

**Altern Energy Limited**  
**Annual Report 2001**

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**COMPANY INFORMATION**

**CHIEF EXECUTIVE**

Mr. Habib Rehman Khan

**BOARD OF DIRECTORS**

Mr. Habib Rehman Khan

Mr. Tariq Khalil Khan

Mr. Zafar Mahmud Ahmed

Brig (R) Akhtar Hafeez

Mr. Omar Habib Khan

Mrs. Fauzia Khan

Mrs. Ayesha Khan

**SECRETARY**

Mr. Anjum Pervaiz

**AUDITORS**

Yusaf Saeed & Company

Chartered Accountants

**REGISTERED OFFICE**

Nawa-e-Waqt House,  
4-Shahrah-e-Fatima Jinnah, Lahore

**HEAD OFFICE**

73-K, Model Town, Lahore

**REGISTERAR SHARES**

Uni Corporate & Financial Service  
Westland Trade Centre,  
Opp: Flyover, Shaheed-e-Millat Road, Karachi.  
Tel: 4313205-4313206 Fax: 4313207

**BANKERS**

United Bank Limited  
Bank of Khyber  
Citibank NA  
Albaraka Islamic Bank  
National Bank of Pakistan

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 7th Annual General Meeting of Altern Energy Limited, will be held on December 15,2001 at 4:00 P.M. at Pearl Continental Hotel, Shaharah-e-Quaid-e-Azam, Lahore, to transact the following business:

1. To confirm the minutes of the 6th Annual General Meeting held on January 31,2001.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2001 together with Reports of the Directors and Auditors thereon.
3. To appoint Auditors of the Company and fix their remuneration. The present Auditors Yusuf Saeed & Co. Chartered Accountants, are being retired. They have offered themselves for reappointment.
4. To select Seven Directors fixed under Section 178 (1) of the Companies Ordinance, 1984, in place of the following retiring directors.

1. Mr. Habib Rehman Khan	2. Mr. Tariq Khalil Khan
3. Brig. (R) Akhtar Hafeez	4. Mr. Zafar Mahmud Ahmed
5. Mr. Omar Habib Khan	6. Mrs. Fauzia Khan
7. Mrs. Ayesha Khan	
5. To transact any other business with the permission of the Chair.

By Order of the Board

**ANJUM PERVAIZ**  
Secretary

Lahore: November 23, 2001

**NOTES:**

1. Share Transfer Books of the Company will remain closed from December 9,2001 to December 15,2001 (both days inclusive).

2. A member of the Company entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given personally or by proxy representatives. The instrument of proxy duly executed should be lodged at the Registered Office of the Company at Nawa-e-Waqt House, 4-Shahrah-e-Fatima Jinnah, Lahore not later than 48 hours before the time of meeting.

3. Any member who seeks to contest the election to the office of Directors should file with the Company at the Registered Office at Nawa-e-Waqt House, 4-Shahrah-e-Fatima Jinnah, Lahore not later than 14 days before the date of election as a Director alongwith written consent to act as Director.

4. Members are requested to notify the change in their address, if any, immediately.

5. Any individual beneficial owner of CDC, entitled to vote at the meeting, must bring his/her NIC with him/her to prove his / her identity, and in case of proxy, a copy of shareholder's attested NIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

Dear Shareholders,

The Directors of Altern Energy Limited welcome you on the 7th Annual General Meeting of your company and present their report together with the Audited Financial Statements of the Company for the year ended June 30, 2001.

We are pleased to report that your project has successfully achieved Commercial Operations which were accepted by WAPDA with effect from June 6, 2001. The company we required to complete certain formalities as below:

The company shall supply the copies of certificates to WAPDA confirming that the Complex complies with the described environmental standards.

Certain certificates required under Section 3.3(v) of the PPA will be submitted within three months from the date.

The company shall, within four months arrange for additional storage of cooling water.

Necessary work for supply and storage of cooling water has been complete. The company is confident to meet the said requirements.

Currently the AEL power plant has been commissioned at the Dependable Capacity of 9.75 MW in accordance with the MOU dated August 9, 1999. However, further expansion allowed by WAPDA under the said MOU is also being planned by the company.

The profit and loss account presented is for the period of approximately one month. The main reason for the loss is depreciation of fixed assets and some disputed amount on account of energy billing which has not been accrued in these accounts. However, Company expects that the situation will improve in the next financial year on the expectation that WAPDA will clear the company's claims.

**Acknowledgment**

The Directors wish to thank all shareholders and bankers for their continued support and confidence in the Company.

The Directors also wish to place on record their appreciation for the work of the staff of the Company.

**Auditors**

The present auditors Yusuaf Saeed & Co. Chartered Accountants, are being retire and they have offered themselves for reappointment for the year 2001-2002.

**Pattern of Share Holding**

The pattern of share holding as on June 30, 2001 as required under Section 236 of the Companies ordinance, 1984 is enclosed.

For and on the behalf of the Board of  
Directors.

**HABIB REHMAN KHAN**

Chief Executive

Lahore: November 10, 2001

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Altern Energy Limited as at June 30, 2001, 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 period 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 that above said statements are free of any material misstatements. 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 the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best 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 June 30, 2001 and of the loss, its cash flows and changes in equity 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 15, 2001

**YUSUF SAEED & CO.**  
**Chartered Accountants**

**BALANCE SHEET AS AT JUNE 30, 2001**

	<i>NOTE</i>	<i>2001 RUPEES</i>	<i>2000 RUPEES</i>
<b>CAPITAL AND LIABILITIES</b>			
<b>SHARE CAPITAL</b>			
Authorized			
26,000,000 ordinary shares of Rs. 10/- each		260,000,000	260,000,000
		=====	=====
<b>Issued, subscribed and paid up</b>		221,000,000	221,000,000
Accumulated Loss		(3,636,405)	--
		-----	-----
<b>Shareholder's Equity</b>		217,363,595	221,000,000
<b>SPONSOR'S LOAN - UNSECURED</b>		9,294,580	--
<b>LONG TERM LOANS - SECURED</b>	4	234,035,802	265,060,028
<b>DEFERRED LIABILITY- GRATUITY</b>		280,250	
<b>CURRENT LIABILITIES</b>			
Current portion of long term loans	5	72,707,431	--
Finances under mark up arrangements	6	33,998,745	16,969,435
Creditors, accrued and other liabilities	7	74,618,091	3'1,248,997
		-----	-----
		181,324,267	48,218,432
<b>CONTINGENCIES AND COMMITMENTS</b>	8	-----	-----

		642,298,494	534,278,460
		=====	=====
<b>PROPERTY &amp; ASSETS</b>			
<b>FIXED CAPITAL EXPENDITURE</b>			
Operating fixed assets	9	585,576,032	6,961,549
Capital work in progress	10	--	402,198,923
		-----	-----
		585,576,032	409,160,472
<b>LONG TERM DEPOSITS AND DEFERRED COSTS</b>			
Pre incorporation expenses	11	9,670,402	9,670,402
Un-allocated capital expenditure	12	--	60,657,646
<b>CURRENT ASSETS</b>			
Store & Spares		2,230,831	--
Trade debtors	13	13,958,179	--
Advances, deposits, prepayments and other receivables	14	13,025,582	33,906,228
Cash and bank balances	15	16,535,048	19,581,292
		-----	-----
		45,749,640	53,487,520
		-----	-----
		642,298,494	534,278,460
		=====	=====

The annexed notes form an integral part of these accounts.

**HABIB REHMAN  
KHAN  
Chief Executive**

**BRIG, (R) AKHTAR  
HAFEEZ  
Director**

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED JUNE 30, 2001**

	<i>NOTE</i>	<i>2001 RUPEES</i>	<i>2000 RUPEES</i>
Sales	16	11,478,044	--
Cost of sales	17	11,852,472	--
		-----	-----
Gross Loss		(374,428)	--
<b>Operating expenses:</b>			
Administration & general	18	509,535	--
		-----	-----
Operating profit		(883,963)	--

Other income	19	1,269	--
		-----	-----
		(882,694)	--
Financial and other charges	20	2,753,711	--
		-----	-----
<b>Net loss for the year carried forward to balance sheet</b>		<b>(3,636,405)</b>	<b>--</b>
		=====	=====
<b>Earning per share of Rs. 10 each</b>		<b>(0.16)</b>	<b>--</b>
		-----	-----
		=====	=====

The annexed notes form an integral part of these accounts.

**HABIB REHMAN  
KHAN**  
Chief Executive

**BRIG. (R) AKHTAR  
HAFEEZ**  
Director

**STATEMENT OF CHANGES IN EQUITY  
AS AT JUNE 30, 2001**

<b>PARTICULARS</b>	<b>SHARE CAPITAL RUPEES</b>	<b>UN- APPROPRIATED PROFIT RUPEES</b>	<b>TOTAL RUPEES</b>
Balance as at June 30, 1999	221,000,000		221,000,000
Movement during the year	--		--
	-----	-----	-----
Balance as at June 30, 2000	221,000,000		221,000,000
Movement profit/(loss) for the year	--	(3,636,405)	(3,636,405)
	-----	-----	-----
Balance as at June, 30, 2001	221,000,000	(3,636,405)	217,363,595
	=====	=====	=====
	=	=====	=====

The annexed notes form an integral part of these accounts.

**HABIB REHMAN  
KHAN**  
Chief Executive

**BRIG. (R) AKHTAR  
HAFEEZ**  
Director

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED JUNE 30, 2001**

	<i>NOTE</i>	<i>2001 RUPEES</i>	<i>2000 RUPEES</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Operating loss before taxation	-	(3,636,405)	--
Adjustment for:			
Depreciation		4,632,907	--
Gratuity		280,250	--
		-----	-----
Operating profit before working capital changes		1,276,752	--
(Increase)/Decrease in Trade debtors & stores		1(12'885'990)	--
(Increase)/Decrease in Advances		(910,504)	--
(Increase)/Decrease in Accrued expenses		(8,456,873)	--
		-----	-----
		(5,339,621)	--
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		(4,062,869)	--
<b>CASH IN FLOW / (OUTFLOW) FROM INVESTING ACTIVITIES</b>			
Fixed assets purchased		(27,244,736)	(972,300)
Capital work in progress - Civil works		--	(380,480)
Capital work in progress - Machinery		--	(47,821,858)
Unallocated capital expenditure		--	(18,809,772)
		-----	-----
<b>NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES</b>		(27,244,736)	(67,984,410)
<b>CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES</b>			
Land term loans		1,937,472	64,971,980
Sponsor's Loan received		9,294,580	--
Finances under mark up arrangements		17,029,310	(18,247)
		-----	-----
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		28,261,362	64,953,733
Net (decrease)in cash and cash equivalents		(3,046,244)	(3,030,677)
Cash and cash equivalents at beginning of the year		19,581,292	22,611,969
		-----	-----
<b>CASH AND CASH EQUIVALENTS AT YEAR END</b>	15	16,535,048	19,581,292
		=====	=====



The annexed notes form an integral part of these accounts.

**HABIB REHMAN  
KHAN  
Chief Executive**

**BRIG. (R) AKHTAR  
HAFEEZ  
Director**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2001**

### **1. STATUS & NATURE OF BUSINESS**

The Company is incorporated in Pakistan and is listed on Karachi Stock Exchange. The principal objective of the company is to generate, distribute, sell and supply electric power to Wapda. The company has commenced commercial operations w.e.f. June 6, 2001.

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

#### **2.1 Accounting Convention**

These accounts have been prepared under "Historical Cost Convention" modified by capitalization of exchange differences referred in note 2.10.

#### **2.2 Compliance with IAS's**

These accounts comply with International Accounting Standards, where applicable in Pakistan, in all material respects.

#### **2.3 Staff Retirement Benefits**

The company operates an un-funded gratuity scheme covering all its permanent employees. Provision is made annually to cover the liability under the scheme.

#### **2.4 Taxation**

The company's profit and gains from power generation are exempt from tax under the Clause 176 of Part I of Second Schedule of the Income tax ordinance 1979.

#### **2.5 Fixed Capital Expenditure and Depreciation**

All operating fixed assets except land are stated at cost less accumulated depreciation. The land and capital work in progress are stated at cost. Cost of certain fixed assets comprise of historical cost and exchange differences referred in note 2.10.

Operating fixed assets are depreciated on reducing balance method so as to write off the historical cost of an asset over its estimated useful life at annual rates mentioned in note 9. Full year's depreciation is charged in the year of addition and no depreciation is charged in the year of disposal.

Currently depreciation on building and plant & machinery is charged to cost of sale for one month only for the period of commercial production.

Maintenance and normal repairs are charged to unallocated capital expenditure as and when incurred. Major renewals and repairs are capitalized. Gains and losses on disposals have been set off against the unallocated capital

expenditure.

### 2.6 Pre-incorporation Expenses

These costs shall be amortized over a period of five years on the commencement of commercial production. These are to be amortized from the subsequent year.

### 2.7 Un-allocated Capital Expenditure

All expenses incurred after incorporation of the company are being accounted for under this head of account. These costs are prorated to machinery and building after the commencement of commercial operations of the company.

### 2.8 Deferred Costs

These costs shall be amortized over a period of three years after the commencement of commercial production. These are to be amortized from the subsequent year.

### 2.9 Stock and Stores

Stores and spares are valued at moving average cost.

Raw materials are valued at lower of FIFO cost and net realisable value.

### 2.10 Foreign Currencies

All assets and liabilities in foreign currencies are translated at the rate of exchange prevailing on the balance sheet date. Exchange differences on loans utilised for the acquisition of plant and machinery are capitalised. All other exchange differences have been set off against financial charges.

### 2.11 Financial and other charges

Financial and other charges on long term loans are capitalized up to the date of actual commercial operations. All other financial charges are charged to income.

### 2.12 Revenue recognition

Energy sale is recognised on transmission of electricity to WAPDA, whereas revenue on account of Capacity Purchase Price is recognised when due.

	<i>NOTE</i>	<i>2001 RUPEES</i>	<i>2000 RUPEES</i>
<b>3. SHARE CAPITAL</b>			
Share issued for cash consideration (18,200,000 ordinary shares of Rs. 10/- each fully paid)		182,000,000	182,000,000
Shares issued for consideration Otherwise than in cash (3,900,000 ordinary shares of Rs. 10/- each fully paid)		39,000,000	39,000,000
		-----	-----
		221,000,000	221,000,000
		=====	=====
<b>4. LONG TERM LOANS - SECURED</b>			
Long term loans	4.1	53,125,000	96,062,528

Supplier's credit	4.2	180,910,802	168,997,500
		-----	-----
		234,035,802	265,060,028
		=====	=====

#### 4.1 Long term Loans

<i>Lender</i>	<i>Rate of interest per annum</i>	<i>No. of equal quarterly installments</i>	<i>Sanctioned Limited</i>		
a) United Bank Limited	14.50%	8 - starting fro 31 Oct. 01	85 million	85,000,000	83,062,528
Less current portion				(31,875,000)	--
				-----	-----
				53,125,000	83,062,528
b) Bank of Khyber	0.47/1000 day	4 - starting fro 01 Jul. 01	13 million	13,000,000	13,000,000
Less current portion				(13,000,000)	--
				=====	-----
				--	13,000,000
				-----	-----
				53,125,000	96,062,528
				=====	=====

The UBL loans are secured by way of a 1st pad passu charge on fixed assets of the company for Rs. 126 million, and the facility of BOK is secured by parri passu charge on fixed assets for Rs. 16.891 million.

Both these loans are also secured by personal guarantees of key directors supported by equitable mortgage over their personal properties.

#### 4.2 Suppliers's Credit

<i>Lender</i>	<i>US Dollars</i>		<i>2001 RUPEES</i>	<i>2000 RUPEES</i>
	<i>2001</i>	<i>2000</i>		
Russkij Diesel	3,262,500	3,262,500	208,743,233	168,997,500
Less current portion			(27,832,431)	--
			-----	-----
			180,910,802	168,997,500
			=====	=====

The total supplier's credit amounts to US\$ 4,350,000 out of which 75% has been accounted for at the balance sheet date against the arrival of respective part of machinery. The loan is repayable in 15 equal half-yearly installments starting six months after the commercial operation date. It carries 8% p.a. interest rate. Loan to be secured by charge on machinery and assets.

	<i>NOTE</i>	<i>2001 RUPEES</i>	<i>2000 RUPEES</i>
<b>5. CURRENT PORTION OF LONG TERM LOANS</b>			
United Bank Limited		31,875,000	--
Bank of Khyber		13,000,000	--
Supplier's credit		27,832,431	--
		-----	-----
		72,707,431	--
		=====	=====

**6. FINANCES UNDER MARK UP  
ARRANGEMENTS - SECURED**

Running Finance	6.1	21,998,745	16,969,435
Cash Finance	6.2	12,000,000	--
		-----	-----
		33,998,745	16,969,435
		=====	=====

6.1 Short term running finance facility of Rs. 22 million is availed from Bank of Khyber under mark up of Rs. 0.41/1000/day. The loan is secured by way of first charge on company's present and future assets of Rs. 19.928 million, lien on PKR current deposit account. Personal guarantees of all directors of the Company.

6.2 Short term cash finance facility of Rs. 12 million is obtained from United Bank Limited under mark up of 14.5% per annum. The total loan facility is secured by charges and guarantees as per not 4.1.

	<i>NOTE</i>	<i>2001 RUPEES</i>	<i>2000 RUPEES</i>
<b>7. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Sundry creditors		65,654,587	26,376,953
Accrued liabilities		1,070,611	100,510
Mark up		7,892,893	4,771,534
		-----	-----
		74,618,091	31,248,997
		=====	=====

**8. CONTINGENCIES AND COMMITMENTS**

**8.1 CONTINGENCIES**

The Income Tax Department had raised an income tax demand of Rs. 6.68 million for the assessment years 1995/96, 1996/97 and 1997/98 under section 52 of the Income Tax Ordinance, 1979. The Company has filed an appeal with the Commissioner of Income Tax against the said demand. The Commissioner of Income Tax appeals has partly accepted the appeal of the assessee and in certain issues the case has been remanded back for re-assessment. The company as well as the department has filed an appeal against the decision before the Income Tax Appellate Tribunal.

**8.2 COMMITMENTS**

8.2.1 The company entered into a contract with M/S Russkij Diesel for purchase of power generating plant for a total consideration of US\$ 6.05 million. Advance payment of US\$ 300,000 has already been made. Shares for a total amount of US\$ 900,000 had been issued by the company in favour of the supplier.

Total commitments in respect of the above are as follows:

a) US\$ 500,000 were payable through an irrevocable letter of credit in four equal installments. Three installments have been paid by the Company on arrival of respective part of machinery.

b) The balance of US\$ 4,350,000 will be paid as per Supplier's Credit Agreement as referred to in note 4.2.

## 9. OPERATING FIXED ASSETS

PARTICULARS	COST			Rate %	DEPRECIATION			W.D.V.	
	As At 01-07-2000	Additions (Deletions)	As At 30-06-2001		As At 01-07-2000	For the Year	As At 30-06-2001	As At 30.06-2001	As At
Land	4,647,322	--	4,647,322	--	--	--	--	4,647,322	
Building	--	63,389,358	63,389,358	5	--	264,122	264,122	63,125,236	
Plant & Machinery	--	520,037,755	520,037,755	10	--	4,333,648	4,333,648	515,704,10	
Electric equipment	69,339	133,486	202,825	10	25,964	17,586	43,650	159,175	
Office equipment	439,150	73,300	512,450	10	131,994	38,046	170,040	342,410	
Vehicles	3,876,800	--	3,876,800	20	2,181,362	339,088	2,520,450	1,356,350	
Furniture & fixture	357,765	--	357,765	10	89,507	26,826	116,333	241,432	
	-----	-----	-----	-----	-----	-----	-----	-----	
<b>Rupees 2001</b>	9,390,376	583,633,899	593,024,275	--	2,428,827	5,019,416	7,448,243	585,576,03	
	-----	-----	-----	-----	-----	-----	-----	-----	
Rupees2000	8,418,076	972,300	9,390,376		1,936,211	492,616	2,428,827	6,961,549	
	-----	-----	-----	-----	-----	-----	-----	-----	

Additions to Building and Plant & Machinery include exchange loss on foreign loans of Rs. 39.746 million.

The depreciation charge for the year has been allocated to:

	2001 RUPEES	2000 RUPEES
Un-allocated capital expenditure	281,097	492,616
Trail production	105,412	--
Commercial production:		
Cost of sale	4,599,244	--
Administration expense	33,663	--
	-----	-----
	5,019,416	492,616
	=====	=====

## 10. CAPITAL WORK IN PROGRESS

Civil works	53,261,122	52,793,395
Allocation of un-allocated expenditure	10,128,236	--

		-----	-----
		63,389,358	52,793,395
Transferred to operating fixed assets		(63,389,358)	--
		-----	-----
		--	52,793,395
Plant and machinery		436,947,068	349,405,528
Allocation of un-allocated expenditure		83,090,687	--
		-----	-----
		520,037,755	349,405,528
Transferred to operating fixed assets		(520,037,755)	--
		-----	-----
		--	349,405,528
		-----	-----
		--	402,198,923
		=====	=====

#### 11. LONG TERM DEPOSITS AND DEFERRED COSTS

Long term deposit		300,000	300,000
Deferred costs			
Public issue expenses		4,969,902	4,969,902
Underwriting commission		3,400,500	3,400,500
Commission for replacement		1,000,000	1,000,000
		-----	-----
		9,370,402	9,370,402
		-----	-----
		9,670,402	9,670,402
		=====	=====

#### 12. UN-ALLOCATED CAPITAL EXPENDITURE

Salaries, wages and staff welfare		8,803,957	5,542,594
Travelling, conveyance and hotelling		15,532,036	15,217,194
Rent, rates and taxes		5,075,517	4,035,281
Publicity, printing and stationery		343,376	302,767
Electricity, gas and water		1,416,849	1,244,583
Gas consumed		623,101	--
Postage, telephone and telex		3,142,885	2,846,951
Repairs and maintenance		2,340,888	1,370,952
Legal and professional charges		1,898,905	1,601,480
Constancy charges		5,764,330	5,764,330
Insurance		1,419,312	1,298,664
Commission expenses		249,140	249,140
Audit fee		200,000	200,000
Financial and other Charges	12.1	25,014,794	14,195,132
Depreciation		3,277,644	2,996,547
Taxation		250,000	250,000
Donation	12.2	21,274	21,274

Loss on sale of fixed asset		9,280	9,280
Miscellaneous expenses		4,393,464	3,511,477
Loss on trial-production	12.3	13,442,171	--
		-----	-----
		93,218,923	60,657,646
Transferred to Operating assets	10	(93,218,923)	--
		-----	-----
		--	60,657,646
		=====	=====

### 12.1 FINANCIAL AND OTHER CHARGES

Mark - up on long term loans		38,358,552	25,300,137
Bank charges and commission		1,989,687	1,722,491
Interest income		(3,352,014)	(3,311,723)
Exchange variation		(11,981,431)	(9,515,773)
		-----	-----
		25,014,794	14,195,132
		=====	=====

### 12.2 DONATIONS

None of the directors or their spouses had any interest in the donations charged in the accounts.

	<i>NOTE</i>	<i>2001 RUPEES</i>	<i>2000 RUPEES</i>
<b>12.3 TRIAL PRODUCTION</b>			
Test energy revenue		1,617,936	--
<b>EXPENSES FOR THE TRIAL PERIOD</b>			
Gas consumed		5,938,936	--
Fuel and oil consumed		745,116	--
Salaries, wages and staff welfare		1,347,824	--
Travelling, conveyance and hotelling		141,158	--
Rent, rates and taxes		241,486	--
Utilities		96,723	--
Publicity, printing and stationery		12,102	--
Electricity and water		723,983	--
Postage, telephone and telex		178,586	--
Repairs and maintenance		272,034	--
Legal and professional charges		26,000	--
Financial Charges		4,910,853	--
Miscellaneous expenses		319,123	--
Depreciation		105,412	--
		-----	-----
		15,059,336	
		-----	-----
Loss on trial Production		(13,442,171)	--

**13. TRADE DEBTORS**

These are receivables from WAPDA and are fully secured

**14. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Advances	11,557,599	33,526,359
Interest receivable	1,268	71,721
Prepayments	157,626	308,148
Sales tax receivable	1,309,089	--
	-----	-----
	13,025,582	33,906,228
	=====	=====

**15. CASH AND BANK BALANCES**

Cash at banks:-

on current accounts	15,989,261	60,538
on deposit accounts	44,874	19,175,939
	-----	-----
	16,034,135	19,236,477
Cash in hand	500,913	344,815
	-----	-----
	16,535,048	19,581,292
	=====	=====

**2001**  
**RUPEES**

**2000**  
**RUPEES**

**16. SALES**

Energy revenue	4,135,974	--
Capacity revenue	7,342,070	--
	-----	-----
	11,478,044	--
	=====	=====

16.1 An amount of Rs. 2.56 million of energy component has not been accrued as it is disputed with WAPDA.

**17. COST OF SALES**

Fuel and oil consumed	1,263,187	--
Gas consumed	5,118,834	--
Salaries, wages and staff welfare	423,553	--
Travelling, conveyance and hotelling	3,781	--
Electricity and water	320,702	--
Insurance	31,315	--
Repairs and maintenance	89,611	--
Miscellaneous expenses	2,245	--



Depreciation	4,599,244	--
	-----	-----
	11,852,472	--
	=====	=====
<b>18. ADMINISTRATION EXPENSES</b>	101,000	--
Salaries, wages and staff welfare	91,805	--
Travelling, Conveyance and hotelling	80,000	--
Rent, rates & taxes	47,266	--
Electricity, gas and water	83,786	--
Postage, telephone and telex	6,127	--
Publicity, printing and stationery	50,000	--
Audit fee	7,000	--
Legal and professional charges	8,888	--
Miscellaneous expenses	33,663	--
	-----	-----
Depreciation	509,535	--
	=====	=====
<b>19. OTHER INCOME</b>		
Profit on U.S. Dollar saving a/c	1,269	--
	-----	-----
	1,269	--
	=====	=====
<b>20. FINANCIAL CHARGES</b>		
Markup on:		
Long term loan	2,340,113	--
Short term loan	413,598	--
	-----	-----
	2,753,711	--
	=====	=====
<b>21. NUMBER OF EMPLOYEES</b>		
Number of employees as at year end	52	30

	<i>2001</i> <i>RUPEES</i>	<i>2000</i> <i>RUPEES</i>
<b>22. EARNING PER SHARE</b>		
Net loss for the period	--	(3,636,405)
	=====	=====
Average Ordinary Shares	22,100,000	22,100,000
	=====	=====
Earning per share	--	(0.16)

### 23. PLANT CAPACITY & ACTUAL PRODUCTION

Installed annual capacity in MWH

85,410

--

Actual energy delivered in 25 days

4,551

--

### 24. FINANCIAL ASSETS AND LIABILITIES

#### Particulars

Particulars	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>2001 Total</i>	<i>2000 Total</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
<b>Financial assets</b>								
Trade debts	--	--	--	13,958,179	--	13,958,179	13,958,179	--
Interest receivable	1,268	--	1,268	--	--	--	1,268	71,721
Security deposits	--	--	--	--	300,000	300,000	300,000	300,000
Advances & Receivables	--	--	--	12,866,688	--	12,866,688	12,866,688	--
Cash and bank balances	44,874	--	44,874	16,490,174	--	16,490,174	16,535,048	19,581,292
	-----	-----	-----	-----	-----	-----	-----	-----
	46,142	--	46,142	43,315,041	300,000	43,615,041	43,661,183	19,953,013
	-----	-----	-----	-----	-----	-----	-----	-----
<b>Financial liabilities</b>								
Long term loans	72,707,431	234,035,802	306,743,233	--	9,294,580	9,294,580	316,037,81	265,060,02
Finances under mark up arrangements	33,998,745	--	33,998,745	--	--	--	33,998,745	16,969,435
Creditors, accrued and other liabilities	7,892,893	--	7,892,893	66,725,198	--	66,725,198	74,618,091	31,248,404
Commitments	7,997,825	69,581,078	77,578,903	--	6,680,000	6,680,000	84,258,903	70,286,060
	-----	-----	-----	-----	-----	-----	-----	-----
	122,596,894	303,616,880	426,213,774	66,725,198	15,974,580	82,699,778	508,913,55	383,563,92
	-----	-----	-----	-----	-----	-----	-----	-----

#### 24.1 CONCENTRATION OF CREDIT RISK

Credit risk represent the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted The company believes that it is not exposed to major concentration of credit risk.

#### 24.2 FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk arises mainly where receivable and payable exist due to transactions with foreign undertakings. Payable exposed to foreign currency risk 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.

#### 24.3 INTEREST RATE

**RISK**

Since the company borrows funds usually at fixed interest rates, the risk arising is minimal.

**24.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES.**

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

**25 MANAGEMENT REMUNERATION**

25.1 The aggregates amounts charged in the accounts for the year for remuneration includes all benefits to executives, Chief Executive and Director of the Company are as follow:

	<i>2001</i> <i>Rupees</i> <i>Executives</i>	<i>2002</i> <i>Rupees</i> <i>Executives</i>
Managerial remuneration	192,000	--
House rent and utilities	96,000	--
	-----	-----
	288,000	--
	=====	=====
No. of persons	1	--
	=====	=====

25.2 No remuneration, house rent and utilities were paid to chief executive and directors of the company.

25.3 No Board meeting fee has been paid to the directors.

25.4 Company maintained vehicles are provided to the chief executive.

**26. CORRESPONDING FIGURES**

Corresponding figure for 2000, have been re arranged and reclassified, wherever necessary for the purposes of comparison. have been rounded off to the nearest rupee.

**HABIB REHMAN  
KHAN  
Chief Executive**

**BRIG. (R) AKHTAR  
HAFEEZ  
Director**

**PATTERN OF SHARES HOLDING AS AT JUNE 30, 2001**

<i>NO. OF SHARE HOLDERS</i>	<i>SHARE HOLDING</i>		<i>TOTAL SHARES HELD</i>
	<i>FROM</i>	<i>TO</i>	
517	101	500	258,500
4	501	1000	4,000
15	1001	5000	48,000
3	5001	10000	22,000
2	15001	20000	38,500
1	20001	25000	22,000
2	35001	40000	80,000
1	45001	50000	50,000

1	115001	120000	119,000
2	195001	200000	400,000
3	200001	205000	615,000
1	210001	215000	214,000
1	245001	250000	250,000
1	260001	265000	263,500
1	270001	275000	275,000
1	275001	280000	280,000
1	285001	290000	286,000
1	295001	300000	300,000
1	315001	320000	320,000
1	340001	345000	345,000
1	370001	375000	372,500
1	395001	400000	400,000
1	495001	500000	500,000
1	625001	630000	630,000
1	700001	705000	705,000
1	805001	810000	810,000
2	855001	860000	1,718,000
1	1250001	1255000	1,251,500
1	1700001	1705000	1,705,000
1	2445001	2450000	2,448,500
1	2600001	2605000	2,605,000
1	4760001	4765000	4,764,000
-----	-----	-----	-----
573			22,100,000
=====	=====	=====	=====

<b>Categories of Share Holders</b>	<b>No. of Share Holders</b>	<b>Total Shares Held</b>	<b>Percentage</b>
Individuals	556	10,542,000	47.70
Investment Companies	6	6,035,500	27.31
Joint Stock Company	3	550,500	2.49
Financial Institution	2	20,000	0.09
Foreign Investors	4	4,630,000	20.95
Other	2	322,000	1.46
	-----	-----	-----
	573	22,100,000	100.00
	=====	=====	=====

Includes 32 CDC Beneficial Owners as per list appearing on CDS.