

Ibrahim Energy Limited

Annual Report 1999

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Company Information

Board of Directors

Sheikh Mukhtar Ahmed
(Chairman & Chief Executive)
Sheikh Mohammad Yaseen
Mohammad Naeem Mukhtar
Mohammad Waseem Mukhtar
Atif Yaseen
Ghazala Naeem
Mirza Khurshid Baig. (ICP Nominee)

Secretary

Anwarul Haque
B.Com., FCA

Auditors

F. R. Merchant & Co.
Chartered Accountants,
Karachi, Pakistan.

Tax Consultants

ER. Merchant & Co.
Chartered Accountants,
Karachi, Pakistan.

Information Technology Consultants

KPMG Peat Marwick
Associates (Pvt) Limited

Karachi, Pakistan.

Bankers

Pakistan Industrial Credit & Investment
Corporation Limited
Al-Baraka Islamic Bank
Emirates Bank International pjsc
Faysal Bank Limited
Muslim Commercial Bank Limited

Registered Office

Ibrahim Centre
I-A, Ahmed Block
New Garden Town
Lahore, Pakistan.

Head Office

Ibrahim Centre
15-Club Road,
Faisalabad, Pakistan.

Shares Registration Office

Ibrahim Centre
GK-7/59, Bagh-e-Zehra Street,
Kharadar,
Karachi, Pakistan.

Plant Location

38, Kilometre,
Faisalabad-Sheikhupura Road,
Tehsil Jaranwala, District
Faisalabad, Pakistan.

Notice of Meeting

Notice is hereby given that the 8th Annual General Meeting of the shareholders of the company will be held on 29-12-1999 at 11:00 A.M. at Avari Hotel, Lahore to transact the following business:-

1. To confirm the minutes of the preceding meeting of the shareholders of the company.
2. To consider and approve the Annual Audited Accounts of the company for the year ending 30-06-1999.
3. To consider and approve the declaration of Cash Dividend @ 25% as recommended by the Board of Directors.
4. To appoint Auditors for the next year 1999-2000 and to fix their remuneration. The present auditors M/s. E R. Merchant & Co. Chartered Accountants, Karachi being eligible for appointment, offer themselves

for re-appointment.

To transact any other business with the permission of the chair.

By order of the Board

Place: Lahore.
Date: November 15, 1999

Anwarul Haque
Company Secretary

Notes:

- i. The share transfer books of the company shall remain closed from 21-12-1999 to 2% 12-1999 (both days inclusive) to determine the names of members entitled to receive dividend and to attend the meeting. Transfers received in order at the Share Registration Office of the Company at Ibrahim Centre, GK 7/59, Bagh-e-Zehra Street, Kharadar, Karachi, at the close of business on 20-12-1999 will be treated in time.
- ii. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf.
- iii. The proxies, in order to be effective, must be received by the company at its Registered Office at least 48 hours before the meeting.

Directors' Report to the Shareholders

We feel pleasure in presenting before you the 8th Annual Report of the company together with Audited Accounts for the year ended June 30, 1999.

Operating Results

The operating results of the power generation plant during the year under review is satisfactory. The electricity generated and distributed is 150,558 Megawatt hours as compared to generation and distribution of electricity in the previous year was 148,015 Megawatt hours. The capacity utilization improved during the year over previous year but it is not upto the mark. The industrial activity in the area of our power plant is low which resulted in less demand of electricity by the end users. The periodical maintenance schedule of generators also resulted in low generation of electric power as the engines had to run at slow speed for some time when it was restarted after maintenance.

Financial Results

The revenue generated from the sale of electrical energy is Rs. 466,751,925/- as against Rs. 442,537,341/- during the previous year. The company earned a gross profit of Rs. 69.323 million during the year as compared to a gross profit of Rs. 46.090 million during last year. Net profit also registered a sharp increase over previous year. The comparative figures of financial results are being furnished hereunder.

<i>Year ended</i>	<i>Year ended</i>
<i>30-06-1999</i>	<i>30-06-1998</i>
<i>Rupees</i>	<i>Rupees</i>

Revenue generated from sale of electric energy	466,751,925	442,537,341
	=====	=====
Gross profit	148,471,791	126,827,472
Administrative expenses	27,284,646	19,498,801
	-----	-----
Operating profit	121,187,145	107,328,671
Other income	3,081,186	2,781,596
	-----	-----
	124,268,331	110,110,267
Financial / other charges	54,945,311	64,019,313
	-----	-----
Net profit for the year	69,323,020	46,090,954
Unappropriated profit brought forward	65,051	74,097
	-----	-----
Total profit available for appropriation	69,388,071	46,165,051

Dividend

Your directors are pleased to recommend 25% cash dividend i.e., Rs. 2.50 per share out of profits earned during the year and the profit has been appropriated as under:

Appropriations:

Proposed dividend @ 25% (1998: 20%)	31,250,000	25,000,000
Transferred to general reserve	38,100,000	21,100,000
	-----	-----
	69,350,000	46,100,000
	-----	-----
Unappropriated profit carried forward	38,071	65,051
	=====	=====
Earning per share	5.55	3.69

Future Prospects

The increase in demand of electric energy is largely depends upon the industrial growth in the area where our power plant is located, but due to economic slump the industrial growth has come to a complete halt and resulted in shrinkage of demand from the end users.

We hope that with the improvement in the economic conditions as a whole the revival of industrial activity will start once again and it will also benefit the power sectors.

You will be happy to note that the mills/plant of the associated undertaking are planning to carry out some expansion in their existing units which will ultimately increase the future demand of electric power by these units and further improve the capacity utilization.

Year 2000 Compliance

We are pleased to report that all the computer systems of your company are fully year 2000 compliant.

Auditors

The present Auditors Messrs. F. R. Merchant & Co., Chartered Accountants, Karachi retire and being eligible, offer themselves for re-appointment.

Pattern of Shareholding

The pattern of share holding of the company is annexed.

Acknowledgments

We wish to thank our valued clients, banks & financial institutions and share holders for their continued support and confidence on the company. The company personnel deserve appreciation for their dedication, devotion and hard work.

On behalf of the Board

**Sheikh Mukhtar
Ahmed
Chief Executive**

Place: Lahore.

Date: November 15, 1999

Auditors' Report to the Members

We have audited the annexed Balance Sheet of Ibrahim Energy Limited, as at June 30, 1999 and the related Profit and Loss Account and Statement of Changes in Financial Position, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

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

b) in our opinion:

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the Statement of Changes in the Financial Position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999 and the profit and the changes in the financial position for the year then ended; and

d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, has been deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Place: Karachi.
Date: November 15, 1999

F. R. Merchant & Co.,
Chartered Accountants

Balance Sheet as at June 30, 1999

	<i>Note</i>	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
Capital and Reserves			
Capital			
Authorised			
20,000,000 ordinary shares of Rs. 10/- each		200,000,000	200,000,000
		=====	=====
Issued, subscribed and paid-up			
12,500,000 ordinary shares of Rs. 10/- each	3	125,000,000	125,000,000
General reserve		121,000,000	82,900,000
Unappropriated profit		38,071	65,051
		-----	-----
		246,038,071	207,965,051
Long Term Loans	4	130,842,102	173,537,102
Liabilities Against Assets			
Subject to Finance Lease	5	56,417,749	96,118,965
Deferred Liabilities			
Provision for gratuity	6	4,978,265	2,368,470
Current Liabilities			
Current portion of long term liabilities	7	95,393,220	89,899,657
Creditors, accrued & other liabilities	8	34,513,057	30,964,199
Proposed dividend		31,250,000	25,000,000
		-----	-----
		161,156,277	145,863,856
		-----	-----
		599,432,464	625,853,444
		=====	=====
Fixed Capital Expenditure			
Operating assets	9	508,635,955	534,379,424
Long Term Deposits 8: Deferred Cost	10	24,597,540	28,919,205
Current Assets			
Stores, spares & loose-tools	11	39,582,773	25,762,693
Stock of oils & lubricants	12	8,980,710	16,350,152
Trade debtors	13	8,575,922	9,415,900

Advances, deposits & other. receivables	14	2,644,990	1,768,837
Cash & bank balances	15	6,414,574	9,257,233
		-----	-----
		66,198,969	62,554,815
		-----	-----
		599,432,464	625,853,444
		=====	=====

The annexed notes from 1 to 28 form an integral part of these accounts.

Chief Executive

Director

**Profit and Loss Account
for the year ended June 30, 1999**

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
Sales	16	466,751,925	442,537,341
Cost of sales	17	318,280,134	315,709,869
		-----	-----
Gross profit		148,471,791	126,827,472
Administrative expenses	18	27,284,646	19,498,801
		-----	-----
Operating profit		121,187,145	107,328,671
Other income		3,081,186	2,781,596
		-----	-----
		124,268,331	110,110,267
Other charges			
Financial	20	51,296,731	60,351,996
Amortisation of deferred cost		--	428,676
Workers' profit participation fund		3,648,580	2,466,480
		-----	-----
		54,945,311	63,247,152
		-----	-----
Profit Before taxation		69,323,020	46,863,115
		-----	-----
Taxation	21	--	--
Provision for workers' welfare fund		--	772,161
		-----	-----
		--	772,161
		-----	-----
Profit after taxation		69,323,020	46,090,954
Unappropriated profit brought forward		65,051	74,097
		-----	-----
		69,388,071	46,165,051

Appropriation

Proposed dividend @ 25% (1998: 20%)	22	31,250,000	25,000,000
Transferred to general reserve		38,100,000	21,100,000
		-----	-----
		69,350,000	46,100,000
		-----	-----
Unappropriated profit carried forward		38,071	65,051
		=====	=====

The annexed notes from 1 to 28 form an integral part of these accounts

Chief Executive

Director

**Statement of Changes in Financial Position
(Cash Flow Statement) for the year ended June 30, 1999**

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
A. Cash flow from operating activities		
Profit for the year before taxation	69,323,020	46,090,954
Adjustment for depreciation	56,465,856	59,282,539
Provision for gratuity	2,877,634	1,060,550
Gratuity paid	(267,839)	(100,129)
(Profit)/loss on sale of fixed assets	(146,763)	--
Amortisation of deferred cost	--	428,676
Financial charges	51,296,731	60,351,996
	-----	-----
Operating profit before working capital changes	179,548,639	167,114,586
	-----	-----
Changes in working capital		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(13,820,080)	(6,700,515)
Stock in trade	7,369,442	(2,599,505)
Trade debtors	839,978	(2,730,686)
Advances, deposits and other receivables	(876,153)	10,301,305
(Decrease)/increase in current liabilities		
Creditors, accrued and other liabilities	5,481,336	(1,721,226)
	-----	-----
	(1,005,477)	(3,450,627)
	-----	-----
Cash generated from operations	178,543,162	163,663,959
Financial charges paid	(53,393,403)	(57,908,346)
	-----	-----
Net cash (used in) / from operating activities	125,149,759	105,755,613
	-----	-----

B. Cash flow from investing activities		
Fixed capital expenditure	(31,057,544)	(51,496,097)
Proceeds from disposal of fixed assets	481,920	--
Long term deposits	4,321,665	(13,631,100)
	-----	-----
Net cash (used in) / from investing activities	(26,253,959)	(65,127,197)
	-----	-----
C. Cash flow from financing activities		
Long term loan	--	48,000,000
Repayment of long term loans	(27,031,000)	(13,746,000)
Repayment of lease liability	(49,871,653)	(44,918,749)
Dividend paid	(24,835,806)	(25,549,715)
Increase/(decrease) in short term borrowings	--	(772,396)
	-----	-----
Net cash (used in) / from financing activities	(101,738,459)	(36,986,860)
	-----	-----
Net increase in cash and bank balances (A+B+C)	(2,842,659)	3,641,556
Cash and bank balances at the beginning of the year	9,257,233	5,615,677
	-----	-----
Cash and bank balances at the end of the year	6,414,574	9,257,233
	-----	-----

Chief Executive

Director

Notes to the Accounts for the year ended June 30, 1999

1. Status and activities

The company is limited by shares incorporated in Pakistan and its shares are quoted on stock exchanges in Pakistan. The company is operating a Power Generation Plant at Tehsil Jaranwala District, Faisalabad. The exclusive object for which the company is established is to generate, distribute and supply electricity.

2. Significant accounting policies

2.1 These accounts have been prepared under historical cost convention.

2.2 Foreign currency translations

Foreign currency loans have been converted into Pak rupees at the fixed rates of exchange under the exchange risk absorption scheme of State Bank of Pakistan. Exchange risk coverage fee is capitalised as part of cost of tangible fixed assets acquired from the proceeds of loans.

2.3 Staff retirement benefits

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

2.4 Taxation

Profits and gains of the company are exempt from levy of income tax under clause 176 of the Second Schedule to the Income Tax Ordinance, 1979, therefore no provision for taxation is required.

Profits and gains of the company is also exempt from minimum tax liability under Section 80(D) of the Income Tax Ordinance, 1979 vide SRO No. (1)/95 dated 23rd May, 1995.

2.5 Operating assets

These are stated at cost less accumulated depreciation, except free hold land which is stated at cost. Depreciation is charged applying the reducing balance method at the rates specified in operating assets note.

Exchange differences in respect of foreign currency loans obtained for acquisition of fixed assets are incorporated in the cost of the relevant assets.

Maintenance and normal repairs are charged to income as and when incurred. Major renewal and improvements are capitalised.

Gains and losses on disposal of assets, if any, are included in current income.

2.6 Capital work in Progress

All cost/expenditure connected with specific assets, incurred during the project implementation period, are grouped under this head. These are transferred to specific assets as and when assets are available for use.

2.7 Unallocated capital expenditure

All cost/expenditure not directly related to specific assets, incurred during the project implementation period, are grouped under this head. These are allocated to plant, machinery and building at the time when assets are available for use on completion of project.

2.8 Accounting for leases

The company accounts for the assets acquired under finance lease by recording the assets and related liability. Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged at the rate specified in the related note, to write off the assets over its estimated useful life in view of the certainty of ownership of the assets at the end of the lease period.

2.9 Deferred cost

These are written off in maximum period of five years from the year of deferment.

2.10 Stores, spares and loose tools

These are valued at moving average cost.

2.1 1 Stock of Furnace Oils and Lubricants

These are valued at weighted average cost.

2.12 Trade debtors

Known bad debts are written off and specific provisions are made for debts considered doubtful.

2.13 Revenue recognition

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

2.14 General

Previous year figures have been re-arranged and regrouped wherever necessary for the purpose of comparison.

3. Issued, subscribed and paid up capital

	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
10,000,000 Ordinary shares of Rs. 10/- each fully paid up in cash	100,000,000	100,000,000
2,500,000 Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	25,000,000	25,000,000
----- 12,500,000 =====	----- 125,000,000 =====	----- 125,000,000 =====

4. Long term loans

<i>Description</i>	<i>Foreign Currency Japanese yen</i>	<i>Exchange Rate Booked</i>	<i>Rupees</i>	<i>Revolving Finance Rupees</i>	<i>Total 1999 Rupees</i>	<i>Total 1998 Rupees</i>
Opening Balance	821,910,427	0.201443	165,568,102	48,000,000	213,568,102	179,314,102
Obtained during the year	--	--	--	--	--	48,000,000
Less: Paid during the year	821,910,427 79,580,824	0.201443 0.201443	165,568,102 16,031,000	48,000,000 11,000,000	213,568,102 27,031,000	227,314,102 13,746,000
Less: Payable within one year shown under current liabilities	742,329,603 92,805,409	0.201443 0.201443	149,537,102 18,695,000	37,000,000 37,000,000	186,537,102 55,695,000	213,568,102 40,031,000
	----- 649,524,194 =====	----- 0.201443 =====	----- 130,842,102 =====	----- -- =====	----- 130,842,102 =====	----- 173,537,102 =====
			4.1	4.2		

4.1 The company obtained long term loan from Pakistan Industrial Credit & Investment Corporation Limited (PICIC) for US\$ 7,856,000 (equivalent to Japanese yen 1,021,177,714) under Asian Development Bank line of credit for the import of four power generating sets of 5.3 MW each from M/s. Niigata Engineering Company Limited, Japan.

4.1.1 The above loan has been converted into Pak Rupees @ Re. 0.201443 = Japanese Yen 1 being the exchange rate booked under the exchange risk absorption scheme of State Bank of Pakistan at the time of opening of letter of credit on 18-08-1992.

4.1.2 The rate of interest charged by PICIC during the year on the above loan is 12.98% plus 3% total 15.98% per annum payable semi-annually on the 1st day of January and 1st day of July in every year upto 01-07-2004.

4.1.3 The loan is repayable in 20 consecutive approximately equal semi-annual installments commencing from 01-01-1995 and ending on 01-07-2004.

4.1.4 The above loan is secured against first registered charge on all present and future plant and machinery and current assets of the company.

4.2 The amount represents financing obtained for the sale of electric energy on repayment/adjustment in 24 installments started from July 1998. The amount paid and adjusted upto 30-06-1999 is Rs.11,000,000/= and the balance of Rs. 37,000,000/= will be adjusted in 12 installments by the year to be ended on 30-06-2000.

	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
5. Liabilities against assets subject to finance lease		
Opening balance	145,987,622	190,906,371
Paid/adjusted during the year	49,871,653	44,918,749
	-----	-----
	96,115,969	145,987,622
Installment due within one year shown under current liabilities	39,698,220	49,868,657
	-----	-----
Closing balance	56,417,749	96,118,965
	=====	=====

These represents machinery acquired under various agreements with the leasing companies. The purchase option is available to the company on payment of last installment and surrender of deposits paid under the agreements. The cost plus financial charges are payable in 20 to 36 quarterly installments under different leasing agreements. The liability represents the total minimum lease payments discounted @ 20.50% to 22% per annum being the company's incremental rate of borrowings.

The future minimum lease payments to which the company is committed as at June 30, 1999 are as follows:-

Year ending
June 30

Rupees

2000	52,803,894
2001	33,284,523
2002	33,781,065

Financial charges pertaining to future periods	119,869,482
	23,753,513

	96,115,969
	=====

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
6. Provision for gratuity		
Opening balance	2,368,470	1,408,049
Less: Payment during the year	267,839	100,129
	-----	-----
	2,100,631	1,307,920
Add: Provision during the year	2,877,634	1,060,550
	-----	-----
Closing balance	4,978,265	2,368,470
	=====	=====
7. Current portion of long term liabilities		
Long term loan (Note No. 4)	55,695,000	40,031,000
Liabilities against assets subject to finance lease (Note No. 5)	39,698,220	49,868,657
	-----	-----
	95,393,220	89,899,657
	=====	=====
9. Creditors, accrued & other liabilities		
Creditors	2,408,650	4,099,992
Accrued expenses	8,904,545	1,895,037
Retentions/deposits	696,175	302,669
Mark-up/interest on loans & lease finance	14,612,952	16,709,624
Income tax withheld	6,607	41,799
Workers' Welfare Fund	772,161	772,161
Workers' Profit Participation Fund (& 1)	6,561,946	6,757,090
Dividend payable	550,021	385,827
	-----	-----
	34,513,057	30,964,199
	=====	=====

8.1 Workers' Profit Participation Fund

Opening balance	6,757,090	7,963,348
Allocation for the year	3,648,580	2,466,480
Mark-up on previous year balance	152,276	224,262
	-----	-----
	10,557,946	10,654,090
Less: Paid during the year	3,996,000	3,897,000
	-----	-----
	6,561,946	6,757,090
	=====	=====

9. Operating assets

<i>Assets</i>	<i>Cost at July 01, 1998</i>	<i>Additions/ (deletions) during the year</i>	<i>Transfer from lease assets to own assets</i>	<i>Cost as at June 30, 1999</i>	<i>Rate %</i>	<i>Accumulated depreciation July 01, 1998</i>	<i>Adjustments/ (deletions)</i>	<i>Depreciation for the Year</i>	<i>Accumulated depreciation June 30, 1999</i>	<i>Written down value June 30, 1999</i>
Free hold-land	4,031,369	--	--	4,031,369	--	--	--	--	--	4,031,369
Building power house	51,636,513	233,709	--	51,870,222	10	14,072,737	--	3,779,748	17,852,485	34,017,737
Building power house- Ext.	27,865,030	--	--	27,865,030	10	3,302,722	--	2,456,231	5,758,953	22,106,077
Plant & machinery	289,896,673	15,512,055	41,167,643	346,576,371	10	109,190,920	15,508,057	22,187,739	146,886,716	199,689,655
Plant & machinery-Ext.	79,554,119	12,052,760	--	91,606,879	10	9,269,038	--	8,233,784	17,502,822	74,104,057
Electric installations	17,941,619	1,539,554	3,483,195	22,964,368	10	5,147,514	1,312,138	1,650,472	8,110,124	14,854,244
Electric installation- Ext.	3,933,250	--	--	3,933,250	10	481,823	--	345,143	826,966	3,106,284
Other plant equipment	1,933,303	85,459	--	2,018,762	10	381,247	--	163,752	544,999	1,473,763
Office equipment	5,690,508	364,957 (371,000)	1,719,623	7,404,088	10	1,686,605	647,789 (127,587)	519,728	2,726,535	4,677,553
Furniture & fixture	2,786,662	145,029	--	2,931,691	10	897,684	--	203,401	1,101,085	1,830,606
Vehicles	5,624,199	1,124,021 (338,500)	--	6,409,720	20	3,068,369	(246,756)	717,621	3,539,234	2,870,486
	-----	-----	-----	-----		-----	-----	-----	-----	-----
	490,893,245	30,348,044	46,370,461	567,611,750		147,498,659	17,093,641	40,257,619	204,849,919	362,761,831
	-----	-----	-----	-----		-----	-----	-----	-----	-----
Leased assets										
Plant & machinery	41,167,643	--	(41,167,643)	--	10	15,508,057	(15,508,057)	--	--	--
Plant & machinery-Ext.	181,891,596	--	--	181,891,596	10	22,281,721	--	15,960,988	38,242,709	143,648,887
Electric installations	3,483,195	--	(3,483,195)	--	10	1,312,138	(1,312,138)	--	--	--
Office equipment	4,772,075	--	(1,719,623)	3,052,452	10	1,227,755	(647,789)	247,249	827,215	2,225,237
	-----	-----	-----	-----		-----	-----	-----	-----	-----
	231,314,509	--	(46,370,461)	184,944,048		40,329,671	(17,467,984)	16,208,237	39,069,924	145,874,124
	-----	-----	-----	-----		-----	-----	-----	-----	-----
1999 Rupees	722,207,754	30,348,044	--	752,555,798		187,828,330	(374,343)	56,465,856	243,919,843	508,635,955
	=====	=====	=====	=====		=====	=====	=====	=====	=====
1998 Rupees	670,711,657	51,496,097	--	722,207,754		128,545,791	--	59,282,539	187,828,330	534,379,424
	=====	=====	=====	=====		=====	=====	=====	=====	=====

	1999	1998
	Rupees	Rupees
Allocation of Depreciation		
Cost of sales	54,777,857	57,595,004
Administrative expenses	1,687,999	1,687,535
	-----	-----
	56,465,856	59,282,539
	=====	=====

9.1 Profit / (Loss) on disposal of fixed assets

<i>Name of asset</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Written down value</i>	<i>Sale Price</i>	<i>Profit/ (loss)</i>	<i>Sold to</i>
Monitoring System	371,000	127,587	243,413	371,000	127,587	Applied Research Institute (Pvt) Ltd. 2nd Floor 20-A/2, Block 6 PECHS Shahrah-e-Faisal Karachi by negotiation
Suzuki Margalla FDQ-342	338,500	246,756	91,744	110,920	19,176	Mr. A. H. Ghayyur 594-A, Township Lahore Under company's car policy
	-----	-----	-----	-----	-----	
Rupees	709,500	374,343	335,157	481,920	146,763	
	=====	=====	=====	=====	=====	

	1999	1998
	Rupees	Rupees
10. Long term deposits & deferred cost		
Deposits		
Bank/financial institution	24,597,540	28,919,205
Deferred Costs		
Preliminary expenses	--	80,000
Public issued expenses	--	2,063,384
	-----	-----
	--	2,143,384

Amortisation

Opening balance	--	(1,714,708)
During the year	--	(428,676)
	-----	-----
	--	(2,143,384)
	-----	-----
	24,597,540	28,919,205
	=====	=====

1 1. Stores, spares & loose tools

Stores	960,468	1,066,611
Spares	38,491,254	24,561,203
Loose tools	131,051	134,879
	-----	-----
	39,582,773	25,762,693
	=====	=====

12. Stocks of oils & lubricants

Furnace oil	7,319,404	14,220,570
Diesel oil	351,114	907,584
Lube oil	1,310,192	1,221,998
	-----	-----
	8,980,710	16,350,152
	=====	=====

1999
Rupees

1998
Rupees

13. Trade debtors

(unsecured considered good)

Local industrial consumer of electric power	8,575,922	9,415,900
	=====	=====

14. Advances, deposits & other receivables

Loans and advances (Unsecured considered good)

Employees	349,674	167,659
Suppliers	37,964	415,000
Income tax	211,011	110,078
	-----	-----
	598,649	692,737

Deposits and prepayments

Security deposits	276,341	26,100
Prepayment	1,080,000	360,000
Others	690,000	690,000
	-----	-----
	2,046,341	1,076,100

(14.1)

-----	-----
2,644,990	1,768,837
=====	=====

14.1 The total amount represents payment of advance rent to the associated undertaking Ibrahim Enterprises (Pvt) Limited for the rented premises. Maximum aggregate amount at the end of any month during the year was Rs. 1,080,000/-- (1998 - Rs. 360,000/=).

No interest/mark-up being charged since the amount is on account of advance rent.

15. Cash and bank balances

Cash in hand	388,877	5,460,708
Cash at banks		
In current accounts	6,025,697	3,796,525
	-----	-----
	6,414,574	9,257,233
	=====	=====

16. Sale of electric energy

Sales	546,131,535	506,131,736
Less:		
Discount	76,441,480	60,653,870
Electric duty	2,938,130	2,940,525
	-----	-----
	79,379,610	63,594,395
	-----	-----
	466,751,925	442,537,341
	=====	=====

17. Cost of sales

Cost of fuel, oil and lubricants	231,067,687	235,687,480
Salaries, wages and benefits	10,097,532	9,294,239
Stores and spares	17,860,657	10,083,472
Insurance	475,592	671,103
Repairs and maintenance	4,000,809	2,378,571
Depreciation	54,777,857	57,595,004
	-----	-----
	318,280,134	315,709,869
	=====	=====

18. Administrative expenses

Director's remuneration	1,860,000	1,230,000
Staff salaries and benefits	13,278,998	9,255,332
Postage, telephone and telegram	2,772,567	1,433,274
Electricity	454,548	404,946
Vehicles running and maintenance	888,766	803,850
Printing and stationery	663,470	669,214
Computer expenses	80,205	--

Rent, rates and. taxes	364,450	526,866
Advertisement	176,950	--
Travelling and conveyance	663,957	750,963
Fees, subscription and periodicals	1,118,576	204,570
Legal and professional	75,000	65,000
Insurance	382,844	242,997
Repairs and maintenance	869,080	1,155,325
Auditors' remuneration (18.1)	75,000	105,000
Entertainment	245,266	219,478
Donation (18.2)	1,115,000	59,516
Depreciation	1,687,999	1,687,535
Others	511,970	684,935
	-----	-----
	27,284,646	19,498,801
	=====	=====

18.1 Audit fee	40,000	40,000
Tax services	35,000	65,000
	-----	-----
	75,000	105,000
	=====	=====

18.2 No director or his/her spouse had any interest in the donee's fund.

19. Other income

Sale of scrap	2,885,582	2,714,904
Miscellaneous revenue	48,841	66,692
Profit on sale of fixed assets	146,763	--
	-----	-----
	3,081,186	2,781,596
	=====	=====

20. Financial charges

Mark-up / interest on Long term loans	24,103,607	26,557,607
Lease finance	26,412,538	33,242,295
Short term borrowings	--	312,329
Workers' profit participation fund	152,276	224,262
Bank charges, excise duty and commission	628,310	15,503
	-----	-----
	51,296,731	60,351,996
	=====	=====

21. Taxation

Profit and gains of the company are exempt from levy of income tax under clause 176 of the Second Schedule to the Income Tax Ordinance, 1979, therefore no provision for taxation is required.

Profits and gains of the company is also exempt from minimum tax liability under section 80(D) of the Income Tax Ordinance 1979, vide SRO No. (1)/95 dated 23rd May, 95.

Assessment has been completed upto assessment year 1998-99

22. Dividend

It is pertinent to note that the general reserve of the company falls under the purview of Circular No. 26 of 1999 for taxing of reserves U/S 12(9A) of the Income Tax ordinance, 1979.

23. Statement of changes in equity

	<i>Share Capital (Rupees)</i>	<i>General Reserve (Rupees)</i>	<i>Profit for the year and appropriations (Rupees)</i>	<i>Total (Rupees)</i>
Balance as at July 01, 1997	125,000,000	61,800,000	74,097	186,874,097
Net profit for the year	--	--	46,090,954	46,090,954
Appropriations:				
General reserve	--	21,100,000	(21,100,000)	--
Proposed dividend	--	--	(25,000,000)	(25,000,000)
Balance as at June 30, 1998	125,000,000	82,900,000	65,051	207,965,051
Net profit for the year	--	--	69,323,020	69,323,020
Appropriations:				
General Reserve	--	38,100,000	(38,100,000)	--
Proposed dividend	--	--	(31,250,000)	(31,250,000)
Balance as at June 30, 1999	125,000,000	121,000,000	38,071	246,038,071

24. Earning per share

There is no dilutive effect on the basic earning per share of the company, which is based on:

	<i>1999</i>	<i>1998</i>
Profit after taxation (Rupees)	69,323,020	46,090,954
Weighted average number of ordinary shares	12,500,000	12,500,000
Earning per share (Rupees)	5.55	3.69

25. Remuneration to Directors and Executives

	1999		1998	
	Rupees		Rupees	
	Director	Executives	Director	Executives
Remuneration	1,200,000	2,214,192	793,750	1,794,195
Housing	540,000	996,384	357,000	807,381
Utilities	120,000	221,424	79,250	179,424
	-----	-----	-----	-----
	1,860,000	3,432,000	1,230,000	2,781,000
	=====	=====	=====	=====
Number of persons	1	6	1	5

	1999	1998
	Rupees	Rupees
26. Aggregate transactions with associated undertakings		
Purchase of goods	571,431	387,789
Sale of electrical energy	372,367,909	359,879,393
Sale of stores and spares	281,669	454,686
Rent paid	720,000	360,000

27. Plant capacity and actual power generation	1999	1998
Plant capacity - Megawatt hours	278,568	278,568
Actual generation. Megawatt hours	150,558	148,015

2 7.1 Reason for low power generation

Actual power generation is low as compared to the plant capacity due to periodical maintenance of generators and less demand of electricity from the end users.

28. Figures

Have been rounded off nearest to Rupee.

Of prior year have been re-arranged wherever necessary for the purpose of comparison.

Chief Executive

Director

Pattern of Shareholding as at June 30, 1999

No. of Share Holders	Having Shares		Shares Held	Percentage
	From	To		

78	1	100	5,055	0.0404
272	101	500	94,820	0.7586
286	501	1000	278,225	2.2258
391	1001	5000	994,175	7.9534
68	5001	10000	568,275	4.5462
30	10001	15000	373,050	2.9844
8	15001	20000	148,050	1.1844
8	20001	25000	181,250	1.4500
5	25001	30000	140,500	1.1240
5	30001	35000	158,200	1.2656
6	35001	40000	232,625	1.8610
2	40001	45000	85,100	0.6808
9	45001	50000	444,800	3.5584
2	50001	55000	102,500	0.8200
2	55001	60000	116,250	0.9300
9	60001	65000	559,000	4.4720
1	65001	70000	70,000	0.5600
1	75001	80000	78,125	0.6250
1	100001	105000	101,000	0.8080
1	105001	110000	106,500	0.8520
3	120001	125000	372,500	2.9800
1	150001	155000	151,425	1.2114
1	185001	190000	185,775	1.4862
1	230001	235000	234,375	1.8750
6	245001	250000	1,500,000	12.0000
1	295001	300000	299,800	2.3984
2	310001	315000	625,000	5.0000
1	360001	365000	361,750	2.8940
	370001	375000	375,000	3.0000
1	430001	435000	431,875	3.4550
3	495001	500000	1,500,000	12.0000
1	620001	625000	625,000	5.0000
1	995001	1000000	1,000,000	8.0000
-----			-----	-----
1208			12,500,000	100.0000
=====			=====	=====

Categories of Shareholders

<i>Particulars</i>	<i>Shareholders</i>	<i>Shareholding</i>	<i>Percentage</i>
Individuals	1142	9,849,800	78.7984
Modaraba / leasing companies	11	85,625	0.6850
Financial institutions	11	1,438,650	11.5092
Insurance companies	2	2,200	0.0176
Joint stock companies	27	531,950	4.2556

Investment banks	8	520,600	4.1648
Foreign investment companies	7	71,175	0.5694
	-----	-----	-----
	1208	12,500,000	100.0000