

Genertech Pakistan Limited

ANNUAL REPORT 1998

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COMPANY INFORMATION

CHAIRMAN	Jahangir Elahi
CHIEF EXECUTIVE	Alamgir Elahi
DIRECTORS	Jahangir Elahi Tanvir Elahi Ahmed Jahangir Amir Jahangir Akhlq Ali Khan Humayun Nabi Jan
COMPANY SECRETARY	Nadir All Awan
AUDITORS	M/s Zahid Jamil & Co. Chartered Accountants (An Independent Member of BKR International)
LEGAL ADVISOR	M/s Rizvi & Company
BANKERS	ABN-AMRO Bank Askari Commercial Bank Limited Emirates Bank International P.J.S.C Trust Investment Bank Limited Union Bank Limited The Bank of Punjab
REGISTERED OFFICE	31/C-1, Ghalib Road, Gulberg III,

Lahore, Pakistan.
Tel: (042) 5710216-20/5751811-14
Fax: (042) 5712881/5756686

PLANT 49th Kilometer, Lahore Muirart Road.
Near Bhai Pheru, Tehsil Chunian,
District Kasur.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eighth Annual General Meeting of the Shareholders of Genertech Pakistan Limited will be held at the Registered office of the company at 31/C-1. Ghalib Road, Gulberg III, Lahore, on Thursday December 31, 1998 at 11.00 A.M to transact the following business:

1. To confirm the minutes of the last General Meeting.
2. To receive and adopt the audited accounts for the year ended June 30, 1998 together with the Auditors' and Directors' report thereon.
3. To approve Cash Dividend @ 17.50% i e. Rs.1.75 per share as recommended by the Board of Directors.
4. To appoint auditors for the current year and fix their remuneration. The present auditors M/s Zahid Jamil & Co. Chartered Accountants, (An Independent Member of BKR International), being eligible, have offered themselves for re-appointment.
5. To discuss any other matter with the permission of the chair.

For and on behalf of
BOARD OF DIRECTORS

NADIR ALI AWAN
Company Secretary

Lahore: November 26, 1998

NOTES:

1. The Share Transfer Books of the Company shall remain closed from December 29, 1998 to January 08. 1999 (both days inclusive). Transfers received in order, at 31/C-I Ghalib Road, Gulberg III, Lahore, the Share Department of the Company, at the close of Business on December 28, 1998 shall be treated in time for the purpose of payment of dividend to transferees.

2. A member entitled to attend and vote at the above meeting may appoint another member as proxy

3. Proxies. in order to be effective, must be received at the Registered Office of the Company not later than forty eight hours before the time of meeting and must be duly stamped, signed and witnessed.

4. Shareholders are requested to promptly notify the Company of any change in their addresses.

PATTERN OF SHARE HOLDING AS AT JUNE 30, 1998

NUMBER OF SHARE HOLDERS				TOTAL
SHAREHOLDERS	FROM	---	TO	
115	1	---	100	11,450
2475	101	---	500	1,192,800
507	501	---	1000	498,300
722	1001	---	4000	2,038,400
108	4001	---	5000	772,100
97	6001	---	10000	1,065,500
28	11001	---	15000	462,650
19	16001	---	20000	398,100
11	21001	---	25000	290,100
14	26001	---	30000	434,925
5	31001	---	35000	182,500
4	36001	---	40000	163,500
2	41001	---	45000	97,700
4	46001	---	50000	200,000
2	51001	---	56000	118,500
5	56001	---	60000	311,600
2	66001	---	70000	144,600
1	71001	---	75000	79,500
3	91001	---	95000	292,300
3	96001	---	100000	300,000
1	121001	---	125000	128,500
1	151001	---	155000	158,000
1	161001	---	165000	168,300
2	176001	---	180000	363,000
1	196001	---	200000	201,000
1	206001	---	210000	212,000
1	226001	---	230000	234,800
1	236001	---	240000	241,500

1	306001	---	310000	312,900
1	316001	---	320000	323,100
1	516001	---	520000	520,950
2	591001	---	595000	1,199,500
1	1781001	---	1785000	1,789,525
1	3086001	---	3090000	3,092,500
-----		-----	-----	-----
4,143		TOTAL		18,000,000
=====	=====	=====	=====	=====

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
1 Individuals	4,080	8,311,775	46.18
2 Investment Companies	28	1,451,900	8.07
3 Insurance Companies	2	262,500	1.46
4 Joint Stock Companies	15	6,255,625	34.75
5 Financial Institutions	4	943,250	5.24
6 Modaraba Companies	4	52,000	0.29
7 Foreign Investors	10	722,950	4.01
	-----	-----	-----
	4,143	18,000,000	100.00
	=====	=====	=====

DIRECTORS' REPORT

Dear Shareholders,

The directors of your company welcome you to the 8th Annual General Meeting of the company and present their report together with audited financial statement of the company for the year ended June 30th 1998.

Operating Results and Appropriations

The period under review saw continuance of the deteriorating socio-economic conditions. However, your company despite difficult conditions have been able to demonstrate an all round improvement in results. As far as operations of Genertech Pakistan Limited are concerned the year under review shows an improvement in production efficiency which is 78.84% as against 73.55% of the last year, this optimum level of efficiency was managed through consistent supply of good quality oil and by carrying out the required maintenance of plant in efficient and timely manner, resulting in minimum breakdowns/stoppages. During the year four out of five of Nigata power generating sets completed 24,000 hours of operations and the prescribed maintenance schedule for all the four sets was carried out which will of course help in achieving maintained optimum level of performance of the engines in subsequent years. This schedule of maintenance involving heavy import of required parts

together with a pressure on receivables caused a strain on cash flows which resultantly increased short term borrowings of the company. Profitability as compared to previous year also being on higher side, its' distribution between the shareholders is proposed to be enhanced accordingly.

Results for proceeding year are expected to show further improvement as the year under review does not carry the full impact of increase in WAPDA tariff which was announced during March 1998 and decrease in furnace oil rates which came effective at the end of June 1998, both of these factors carry positive contribution towards profitability/working capital, which in turn will result in reduced short term borrowings of the company for the next year.

The highlights of the operating results for the year are as under, giving an EPS of PIRs. 3.17 (PRs. 2.52 -1997)'

	(Rupees in thousands)	
	1998	1997
Sales (net)	540,287	504,282
Gross Profit	27,863	114,718
Net Profit	57,101	45,307

The Board of Directors are pleased to recommend the following appropriations:

Un-appropriated profit brought forward	8,111	4,804
Transfer to General Reserve	25,000	15,000
Dividend (17.5%)	31,500	27,000

Year 2000 Compliance

The company is in process of making changes in it's software and hardware systems as required for being compliant to year 2000 and anticipates to be on line as "year 2000 compliance" well in time.

Auditors

The retiring auditors Messers Zahid Jamil & Company, Chartered Accountants (An independent member of BKR International) being eligible offer themselves for re-appointment.

Acknowledgment

Directors wish to place on record their appreciation for the work of the staff and executives of the company.

Pattern of Shareholding

The pattern of shareholding as on June 30,1998 as required under section 236 of the Companies Ordinance, 1984 is enclosed.

For and on behalf of the
BOARD OF DIRECTORS

Alamgir Elahi
Chief Executive

Lahore: November 18, 1998

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of GENERTECH PAKISTAN LIMITED as at June 30, 1998 and the related profit and loss account 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 purpose 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 purposes 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, except for the effect of the matter referred to in note 10.1, the balance sheet, profit and loss account and cash flow statement together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 1998 and of the profit and the cash flow for the

year then ended; and

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

LAHORE:

DATED: November 26, 1998

(ZAHID JAMIL & COMPANY)

(CHARTERED ACCOUNTANTS)

BALANCE SHEET AS AT JUNE 30, 1998

	NOTE	1998 Rupees	1997 Rupees
SHARE CAPITAL & RESERVES			
Authorised share capital			
20,000,000 ordinary shares of Rs. 10 each		200,000,000	200,000,000
		=====	=====
Issued, subscribed & paid up share capital			
18,000,000 ordinary shares of Rs. 10 each fully paid up in cash		180,000,000	180,000,000
Premium on issue of shares		114,945,750	114,945,750
Revenue res 3		130,000,000	105,000,000
Unappropriated profit		8,713,398	8,111,672
		-----	-----
		433,659,148	408,057,422
LONG TERM LOAN	4	156,648,050	234,971,776
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
	5	98,901,141	111,939,440
CURRENT LIABILITIES			
Current portion of long term liabilities	6	112,131,011	105,143,306
Short term running finance	7	124,463,256	85,635,600
Creditors, accrued & other liabilities	8	37,552,925	33,171,858
Dividend payable		36,695,903	30,765,396
		310,843,095	254,716,160
CONTINGENCIES & COMMITMENTS	9	-	-
		-----	-----
		1,000,051,434	1,009,684,798
		=====	=====

TANGIBLE FIXED ASSETS

Operating fixed assets	10	718,171,240	746,969,896
Capital work-in-progress	11	20,375,000	2,256,316
		-----	-----
		738,546,240	749,226,212
LONG TERM DEPOSITS	12	17,609,266	18,703,194
DEFERRED COST	13	1,061,432	2,122,863
CURRENT ASSETS			
Stores & spares	14	63,951,340	45,648,648
Trade debts	15	86,766,144	67,414,417
Advances, prepayments & other receivable	16	28,981,972	65,794,933
Cash & bank balances	17	63,135,040	60,774,531
		-----	-----
		242,834,496	239,632,529
		-----	-----
		1,000,051,434	1,009,684,798
		=====	=====

The annexed notes from 1 to 24 form an integral part of these accounts. Auditor's report to the members is annexed here to.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1998

	NOTE	1998 Rupees	1997 Rupees
SALES (Net)		540,287,038	504,282,128
COST OF SALES	18	412,423,911	389,563,558
		-----	-----
GROSS PROFIT		127,863,127	114,718,570
ADMINISTRATIVE & GENERAL EXPENSES	19	6,173,587	3,870,872
		-----	-----
OPERATING PROFIT		121,689,540	110,847,698
OTHER INCOME		-	1,415,099
FINANCIAL & OTHER CHARGES	20	61,582,460	64,570,693
WORKERS' PARTICIPATION FUND		3,005,354	2,384,605
		-----	-----
		64,587,814	66,955,298
		-----	-----
PROFIT FOR THE YEAR		57,101,726	45,307,499

UNAPPROPRIATED PROFIT BROUGHT FORWARD	8,111,672	4,804,173
	-----	-----
PROFIT AVAILABLE FOR APPROPRIATION	65,213,398	50,111,672
APPROPRIATIONS		
Transfer to general reserve	25,000,000	15,000,000
Proposed final dividend	31,500,000	27,000,000
	-----	-----
	56,500,000	42,000,000
UNAPPROPRIATED PROFIT CARRIED FORWARD	8,713,398	8,111,672
	=====	=====

The annexed notes from 1 to 24 form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 1998

	1998	1997
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	57,101,726	45,307,499
Add: Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation	74,493,497	73,862,284
Deferred cost amortized	1,061,431	1,061,431
	-----	-----
	75,554,928	74,923,715
	-----	-----
Cash flows from operating activities before working capital changes	132,656,654	120,231,214
(Increase)/decrease in current assets		
Stores & spares	(18,302,692)	(28,929,991)
Trade debts	(19,351,727)	(37,684,097)
Advances, prepayments & other receivables	36,812,961	(52,309,583)
	-----	-----
	(841,458)	(118,923,671)
Increase/(decrease) in current liabilities		
Short term running finance	38,827,656	57,097,558

Creditors, accrued & other liabilities	4,381,067	9,698,719
	-----	-----
	43,208,723	66,796,277
	-----	-----
Net cash used in operating activities	175,023,919	68,103,820
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets acquired	(84,686,949)	(85,979,983)
Long term deposits	1,093,928	1,294,401
Sale proceeds of fixed assets	20,873,424	44,063,788
Short term investments	-	48,113,726
	-----	-----
Net cash used in investing activities	(62,719,597)	7,491,932
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	20,870,500	44,196,424
Repayment of long term loan	(78,323,726)	(78,323,726)
Gratuity Paid	-	(330,714)
Lease rentals paid	(26,921,094)	(11,494,029)
Dividend paid	(25,569,493)	(10,384,424)
	-----	-----
Net cash flows from financing activities	(109,943,813)	(56,336,469)
	-----	-----
Net increase/(decrease) in cash & cash equivalents	2,360,509	19,259,283
Cash & cash equivalents at the beginning of the year	60,774,531	41,515,248
	-----	-----
Cash & cash equivalents at the end of the year	63,135,040	60,774,531
	=====	=====
CHIEF EXECUTIVE		DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1998

1. STATUS AND OPERATIONS

Genertech Pakistan Limited is a public limited company and its shares are listed on all three stock exchanges of Pakistan. The company is primarily engaged in owning, managing and operating electric power generation facilities.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified by capitalization of exchange differences referred to in note 2.5.

2.2 Employees' Retirement Benefits

The company operates a funded contributory provident fund scheme for all permanent employees. Equal monthly contributions, at the rate of 8.33 percent of basic pay, are made both by the company and employee.

The company has also provided liability for gratuity for the period prior to the introduction of provident fund scheme.

2.3 Fixed Capital Expenditure

Operating fixed assets are stated at cost less accumulated depreciation except land and capital work-in-progress which are stated at cost.

Depreciation is charged to income applying the reducing balance method. Full year's depreciation is charged on assets acquired during the year, except standby generating facilities and major additions or extension to generating facilities which are depreciated on pro-rata basis for the period of use during the year. No depreciation is charged on deletions during the year.

Repair and maintenance of assets is charged to income as and when incurred. Major renewals and replacements are capitalized. Gain or loss on disposal of fixed assets are included in the profit and loss account in the year of disposal of assets.

2.4 Leased Assets

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amount of obligation relating to assets subject to finance lease is accounted for at net present value of liabilities. Finance charges are allocated to accounting period in a manner so as to produce a constant periodic rate of charge on the outstanding liability.

Assets so acquired are depreciated in accordance with the depreciation policy for company owned assets.

2.5 Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates approximating those prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities. Exchange differences and/or exchange risk fee in respect of foreign currency loans obtained for acquisition of fixed assets are incorporated in the cost of the relevant assets. All other exchange differences

are taken to profit and loss account.

2.6 Investments

These are stated at cost.

2.7 Deferred Cost

These are being amortized over a period of five years from the year of incurrence.

2.8 Stores and Spares

These are valued at moving average cost, except stores in transit which are stated at actual cost.

2.9 Trade Debts

Known bad debts, if any, are written off and provision is made against debts considered doubtful.

2.10 Revenue Recognition

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

2.11 Taxation

By virtue of clause 176 of part I of Second Schedule to the Income Tax Ordinance, 1979, profits and gains of the company are exempt from levy of income tax and minimum tax.

	1998	1997
3. REVENUE RESERVE	Rupees	Rupees
Balance as at 01 July	105,000,000	90,000,000
Transfer from profit and loss account	25,000,000	15,000,000
	-----	-----
	130,000,000	105,000,000
	=====	=====
4. LONG TERM LOAN - SUPPLIER'S CREDIT		
Balance as at 30 June	234,971,776	313,295,502
Current portion (Note 6)	78,323,726	78,323,726
	-----	-----
	156,648,050	234,971,776
	=====	=====

This loan has been obtained in Japanese Yen, against guarantee given by Emirates Bank International (EBI), for the purchase of generating sets. The liability for repayment has been fixed in Pak Rupees, against payment of exchange risk fee of 7.5% per annum, at the rate of exchange prevailing at the time of disbursement.

The guarantee of EBI is secured against first charge on present and future assets of the company and financial guarantees of banks/ financial institutions.

The loan carries interest at the rate of 7.6% per annum and is repayable in 12 equal half yearly installments, commenced from 28 October, 1995.

5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	1998 Rupees	1997 Rupees
Present value of minimum lease payments	132,708,426	138,759,020
Current portion (Note 6)	33,807,285	26,819,580
	-----	-----
	98,901,141	111,939,440
	=====	=====

5.1 Present value of minimum lease payments has been discounted using the implicit rate. Rentals are paid in monthly/quarterly/half-yearly installments. Overdue rental payments are subject to an additional charge at the rate of Rs.100 per day. Taxes, repairs and insurance have to be borne by the lessee. The company shall have no right to terminate the lease agreements and if the lease agreements are terminated, the company shall pay the entire amount of rentals for the unexpired period of lease agreements. Lease agreements are renewable at the option of the lessors on such terms as may be agreed upon. Liabilities are secured against deposits of Rupees 11.953 (1997:10.984) million.

5.2	No. of installments outstanding	Approximate rate of interest	Balance rentals outstanding as at June 30
			1998 Rupees
Monthly	237	20% to 26.14%	133,953,133
Quarterly	2	21%	1,502,550
Half yearly	15	20 5% to 21%	34,699,370
			1998 Rupees
			1997 Rupees

6. CURRENT PORTION OF LONG TERM LIABILITIES

Long term loan	78,323,726	78,323,726
Liabilities against assets subject to finance leases	33,807,285	26,819,580
	-----	-----
	112,131,011	105,143,306
	=====	=====

7. SHORT TERM RUNNING FINANCE

Credit facility of Rupees 70.00 million obtained from ABN Amro Bank is secured against first charge on the current assets and subordinate charge on the fixed assets of the company. Mark up is charged @ 18% per annum on quarterly basis.

Musharika Finance of Rupees 30.00 million obtained from Trust Investment Bank Ltd for working capital on Musharika sharing basis.

Pronote Discounting Facility of Rupees 30.00 million obtained from Trust Investment Bank Ltd, is secured against charge on all the current assets by way of hypothecation and personal guarantee of the directors Mark-up is charged @ 20.50% per annum.

8. CREDITORS, ACCRUED & OTHER LIABILITIES

	1998 Rupees	1997 Rupees
Creditors		
Trade	6,914,609	6,244,738
Others	596,178	581,621
	-----	-----
	7,510,787	6,826,359
Interest on long term loan	3,073,888	4,098,523
Exchange risk fee	3,041,754	4,055,674
Accrued liabilities	13,438,332	9,869,679
Other liabilities	6,958,200	5,091,266
Workers' participation fund (Note 8,1)	3,529,964	3,230,357
	-----	-----
	37,552,925	33,171,858
	=====	=====

8.1 Workers' participation fund

Balance as at 01 July	3,230,357	4,342,144
Interest accrued	516,857	912,030
	-----	-----
	3,747,214	5,254,174
Less: Payments made		
To workers	599,554	467,792
To the trust	2,623,050	3,940,630
	-----	-----

	3,222,604	4,408,422
	-----	-----
	524,610	845,752
Profit allocated for the year	3,005,354	2,384,605
	-----	-----
	3,529,964	3,230,357
	=====	=====

9. CONTINGENCIES & COMMITMENTS

9.1 Contingencies

Company is contingently liable to an income tax of Rupees 15.004 million in respect of income from other sources demanded by the Income Tax Department against which a petition has been filed in the honourable Income Tax Appellate Tribunal.

9.2 Commitments

Nil (1997: Nil)

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10. OPERATING FIXED ASSETS

DESCRIPTION	COST		ACCUMULATED	BOOK VALUE	DEPRECIATION		Rate %
	As at July 01, 1997	As at July 01, 1997	Additions / (deletions)	As at June 30,1998	DEPRECIATION AS AT JUNE 30,1998	AS AT June 30,1998	
OWNED ASSETS							
Freehold land	8,118,467		-	8,118,467	-	8,118,467	-
Budding -factory	56,253,424		18,680	56,272,104	17,929,814	38,342,290	4,260,254
Building - non factory	5,517,349		90,302	5,607,651	790,352	4,817,299	253,542
Plant & machinery	697,103,354		45,764,243 (25,492,840)	717,374,757	208,735,085	508,639,672	56,515,519
Factory equipment	414,133		-	414,133	128,523	285,610	31,734
Furniture & fixtures	1,667,791		97,727	1,765,518	512,290	1,253,228	139,248
Office equipment	1,340,005		72,600	1,412,605	370,553	1,042,052	115,785
Vehicles	2,170,220		1,436,213 (1,179,180)	2,427,253	1,194,791	1,232,462	308,115
	-----		-----	-----	-----	-----	-----
	772,584,743		20,807.75	793.392,488	229,661,408	563,731,080	61,624,197
LEASED ASSETS							
Plant & machinery	155,676,651		20,000,000	174,894,651	21,487,802	153,406,849	12,610,972

		(782,000)					
Vehicles	1,526,424	870,500	1,396,924	363,613	1,033,311	258,328	20
		(1,000,000)					
	-----	-----	-----	-----	-----	-----	-----
	157,203,075	19,088,500	176,291,575	21,851,415	154,440,160	12,869,300	
	-----	-----	-----	-----	-----	-----	-----
Rupees 1998	929,787,818	39,896,248	969,684,063	261,512,823	718,171,240	74,493,497	
	-----	-----	-----	-----	-----	-----	-----
Rupees 1997	887,857,994	41,929,824	929,787,818	182,817,922	746,969,896	73,862,284	
	=====	=====	=====	=====	=====	=====	=====

10.1 Additions to plant & machinery(Owned assets) includes Rupees 21.018(1997: 26.893) million on account of exchange risk coverage fee in respect of long term loan obtained for the acquisition of fixed assets. However, International Accounting Standard do not permit the capitalization of exchange risk coverage fee. Had this amount not been capitalized, the profit for the year would have reduced to Rupees 36.08 million.

10.2 Depreciation for the year has been allocated as follows:

	1998	1997
	Rupees	Rupees
Cost of sales	73,672,022	72,998,109
Administrative & general expenses	821,475	864,175
	-----	-----
	74,493,497	73,862,284
	=====	=====

10.3 Transfer from assets subject to finance lease under the cost and depreciation columns above comprises the following.

PARTICULARS	COST	DEPRECIATION
Power Generator	782,000	190,808
Land Crouser-LOM 454	1,000,000	445,333

10.4 DISPOSAL OF OPERATING FIXED ASSETS

DESCRIPTION	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	MODE OF DISPOSAL	PARTICULARS OF PURCHASER
PLANT & MACHINERY						
Power Plant Machinery						
Imported	20,613,325	4,439,992	16,173,333	16,173,333	Sale and	First Fidelity
Local	4,879,515	1,052,848	3,826,667	3,826,667	lease back agreement	Leasing Modaraba

VEHICLES

Toyota Corolla	894,180	178,836	715,344	572,275	Negotiation	Mr Manzoor Pervez
LOZ-1902						General Manager
Honda Civic	285,000	126,920	158,080	143,389	Negotiation	Mr Khalid Mirza
LOA-6834						Controller Acctts.

1998	1997
Rupees	Rupees

11. CAPITAL WORK-IN-PROGRESS

Civil works	20,375,000	465,302
Plant & machinery	-	1,791,014
	-----	-----
	20,375,000	2,256,316

12. LONG TERM DEPOSITS

Securities	12,149,777	11,179,741
Bank guarantee margin	5,459,489	7,523,453
	-----	-----
	17,609,266	18,703,194
	=====	=====

13. DEFERRED COST

Preliminary expenses	21,541	43,081
Public issue expenses	502,981	1,005,962
Commission / brokerage on shares	536,910	1,073,820
	-----	-----
	1,061,432	2,122,863
	=====	=====

14. STORES & SPARES

Oils & lubricants	42,271,090	38,107,184
Other stores	1,835,775	1,585,135
Spare parts	19,844,475	5,956,329
	-----	-----
	63,951,340	45,648,648
	=====	=====

15 TRADE DEBTS - UNSECURED BUT CONSIDERED GOOD

These represent receivables from electricity consumers and include Rupees 19.198 (1997: 15,657) million, due from consumer associated undertakings.

1998	1997
Rupees	Rupees

16 ADVANCES, PREPAYMENTS & OTHER RECEIVABLES

Advances - considered good		
Suppliers	9,849,856	15,606,707
Others	1,296,175	1,198,498
	-----	-----
	11,146,031	16,805,205
Short term prepayments	635,120	328,366
Other receivables	10,766,060	1,611,143
Receivable against sale of investment		42,862,303
Income tax refundable	6,434,761	4,187,916
	-----	-----
	28,981,972	65,794,933
	=====	=====

17 CASH & BANK BALANCES

Cash in hand	103,852	8,671
Cash with banks	63,031,188	60,765,860
	-----	-----
	63,135,040	60,774,531
	=====	=====

18 COST OF SALES

Fuel	281,735,489	255,385,541
Lubricants & chemicals	27,024,977	34,768,486
Salaries, wages & benefits	10,471,570	8,493,857
Insurance	7,621,057	7,446,272
Other power generation expenses	11,898,796	10,471.29
Depreciation	73,672,022	72,998,109
	-----	-----
	412,423,911	389,563,558
	=====	=====

19 ADMINISTRATIVE & GENERAL EXPENSES

Directors' remuneration	960,000	468,166
Salaries & benefits	1,503,495	1,084,525
Communication	621,593	297,980
Printing & stationery	238,418	242,689
Rent, rates & taxes	3,774	33,276
Travelling & conveyance	31,315	13,345
Legal & professional	52,000	23,200
Auditor's remuneration	70,000	60,000
Electricity, water & gas	187,521	29,904
Vehicles running	592,000	140,411
Fee & subscription	495,208	335,575
Advertisement	148,345	48,333
Other administrative overheads	144,968	180,252
Miscellaneous	303,475	49,041

Depreciation	821,475	864,175
	-----	-----
	6,173,587	3,870,872
	=====	=====

20 FINANCIAL & OTHER CHARGES

Financial		
Interest on:		
Long term loan	21,297,672	27,250,284
Finance leases	25,875,117	27,040,614
Workers' participation fund	516,857	912,030
Excise duty on loans	--	615,757
Mark-up ,Commission & Bank Charges	12,745,623	7,690,577
	-----	-----
	60,435,269	63,509,262
Other charges:		
Deferred cost amortized	1,061,431	1,061,431
Loss/(Gain) on sale of fixed assets	85,760	-
	-----	-----
	61,582,460	64,570,693
	=====	=====

21 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

Managerial remuneration	1,844,388	2,245,979
Allowances	847,488	932,576
Utilities	70,107	36,381
Provident Fund	421,011	450,611
Ex gratia	101,578	167,165
	-----	-----
	3,284,572	4,283,323
	=====	=====
No. of persons	10	10

No meeting fee has been paid to chief executive and directors. Five executives are entitled to free use of company maintained vehicles.

22 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

22.1 The company purchased from and sold to associated undertakings goods and services in the aggregate sum of Rupees 0.610 (1997:0.458) million and Rupees 164.738 (1997: 133.373) million, respectively.

22.2 Maximum amount due from associated undertakings at the end of any month during the year

was Rupees 24.168 (1997: 46.068) million.

23. PLANT CAPACITY & ACTUAL POWER GENERATION

	1998	1997
	MWH	MWH
Plant capacity	208,926	208,926
Actual generation	163,577	153,100

23.1 REASON FOR LOW POWER GENERATION

Actual power generation in comparison to plant capacity is low due to periodical, scheduled and unscheduled, maintenance of generators.

24. FIGURES

... of previous year have been rearranged in order to facilitate comparison.
... have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR