares 130,500
10	45001	--	50000	Shares 492,000
2	50001	--	55000	Shares 104,000
2	60001	--	65000	Shares 129,900
1	65001	--	70000	Shares 66,000
4	70001	--	75000	Shares 291,900
2	75001	--	80000	Shares 159,000
1	80001	--	85000	Shares 83,000
1	85001	--	90000	Shares 85,500
3	90001	--	95000	Shares 280,800
2	95001	--	100000	Shares 200,000
2	100001	--	105000	Shares 204,800
1	110001	--	115000	Shares 110,500
1	120001	--	125000	Shares 122,700
1	150001	--	155000	Shares 152,000
1	170001	--	175000	Shares 173,500
1	180001	--	185000	Shares 185,000

1	195001	--	200000	Shares	199,000
1	220001	--	225000	Shares	221,200
1	225001	--	230000	Shares	227,000
1	235001	--	240000	Shares	238,800
1	245001	--	250000	Shares	246,500
1	320001	--	325000	Shares	320,767
1	405001	--	410000	Shares	408,500
1	560001	--	565000	Shares	562,500
1	790001	--	795000	Shares	794,500
1	880001	--	885000	Shares	880,500
1	1010001	--	1015000	Shares	1,012,500
1	1055001	--	1060000	Shares	1,057,000
1	1735001	--	1740000	Shares	1,737,200
1	1865001	--	1870000	Shares	1,866,000
1	2325001	--	2330000	Shares	2,326,987
1	2605001	--	2610000	Shares	2,607,055
1	3555001	--	3560000	Shares	3,557,628
1	5460001	--	5465000	Shares	5,462,000
2	6075001	--	6080000	Shares	12,158,460
2	10865001	--	10870000	Shares	21,733,263
1	19550001	--	19555000	Shares	19,552,917
1	20855001	--	20860000	Shares	20,856,445
1	26070001	--	26075000	Shares	26,070,556

1393
=====

130,352,780
=====

Note: The slabs not applicable, have not been shown.

<i>Categories of shareholders</i>	<i>Number of Shareholders</i>	<i>Number of Shares Held</i>	<i>Percentage</i>
Individuals	1293	44684419	34.28
Investment Companies	45	6863328	5.26
Insurance Companies	4	205500	0.16
Joint Stock Companies	16	5135054	3.94
Financial Institutions	11	3632906	2.79
Foreign Companies/Foreigners	14	69494573	53.31
Modaraba & Leasing Companies	10	337000	0.26
	-----	-----	-----
	1393	130352780	100.00