

# **JAPAN POWER GENERATION LIMITED**

## **Annual Reports 2002**

### **Contents**

Company Information  
Notice of the Meeting  
Directors 'Report  
Auditors 'Report  
Balance Sheet  
Profit and Loss Account  
Cash Flow Statement  
Statement of Changes in Equity  
Notes to the Accounts  
Pattern of Shareholdings  
Categories of Share Holders  
Form of Proxy

### **COMPANY INFORMATION**

#### **BOARD OF DIRECTORS**

Mr. ZAFAR MAHMOOD (Chief Executive)  
SHEIKH NAZAZALI (Chairman)  
Mr. HASEEB KHAN  
Mr. ASAD ALI UPPAL  
Mr. AKHTARALI UPPAL  
Mr. FAISAL QAMAR UPPAL  
Mr. SAITOYOSHIHIRO  
Mr. TAKASHI KABURAGI  
Mr. MUHAMMAD ALI  
Mr. KHALID IMRAN  
Mr. MAHMOOD AHMED  
SYED MAJEEDULLAH HUSAINI  
SHEIKH MAHMOOD ALI  
Mrs. SAMINA ZAFAR  
COMPANY SECRETARY SYED ZAFAR HAIDER

#### **COMPANY'S AUDIT COMMITTEE**

Mr. HASEEB KHAN (Chairman)  
SHEIKH MAHMOOD ALI  
Mr. FAISAL QAMAR UPPAL  
Mrs. SAMINA ZAFAR

#### **AUDITORS**

HYDERBHIMJI&CO.,

CHARTERED ACCOUNTANTS  
&  
JAVAID JALAL AMJAD & CO.,  
CHARTERED ACCOUNTANTS

**LEGAL ADVISORS**  
WALKER MARTINEAU  
SALEEM

**BANKERS**  
PRIME COMMERCIAL BANK LTD.  
ASKARI COMMERCIAL BANK LTD.  
ALLIED BANK OF PAKISTAN LTD.

**REGISTERED OFFICE**  
26, PESHAWAR BLOCK, FORTRESS STADIUM,  
LAHORE CANTT.  
TEL: +92-42-6668156-57 FAX: +92-42-6664625

**PLANT LOCATION**  
JIA BAGGA RAILWAY STATION  
RAIWIND ROAD, DISTRICT LAHORE.  
TEL: +92-42-5835864-68 FAX: +92-42-5835860

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 8<sup>th</sup> Annual General Meeting of the members of Japan Power Generation Limited will be held on Wednesday, the 30<sup>th</sup> October 2002 at 11:00 a.m. at plant site located at Khan-e-Nepal Road, Near Jia Bagga Railway Station, Raiwind Road, District Lahore to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held on December 31, 2001.
2. To receive, consider and adopt the audited accounts of the company for the financial year ended June 30, 2002 together with the Auditors' and Directors' Reports thereon.
3. To appoint Auditors of the company for the year ending June 30, 2003 and fix their remuneration.
4. To transact any other business that may be placed before the meeting with the permission of the chair.

For and on behalf of  
the Board of Director

**Lahore:**  
Dated: October 08, 2002.

SYEDZAFARHAIDER  
(Company Secretary)

**NOTES:**

1. The Share Transfer Book of the Company will remain closed from October 20, 2002 to October 30. (Both days inclusive)

2. A member entitled to attend and vote at the above meeting may appoint another person as proxy. Proxies, in order to be effective, must be received at 26-Peshawar Block, Fortress Stadium, Lahore Cantt, to the Registered Office of the Company not later than 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.

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

#### **DIRECTORS' REPORT TO THE MEMBERS**

The Directors of your company take pleasure in presenting the 8<sup>th</sup> Annual Report and the Audited Accounts of the company for the year ended June 30, 2002.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the company are to own, operate and maintain a thermal power house with an installed capacity of 135 MW at Raiwind Road, Lahore and to generate power for onward supply to WAPDA.

#### **PRESENT STATUS**

The complex (plant) was operated to a high standard of technical efficiency which was achieved after regular supervision and preventive maintenance. WAPDA recently conducted Annual Dependable Capacity Test from August 27, 2002 to August 30, 2002 and your Directors feel pleasure in informing the shareholders that the complex successfully qualified the test by generating 116.094 MW against the net capacity requirement of 107 MW i.e. an excess generating capacity of 9 MW.

#### **FINANCIAL RESULTS**

Turnover for the year was Rs. 1,960 million (2001:Rs. 1,508 million) and operating costs were Rs. 1,484 million (2001: Rs. 1,087 million) resulting in a gross profit of Rs. 476 million (2001: Rs. 421 million). The average dispatch to WAPDA in term of percentage of dependable capacity was 45.88% (2001: 30%). However, inspite of increase in turnover during the year, the company suffered a net loss of Rs. 257 million (as compared to Rs. 187 million last year) after deducting administrative and financial expenses.

Major reasons for continuous losses are as follows:

1. Your company's levellized tariff was reduced to US cents 4.3 per kWh in July, 1999 against US cents 5.56 per kWh as per original Power Purchase Agreement (PPA). Other IPPs in the same vicinity with almost the same capacity are paid a levellized tariff of US cents 5.19 per kWh. This reduction was reluctantly agreed by your company in the larger interest of the shareholders and lenders for the revival of the complex because WAPDA had already issued a notice of intent to terminate the PPA. The management is soliciting a request to WAPDA to increase the agreed tariff to a reasonable level in order to improve the operational results of the company.

2. Presently the company is paid by WAPDA for consumption of furnace oil @ 211 gm per kWh in fuel component of energy payment against actual consumption ranging between 218 - 222 gm per kWh. Your directors also plan to take up this issue with WAPDA and are confident to convince WAPDA to increase the consumption factor on merit. Positive response from WAPDA will significantly improve the operating results and financial liquidity of the company.

1. Similar to last year, liquidated damages of Rs 74 million invoiced by WAPDA and charged in these accounts have also contributed to loss for the year. The management is vigorously making efforts to

arrange funds for timely purchase of HFO to avoid the levy of such damages in the future.

2. Heavy financial cost is another factor for continuing losses. The financial expenses for the current year are Rs. 603.603 million as compared to Rs. 541.267 million for the previous year. The company is making payments regularly to reduce its debts and financial charges will start decreasing after payment of last installment of supplier's credit which is due on March 26,2004.

3. Loss of revenue ofRs. 26.667 million resulted from short receipt of capacity payments from WAPDA due to the depressing effect of the decrease in US \$ exchange rate during the period from January to June 2002. This loss may further increase ifUS\$ continues to fall in the future.

4. After the mishap of September 11, 2001 the insurance premium has almost doubled to secure the complex under a proper insurance cover.

The above facts highlight the urgent need for improving the financial position of the company and your management is sincerely trying to mobilize all its resources to overcome this adverse situation, and thereby converting your company into a profitable unit in the years to come. In this regard the management is taking the following steps to improve the overall profitability and financial health of the company.

i) It is planned to approach WAPDA for sale of additional 9 MW, the extra generating capacity demonstrated during annual dependable capacity test as mentioned above. In case of successful negotiations it will increase revenues and reduce the accumulated loss resulting from decrease in tariff rate.

ii) The company is in the process of reconciling its balances with WAPDA on account of liquidated damages charged by WAPDA in the First Agreement Year and your Directors are confident to claim a refund of about Rs. 66 million, which will also reduce the accumulated loss.

iii) The sponsoring directors are also injecting a sum of Rs.60 million in due course of time which will improve the overall liquidity and the working capital position of the company.

By the grace of Allah and Prophet's blessing (pbuh), and with the untiring efforts of the management, your company is expected to show much better results in the future.

#### **CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

We are pleased to report that your company has taken necessary steps to comply with the provisions of the Code of Corporate Governance issued by Securities and Exchange Commission of Pakistan.

We give below Statements on Corporate and Financial Reporting Framework.

- The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- The financial statements for the year ended June 30, 2002 were presented before the Board after duly signed by the CEO and CFO. The Board after due consideration and approved, authorized the signing of the financial statements for issuance and circulation.
- Proper books of account of the company have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- A sound system of internal control is being effectively implemented and continuously reviewed and monitored.
- For the reasons stated in the relevant paras of this report, there are no significant doubt upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Note 9 of the annexed audited accounts relate to outstanding taxes and levies.
- In compliance with the requirements of the Securities and Exchange Commission of Pakistan, the company has been issuing the quarterly financial statements within the prescribed time limits.
- The key operating and financial data of the company is as under:

| Financial year ended June 30, |                | 2002    | 2001    | 2000   |
|-------------------------------|----------------|---------|---------|--------|
| Turnover                      | Rs. in million | 1,960   | 1,508   | 374    |
| Net loss                      | Rs. in million | (257)   | (187)   | (67)   |
| Total assets                  | Rs. in million | 6,895   | 6,961   | 7,058  |
| Generation                    | (MWH)          | 430,058 | 281,544 | 70,507 |
| Load factor                   | %              | 46      | 30      | 26     |

\* (Operating results for the year 2000 are for the period of three and a half months only)

#### BOARD MEETINGS

During the year, four meetings of the Board of Directors were held. Attendance by each director was as follows:

|  | Attendance |
|--|------------|
| Mr. Zafar Mahmood (Chief Executive)              | 4          |
| Sheikh Nazaz Ali                                 | 4          |
| Mr. Haseeb Khan                                  | 4          |
| Mr. Akhtar Ali Uppal                             | 4          |
| Mr. Asad Ali Uppal                               | 4          |
| Mr. Faisal Qamar Uppal                           | 4          |
| Mr. Mahmood Ahmed (Crescent Investment Bank Ltd) | 0          |
| Sheikh Mahmood Ali                               | 4          |
| Mr. Muhammad Ali                                 | 2          |
| Mr. Saito Yoshihiro                              | 0          |
| Mr. Takashi Kaburagi                             | 0          |

|   |   |
|---|---|
| Mrs. Samina Zafar   | 2 |
| Mr. Khalid Imran (Nominee Prime Commercial Bank Ltd)          | 4 |
| Mr. Majeed Ullah Hussaini (Nominee National Bank of Pakistan) | 0 |

Leave of absence was granted to directors including Japanese directors who could not attend the Board meetings.

#### **SHAREHOLDING PATTERN**

A statement indicating the distribution of shareholding is attached with this report.

#### **AUDITORS**

The present Auditors' M/s. Hyder Bhimji & Company, Chartered Accountants & Javaid Jalal Amjad & Company, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

#### **GENERAL**

During the year, there were a number of changes in the Banking Sector which also affected the lending syndicate of our project. Effective November 1,2001 National Development Finance Corporation (NDFC), a Syndicate Member and a Lender, amalgamated with the National Bank of Pakistan (NBP) under a scheme notified by the Federal Government Similarly Gulf Commercial Bank Ltd. another member of the lending syndicate, was taken over by PICIC and its name changed to PICIC Commercial Bank Ltd. Similarly another lender. Prudential Commercial Bank Ltd. was taken over by Saudi Pak Investment Co. and is now known as Saudi Pak Commercial Bank Ltd. AL-Faysal Investment Bank Ltd. Merged with Faysal Bank Ltd. Beside this, the share of the Indus Bank Ltd. (under liquidation) in the lender's syndicate has been taken over by Allied Bank of Pakistan Ltd.

Your Directors are pleased to report that during the year all payments to the lenders have been made on time and in accordance with the SFA-I and SFA-II.

#### **ACKNOWLEDGEMENT**

All the employees of the company have put in a real team work. The directors wish to thank the members, staff and management of the company for their hard and dedicated efforts.

on behalf of  
the Board of Director

Lahore: September 30,2002

CHIEFEXECUTIVE

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

We have audited the annexed balance sheet of Japan Power Generation Limited as at June 30, 2002 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 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.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of

any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i. the balance sheet and 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 except for the change as mentioned in note 2.3 with which we concur;
  - 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, 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, 2002 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: September 30, 2002

**Javaid Jalal Amjad & Co.**  
Chartered Accountants

**Hyder Bhimji & Co**  
Chartered Accountants

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF  
COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE  
GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Japan Power Generation Limited to comply with the Listing Regulation No. 37 (Chapter XI) and No. 40 (Chapter XIIT) of the Karachi and Lahore Stock Exchanges respectively where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the

Statement of Compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflects the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance effective for the period from May 2,2002 to June 30,2002.

Lahore: September 30, 2002

**Javaid Jalal Amjad & Co.**  
Chartered Accountants

**Hyder Bhimji & Co**  
Chartered Accountants

**BALANCE SHEET AS AT JUNE 30, 2002**

|  | Note | 2002<br>Rupees       | 2001<br>Rupees       |
|--|------|----------------------|----------------------|
| Capital and reserves   |      |                      |                      |
| Authorized capital   |      |                      |                      |
| 150,000,000 ordinary shares of Rs. 10 each                         |      | <u>1,500,000,000</u> | <u>1,500,000,000</u> |
| Issued, subscribed and paid-up capital                             |      |                      |                      |
| 133,200,000 ordinary shares ofRs.10 each,<br>fully paid-up in cash |      | 1,332,000,000        | 1,332,000,000        |
| Accumulated loss   |      | (512,181,100)        | (255,131,474)        |
| Shareholders' equity   |      | 819,818,900          | 1,076,868,526        |
| Non current liabilities  |      |                      |                      |
| Sponsors' interest free loan - unsecured                           |      | 168,375,918          | 168,375,918          |
| Long term loans / finances   | 3    | 5,407,941,950        | 4,221,590,446        |
| Liabilities against assets<br>subject to finance lease             | 4    | 11,495,382           | -                    |
| Deferred liabilities   | 5    | 4,405,620            | 3,812,900            |
|  |      | 5,592,218,870        | 4,393,779,264        |
| Current liabilities  |      |                      |                      |
| Short term borrowings  | 6    | 146,040,486          | 76,607,678           |
| Current portion of long term liabilities                           | 7    | 86,091,023           | 820,166,402          |
| Creditors, accrued and other liabilities                           | 8    | 251,101,903          | 593,136,412          |
|  |      | 483,233,412          | 1,489,910,492        |
| Contingencies and commitments                                      | 9    |                      |                      |
| Total equity and liabilities                                       |      | <u>6,895,271,182</u> | <u>6,960,558,282</u> |



The annexed notes form an integral part of these financial statements.

**CHIEF FINANCIAL OFFICER**

|  | Note | 2002<br>Rupees       | 2001<br>Rupees       |
|--|------|----------------------|----------------------|
| <b>Non Current Assets</b>                                    |      |                      |                      |
| <b>Tangible fixed assets</b>                                 |      |                      |                      |
| Operating fixed assets                                       | 10   | 6,342,732,047        | 6,575,065,767        |
| Capital work-in-progress                                     | 11   | 24,723,272           | 26,785,070           |
|  |      | <b>6,367,455,319</b> | <b>6,601,850,837</b> |
| <b>Long term deposits</b>                                    |      |                      |                      |
| Long term deposits   | 12   | 3,477,170            | 800,000              |
| Deferred cost  | 13   | 35,118,788           | 48,105,980           |
|  |      | <b>6,406,051,277</b> | <b>6,650,756,817</b> |
| <b>Current assets</b>  |      |                      |                      |
| Stores and spares  | 14   | 8,966,388            | 7,997,450            |
| Stock in trade   | 15   | 47,946,433           | 48,702,941           |
| Trade debts  | 16   | <b>350,631,710</b>   | <b>155,666,753</b>   |
| <b>Advances, deposits, prepayments and other receivables</b> |      |                      |                      |
| Advances, deposits, prepayments and other receivables        | 17   | 78,515,479           | 48,476,435           |
| Cash and bank balances                                       | 18   | 3,159,895            | 48,957,886           |
|  |      | 489,219,905          | 309,801,465          |
| Total assets   |      | <b>6,895,271,182</b> | <b>6,960,558,282</b> |

**DIRECTOR**

**CHIEF EXECUTIVE**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2002**

|                                    | Note | 2002<br>Rupees     | 2001<br>Rupees     |
|------------------------------------|------|--------------------|--------------------|
| Sales                              | 19   | 1,960,138,825      | 1,508,086,301      |
| Cost of sales                      | 20   | (1,483,973,505)    | (1,087,068,539)    |
| Gross profit                       |      | 476,165,320        | 421,017,762        |
| <b>Operating expenses</b>          |      |                    |                    |
| Administrative and general         | 21   | (49,367,620)       | (38,464,096)       |
| Operating profit                   |      | 426,797,700        | 382,553,666        |
| Other income                       | 22   | 8,207,379          | 7,931,784          |
|                                    |      | <b>435,005,079</b> | <b>390,485,450</b> |
| <b>Financial and other charges</b> |      |                    |                    |
| Financial charges                  | 23   | (603,603,580)      | (541,267,420)      |

|                                  |    |                      |                      |
|----------------------------------|----|----------------------|----------------------|
| Other charges                    | 24 | (88,067,219)         | (36,395,425)         |
|                                  |    | <b>(691,670,799)</b> | <b>(577,662,845)</b> |
| Net loss before taxation         |    | (256,665,720)        | (187,177,395)        |
| Provision for taxation:          |    |                      |                      |
| Current taxation on other income |    | (383,906)            | (386,795)            |
| Net loss after taxation          |    | (257,049,626)        | (187,564,190)        |
| Accumulated loss brought forward |    | (255,131,474)        | (67,567,284)         |
| Accumulated Loss carried forward |    | (512,181,100)        | (255,131,474)        |
| Earnings per share               | 25 | <b>(2)</b>           | <b>(1)</b>           |

The annexed notes form an integral part of these financial statements.

### CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2002

|   | Note | 2002<br>Rupees       | 2001<br>Rupees       |
|---|------|----------------------|----------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>            |      |                      |                      |
| Net loss before taxation                              |      | <b>(256,665,720)</b> | <b>(187,177,395)</b> |
| Adjustment for:                                       |      |                      |                      |
| Depreciation  |      | 234,321,403          | 230,050,399          |
| Loss on disposal of fixed assets                      |      | 1,054,186            | -                    |
| Provision for gratuity                                |      | 688,780              | 1,337,700            |
| Amortisation of deferred cost                         |      | 12,987,192           | 12,987,192           |
| Financial charges                                     |      | 603,603,580          | 541,267,420          |
|   |      | <b>852,665,141</b>   | <b>785,642,711</b>   |
| Operating profit before working capital changes       |      | 595,989,421          | 598,465,316          |
| Working capital changes                               |      |                      |                      |
| Stores and spares                                     |      | (968,938)            | (7,997,450)          |
| Stock in trade  |      | 756,508              | (25,325,879)         |
| Trade debts   |      | (194,964,957)        | 15,964,743           |
| Advances, deposits, prepayments and other receivables |      | (30,010,126)         | 33,279,303           |
| Creditors, accrued and other liabilities              |      | (3,290,822)          | (93,767,656)         |
|   |      | <b>(228,478,335)</b> | <b>(77,846,939)</b>  |
| Cash inflow after working capital changes             |      | 367,511,086          | 520,618,377          |
| Financial charges paid                                |      | (518,307,107)        | (642,677,160)        |
| Gratuity paid   |      | (96,060)             | (70,000)             |
| Income tax paid                                       |      | (412,824)            | (180,026)            |
| Net cash utilized in operating activities             |      | (151,304,905)        | (122,308,809)        |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>            |      |                      |                      |
| Fixed capital expenditure                             |      | (44,581,774)         | (43,890,838)         |
| Proceed from fixed assets sold and scrapped           |      | 4,523,200            | -                    |

|   |                  |                   |
|---|------------------|-------------------|
| Long term deposits                                      | (2,677,170)      | -                 |
| Net cash used in investing activities                   | (42,735,744)     | (43,890,838)      |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>              |                  |                   |
| Long-term loans / finances                              | 82,211,787       | 195,748,727       |
| Finance against dishonoured bill (FADB)                 | -                | (7,386,718)       |
| Short term borrowings                                   | 69,432,809       | (25,496,387)      |
| Payment of lease rentals - principal amount             | (3,401,938)      | (2,739,680)       |
| Net cash provided by financing activities               | 148,242,658      | 160,125,942       |
| Net decrease in cash and cash equivalents               | (45,797,991)     | (6,073,705)       |
| Cash and cash equivalents at the beginning of year      | 48,957,886       | 55,031,591        |
| Cash and cash equivalents at the end of year (Note -18) | <b>3,159,895</b> | <b>48,957,886</b> |

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED JUNE 30, 2002

|                             | Share<br>Capital<br>Rupees | Accumulated<br>Loss<br>Rupees | Total<br>Rupees    |
|-----------------------------|----------------------------|-------------------------------|--------------------|
| Balance as at July 01, 2000 | 1,332,000,000              | (67,567,284)                  | 1,264,432,716      |
| Net loss for the year       | -                          | (187,564,190)                 | (187,564,190)      |
| Balance as at July 1, 2001  | 1,332,000,000              | (255,131,474)                 | 1,076,868,526      |
| Net loss for the year       | -                          | (257,049,626)                 | (257,049,626)      |
| Balance as at June 30, 2002 | <b>1,332,000,000</b>       | <b>(512,181,100)</b>          | <b>819,818,900</b> |

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2002

### 1. THE COMPANY AND ITS OPERATIONS

Japan Power Generation Limited is a public company, incorporated on September 29, 1994 under the Companies Ordinance, 1984 and its shares are quoted on Lahore and Karachi Stock Exchanges. The principal business of the company is to generate and supply electric power to WAPDA. The company commenced actual commercial operations w.e.f. March 15,2000.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

These financial statements have been prepared, in all material respects, in accordance with the International Accounting Standards .(IAS) as applicable in Pakistan and the requirements of the Companies Ordinance, 1984.

#### 2.2 Accounting convention

These financial statements have been prepared under the historical cost convention modified by capitalization of exchange differences referred to in note 2.9.

### **2.3 Staff retirement benefits**

The company operates an unfunded gratuity scheme covering all employees with qualifying service period of six months. Consequential to the adoption of IAS 19 (Revised 2000), Employees Benefits, company has changed its accounting policy and provision is now made annually to cover the obligation on the basis of actuarial valuation which is charged to income currently. Such scheme was previously being accounted for on the basis of current entitlement of employees on termination basis. The most recent actuarial valuation was carried out as at June 30, 2002 using the Projected Unit Credit Method. (note-5). Actuarial gains and losses are recognized in accordance with the recommendations of the actuary.

Had this change in the accounting policy not made, the loss for the year and the accumulated loss would have increased by Rs. 443,060.

### **2.4 Taxation**

The company's profit and gains from power generation are exempt from tax under clause 176 of the Second Schedule - Part I of the Income Tax Ordinance, 1979. The company is also exempt from minimum tax on turnover under clause 20 of Part IV of the Second Schedule to the Income Tax Ordinance, 1979. Tax on income from sources not covered under the above clauses is determined in accordance with the normal provisions of the Income Tax Ordinance, 1979.

### **2.5 Operating fixed assets and depreciation**

Operating fixed assets except land are stated at cost less accumulated depreciation. Land and capital work in progress are stated at cost. Cost of certain fixed assets comprises of historical cost and exchange differences referred to in note 2.9.

Depreciation on operating fixed assets is charged to profit on straight line method so as to write off the historical cost of an asset over its estimated useful life at the annual rates mentioned in note 10. The net exchange differences relating to an asset at the end of each year is amortized in equal installments over its remaining useful life. Full year's depreciation is charged on additions during the year, while no depreciation is charged on assets deleted during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal are taken to income.

### **2.6 Accounting for leased Assets**

Assets under finance lease are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of assets. Depreciation on these assets is charged according to company's

policy for similar assets.

The aggregate amount of obligation relating to assets subject to finance lease is accounted for at the net principal liability under the lease agreement.

Finance charges are allocated over the lease term so as to produce constant periodic rate of return on the

outstanding principal liability for each period.

## **2.7 Stores, spares and stock in trade**

These are valued at lower of cost or net realizable value. Cost is calculated as follows:

| <b>Stores and spares</b>       | <b>Moving average</b>    |
|--------------------------------|--------------------------|
| Stock in trade                 |                          |
| Residual fuel oil (RFO)        | First in first out basis |
| High speed diesel (HSD)        | Moving average           |
| Lube oil                       | Moving average           |
| Chemicals and other lubricants | Moving average           |

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon.

## **2.8 Deferred Cost**

Deferred cost consists of expenses incurred in connection with the company's formation and public issue of shares including brokerage and commission etc. These are being amortized over a period of five years starting from March 15,2000, the date of commercial operations.

## **2.9 Foreign currency translation**

Foreign currency transactions are converted into Pak Rupees at the rates prevailing on the date of transaction. Assets and liabilities in foreign currencies at the year-end are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Exchange gains and losses on translation of foreign currency loans utilized for the acquisition of fixed assets are capitalized and incorporated in the cost of such assets. All other exchange differences are charged to income currently.

## **2.10 Financial instruments**

### **Recognition and measurement**

All financial assets and liabilities are recognized at cost when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on subsequent re-measurement to fair value of financial asset and financial liability is taken to profit and loss account on occurrence.

### **Offsetting of financial assets and financial liabilities**

A financial asset and financial liability is offset against each other and the net amount is reported in the balance sheet if the company has a legally enforceable right to set off the recognized amount and intends either to settle on net basis or realize the asset and settle the liability simultaneously.

## **2.11 Provisions**

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

## **2.12 Contingencies and commitments**

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the

accounts.

### 2.13 Revenue recognition

Energy sale is recognized on transmission of electricity to WAPDA, whereas revenue on account of Capacity Purchase Price is recognized when invoiced. Profit on bank deposits is recognized on receipt

| Note   | 2002<br>Rupees       | 2001<br>Rupees       |
|--|----------------------|----------------------|
| <b>3. Long term loans / finances</b>   |                      |                      |
| Secured  |                      |                      |
| Supplier's credit -  |                      |                      |
| Plant and machinery 3.1  | 1,371,614,070        | 2,110,219,255        |
| Syndicated loan I 3.2  |                      |                      |
| Banking companies  |                      |                      |
| Prime Commercial Bank Limited  | 44,814,000           | 51,110,000           |
| National Bank of Pakistan  | 34,526,000           | -                    |
| National Development Finance Corporation (taken over by NBP)                         | -                    | 39,376,000           |
| Askari Commercial Bank Limited   | 42,492,000           | 48,462,000           |
| Allied Bank of Pakistan Limited  | 21,232,000           | 24,216,000           |
| Faysal Bank Limited  | 35,368,000           | 20,170,000           |
| PICIC Commercial Bank Limited  | 15,934,000           | 18,172,000           |
| Saudi Pak Commercial Bank  | 8,846,000            | -                    |
| Prudential Commercial Bank Limited (taken over by Saudi Pak Commercial Bank Limited) | -                    | 10,090,000           |
|  | <b>203,212,000</b>   | <b>211,596,000</b>   |
| Non-banking financial institutions   |                      |                      |
| Al-Faysal Investment Bank Limited (taken over by Faysal Bank Ltd)                    | -                    | 20,170,000           |
| Prudential Investment Bank Limited   | 8,846,000            | 10,090,000           |
| Crescent Investment Bank Limited   | 7,086,000            | 8,082,000            |
|  | 15,932,000           | 38,342,000           |
|  | <b>219,144,000</b>   | <b>249,938,000</b>   |
| Syndicated loan II 3.3   |                      |                      |
| Banking companies  |                      |                      |
| Prime Commercial Bank Limited  | 697,678,012          | 472,920,788          |
| National Bank of Pakistan  | 553,790,744          | -                    |
| National Development Finance Corporation (taken over by NBP)                         | -                    | 244,185,170          |
| Askari Commercial Bank Limited   | 664,728,404          | 448,262,459          |
| Allied Bank of Pakistan Limited  | 606,517,960          | 557,660,436          |
| Faysal Bank Limited  | 553,361,969          | 186,624,613          |
| PICIC Commercial Bank Limited  | 249,368,402          | 168,195,758          |
| Prudential Commercial Bank Limited (taken over by Saudi Pak Commercial Bank Limited) | -                    | 60,918,820           |
| Saudi Pak Commercial Bank Limited  | 138,011,637          | -                    |
|  | <b>3,463,457,128</b> | <b>2,138,768,044</b> |

|  |                      |                      |
|--|----------------------|----------------------|
| Non-banking financial institutions                                 |                      |                      |
| Al-Faysal Investment Bank Limited (taken over by Faysal Bank Ltd.) | -                    | 186,624,613          |
| Prudential Investment Bank Limited                                 | 54,246,557           | 39,034,141           |
| Crescent Investment Bank Limited                                   | 100,525,197          | 75,013,231           |
| Fidelity Investment Bank Limited                                   | 226,408,113          | 156,173,511          |
|  | 381,179,867          | 456,845,496          |
|  | <b>3,844,636,995</b> | <b>2,595,613,540</b> |

|   | Note | 2002<br>Rupees       | 2001<br>Rupees       |
|---|------|----------------------|----------------------|
| Un-secured  |      |                      |                      |
| Supplier's credit -                                   |      |                      |                      |
| Power cable 3.4                                       |      | 55,292,857           | 84,693,277           |
|   |      | 5,490,687,922        | 5,040,464,072        |
| Less: Current portion shown undercurrent liabilities: |      |                      |                      |
| Overdue installments 3(a)                             |      | 55,292,857           | 63,519,958           |
| Current maturity 3(b)                                 |      | 27,453,115           | 755,353,668          |
|   |      | 82,745,972           | 818,873,626          |
|   |      | <b>5,407,941,950</b> | <b>4,221,590,446</b> |
| 3(a) Overdue installments                             |      |                      |                      |
| Supplier's credit - power cable                       |      | 55,292,857           | 63,519,958           |
| 3(b) Current maturity                                 |      |                      |                      |
| Syndicated loan-I                                     |      | 27,453,115           | 30,773,931           |
| Supplier's credit - plant and machinery 3(c)          |      | -                    | 703,406,418          |
| Supplier's credit - power cable                       |      | -                    | 21,173,319           |
|   |      | <b>27,453,115</b>    | <b>755,353,668</b>   |

3(c) With the signing of SFA II by the majority of the syndicate banks, the installments due are payable by the syndicate and the company's current liability has been deferred till 31 -03 -2006 (Note 3.3).

### 3.1 Supplier's Credit-plant and machinery

The supplier's credit was obtained in Japanese Yen from Toyota Tsusho (Singapore) PTE Limited (TTC) amounting to Japanese Yen 7,428,600,000 representing 90% of the total value of the plant and machinery whereas 10% of the total value of Japanese Yen 825,400,000 was paid in advance as down payment.

The credit carries an interest at the rate of 7.9% per annum and was repayable in twelve equal half yearly instalments along with interest commencing from September 26, 1998. Financing fee of Japanese Yen 737,535,552 was payable in twelve equal half yearly instalments commencing from September 26, 1998.

The credit facility is secured by an irrevocable Letter of Credit established by Allied Bank of Pakistan Limited (ABL) in favour of TTC. ABL is secured by a counter guarantee issued by a syndicate of banks (Syndicate).

With the signing of SFA II by the majority of the syndicate members all the installments of supplier's credit will be paid by ABL on behalf of the Syndicate and the company's long term liability shall be

shifted to the Syndicate Banks (Note 3.3).

The Syndicate's counter guarantee is secured by a first equitable mortgage/charge on all the present and future assets including equipment, inventories and receivables of the company, personal guarantees of the sponsoring directors and pledge of sponsors' shares.

### **3.2 Syndicated Facility Agreement -1**

The loan was obtained under markup arrangements to fund the cost overrun of the project. In terms of markup arrangement the company has agreed to sell certain assets to the Syndicate for Rs. 253,900,000 and simultaneously agreed to buy back the same for Rs. 540,851,046.

The loan is secured by a first charge ranking pari passu on all present and future assets including equipment, inventories and receivables of the company and personal guarantees of the sponsoring directors.

According to the rescheduling/restructuring agreement, signed by the company and majority of the Syndicate banks, it shall be repayable in 20 quarterly installments commencing from May 31,2001 and carries mark up @ 12% p.a.

### **3.3 Syndicated Facility Agreement - II**

This facility under markup arrangements was created due to non-payment by the company of outstanding installments of supplier's credit, financing fee and interest thereon as well as the repayment of the remaining installments (Note 3.1).

In terms of markup arrangement the company has agreed to sell certain assets to the Syndicate for so much of Rupees that are equivalent of Japanese Yen 8,166,135,552, utilized in accordance with the terms of repayment of supplier's credit alongwith financing fee, and simultaneously agreed to buy back the same assets for so much of Rupees that equates principal amount plus markup @ 12% p.a. on the principal amount outstanding plus so much of mark up that accrued on the amount outstanding for the period from 01 -07-2000 to 31 -12-2001.

This facility is secured by a first charge ranking pari passu on all present and future assets including equipment, inventories and receivables of the company and personal guarantees of the sponsoring directors.

According to the rescheduling/restructuring agreement, signed by the company and majority of the Syndicate Banks, it shall be repayable in 53 installments commencing from May 31, 2001. Repayment of the principal sum will start from March 31,2006.

### **3.4 Supplier's credit - power cable**

This credit was obtained from Toyota Tsusho Corporation, Japan amounting to US \$ 1,315,113 against the import of power cables. It is unsecured and carries interest @ 7 % per annum with additional interest @ 7 % on delayed payments, and was repayable in eight equal consecutive semi annual installments commencing from July 8,1998.

|  | <b>Note</b> | <b>2002<br/>Rupees</b> | <b>2001<br/>Rupees</b> |
|--|-------------|------------------------|------------------------|
| 4. Liabilities against assets subject to finance lease |             |                        |                        |



|  |                   |           |
|--|-------------------|-----------|
| Opening balance  | 1,292,776         | 4,032,456 |
| Add: Finance obtained during the year                  | 16,949,595        | -         |
| Less: paid during the year                             | 3,401,938         | 2,739,680 |
|  | 14,840,433        | 1,292,776 |
| Less: Current portion shown under current liabilities: |                   |           |
| Installments due within next twelve months             | 3,345,051         | 1,292,776 |
|  | <b>11,495,382</b> | <b>-</b>  |

4.1 These represent finance leases entered into with leasing companies for card. The company intends to exercise its option to purchase the asset on payment of last installment and adjustment of residual value against lease key money.

4.2 These are secured by demand promisory notes, personal guarantees of the directors and security deposits (note-12).

4.3 Present value of minimum lease payments has been discounted at an interest rate implicit in lease which equates to an interest rate of approximately 19% to 28% per annum. Repayments are made monthly with an escalable clause for delay on payment ranging from Rs. 100 per day to Rs. 1 per thousand per day.

4.4 Repair and insurance cost shall be borne by the lessee. The lease may be terminated by the lessee at the end of any completed year of lease after first year, whereby the lessee will be required to pay outstanding principal plus the termination cost which may range from 0 ~ 5% of the outstanding balance.

4.5 The future minimum lease payments under finance lease together with the present value of the minimum lease payments are as follows:

|  | 2002                          |                       | 2001                          |                       |
|--|-------------------------------|-----------------------|-------------------------------|-----------------------|
|  | Minimum lease Payments Rupees | Present values Rupees | Minimum lease payments Rupees | Present values Rupees |
| Within one year                              | 5,853,024                     | 3,345,051             | 1,371,334                     | 1,292,776             |
| After one year but not more than five years  | 14,617,608                    | 11,495,382            | -                             | -                     |
| Total minimum lease payments                 | 20,470,632                    | 14,840,433            | 1,371,334                     | 1,292,776             |
| Less: Amounts representing financial charges | 5,630,199                     | -                     | 78,558                        | -                     |
| Present value of minimum lease payments      | <b>14,840,433</b>             | <b>14,840,433</b>     | <b>1,292,776</b>              | <b>1,292,776</b>      |

|  | Note | 2002 Rupees      | 2001 Rupees      |
|--|------|------------------|------------------|
| 5 Deferred Liability                   |      |                  |                  |
| Staff Gratuity - defined benefits plan |      | <b>4,405,620</b> | <b>3,812,900</b> |

The principal actuarial assumptions used in the valuation of this staff retirement benefit as at June 30,2002 are as follows:

|   |               |
|---|---------------|
| Discount rate   | 11% per annum |
| Interest rate   | 10%per annum  |
| Average expected remaining working life time of employees | 13 Years      |

The amount recognised in the balance sheet on this account as per IAS 19 is:

|   |                  |
|---|------------------|
| Present value of defined benefit obligation       | 3,121,650        |
| Add: benefit payable before application of IAS 19 | 1,224,900        |
| Actuarial gains not yet recognised                | 59,070           |
|   | <b>4,405,620</b> |

Movement during the year in the net liability recognised in the balance sheet is:

|                            |                  |                  |
|----------------------------|------------------|------------------|
| Opening net liability      | 3,812,900        | 2,545,200        |
| Add: expense recognised    | 688,780          | 1,337,700        |
|                            | 4,501,680        | 3,882,900        |
| Less: paid during the year | 96,060           | 70,000           |
| Closing net liability      | <b>4,405,620</b> | <b>3,812,900</b> |

The actuarial expense recognised in the profit and loss account is:

|  |                |   |
|--|----------------|---|
| Current service cost                       | 924,784        | - |
| Interest cost                              | 233,081        | - |
| Asset charged due to application of IAS-19 | (469,085)      | - |
|  | <b>688,780</b> | - |

5.1 Actuarial valuation was carried out for the first time, so the corresponding figures of the prior period are not provided.

#### 6. Short term borrowings

These borrowings are obtained from:

| Name of Lenders                    |     | Sanctioned Limit | Disbursed<br>2002 | Amount<br>2001 |
|------------------------------------|-----|------------------|-------------------|----------------|
| Banking Companies                  |     | Rupees           | Rupees            | Rupees         |
| Prime Commercial Ban               | 6.1 | 40,000,000       | 21,764,876        | 6,056,977      |
| Prime Commercial Ban               | 6.2 | 90,000,000       | 84,805,610        | -              |
| Askari Commercial Bank Ltd         |     | 10,811,850       | -                 | 10,811,850     |
| Allied Bank of Pakista             | 6.1 | 39,470,000       | 39,470,000        | 44,873,000     |
| Faysal Bank Limited                |     | 4,501,286        | -                 | 4,501,286      |
| Gulf Commercial Bank Limited       |     | 4,054,000        | -                 | 4,054,000      |
| Non-banking financial institutions |     |                  |                   |                |
| Al-Faysal Investment Bank Ltd.     |     | 4,501,286        | -                 | 4,501,286      |

|                               |                    |                    |                   |
|-------------------------------|--------------------|--------------------|-------------------|
| Crescent Investment Bank Ltd. | 1,809,279          | -                  | 1,809,279         |
|                               | <b>195,147,701</b> | <b>146,040,486</b> | <b>76,607,678</b> |

6.1 These borrowings are secured by a first charge ranking pari passu on all present and future assets including equipment, inventories and receivables of the company and personal guarantees of the sponsoring directors and carry mark up @ 12% per annum.

6.2 This running finance facility has been obtained to finance the purchase of heavy furnace oil (HFO) which is secured by a lien over PAK rupee deposit, arranged from a private source and by a hypothecation charge over movable assets of the company. It carries mark up at the effective rate of 26-27% per annum.

|   | Note | 2002<br>Rupees     | 2001<br>Rupees     |
|---|------|--------------------|--------------------|
| <b>7. Current portion of long-term liabilities</b>                            |      |                    |                    |
| Long term loans / finances  | 3    | 82,745,972         | 818,873,626        |
| Liabilities against assets subject to finance lease                           | 4    | 3,345,051          | 1,292,776          |
|   |      | <b>86,091,023</b>  | <b>820,166,402</b> |
| <b>8. Creditors, accrued and other liabilities</b>                            |      |                    |                    |
| Creditors   |      | 38,526,313         | 77,676,104         |
| Accrued liabilities   |      | 4,935,276          | 4,351,035          |
| Provision for sales tax   |      | 2,238,036          | 2,238,036          |
| Infrastructure tax payable  |      | 4,396,800          | 4,396,800          |
| Interest / mark up payable on secured borrowings                              |      | 77,601,819         | 303,708,996        |
| Interest / mark up payable on unsecured borrowings                            |      | 2,013,449          | 17,671,811         |
| Guarantee commission payable  |      | 5,530,273          | 83,112,185         |
| Penalty for delay on payment of long-term borrowings and guarantee commission |      | 46,956,471         | 66,352,708         |
| Liquidated damages  |      | 67,077,806         | 6,718,301          |
| Retention money   |      | 1,725,660          | 25,297,874         |
| Other liabilities   |      | -                  | 1,612,562          |
|   |      | <b>251,101,903</b> | <b>593,136,412</b> |

## 9. Contingencies and commitments

### Contingencies:

9.1 The company has the following contingent liabilities/assets in case of WAPDA:

a) A bill of Rs. 5,575,286 had been raised by WAPDA in the previous year being interest for delayed payment of liquidated damages; the company has not only challenged the levy of interest but also the amount of liquidated damages paid and is confident that the matter will be settled in its favour. Accordingly, the amount of this bill has not been recognised in these accounts. It is expected that the reconciliation will be completed by middle of November 2002

b) Amounts totalling Rs. 4.28 million included in trade debts (note-16) are disputed by WAPDA due to different meter reading formulae used by WAPDA and the company. The management's contention is that formula adopted by it is most appropriate and by

discussions/negotiations its contention would prevail. Accordingly, no provision against these debts has been recognized in these accounts.

c) The provisions of section 9.7(e) of Power Purchase Agreement (PPA) stipulate that any late payment of invoice amount by WAPDA shall bear markup equal to base rate (SBP Repo rate) plus 2% per annum compounded semi-annually. Consequently the company has claimed mark up of amounting to Rs. 9,868,119 from WAPDA during the year. The matter is under discussions between the parties and its outcome cannot be determined with certainty at this point of time, hence, the accrual of markup has not been recognized in these accounts.

9.2 The Deputy Commissioner of Income Tax (DCIT) imposed certain penalties / additional tax amounting to Rs. 8,451,549 on account of non / delayed payments of income tax demands for the assessment years 1997-98 and 1998-99. The company considered these levies as arbitrary and accordingly filed appeals at the appropriate forums; the final outcome of which is pending adjudication. These liabilities, however, have been fully paid and incorporated in these accounts.

#### Commitments:

9.3 Commitments under the letters of credit other than capital expenditure at the year end were equivalent to Rs. 4,888,602 (2001: Nil).

9.4 Commitments of capital expenditure at end of the year amounted to Rs. Nil (2001:Rs.2,500,000).

#### 10. Operating fixed assets

| PARTICULARS               | COST              |            |              | As at June 30,2002 | Rate (%) | As at July 01, 2001 | DEPRE |
|---------------------------|-------------------|------------|--------------|--------------------|----------|---------------------|-------|
|                           | As at July 1,2001 | Additions  | Deletions    |                    |          |                     |       |
| <b>Owned</b>              |                   |            |              |                    |          |                     |       |
| Land - freehold           | 16,046,645        | 932,000    | -            | 16,978,645         |          |                     |       |
| Buildings and civil works | 354,564,231       | 10,713,994 | -            | 365,278,225        | 3,3-3.57 | 15,113,301          |       |
| Plant and machinery       | 6,459,551,676     | 31,213,248 | (56,028,098) | 6,434,737          | 3.3-3.57 | 274,392,704         |       |
| Workshop equipment        | 16,081,888        | -          | -            | 16,081,888         |          | 1,608,189           | 10    |
| Weigh Bridge              | 1,175,000         | -          | -            | 1,175,000          |          | 117,500             | 10    |
| Furniture and fixtures    | 1,488,767         | 287,730    | -            | 1,776,497          |          | 187,666             | 10    |
| Electric installations    | 1,044,443         | 393,897    | -            | 1,438,340          |          | 128,449             | 10    |
| Office equipment          | 995,263           | 271,640    |              | 1,228,403          |          | 127,817             | 10    |
| Computers                 | 1,207,365         | 424,955    |              | 1,626              |          | 142,905             | 30    |
| Tubewell                  | 1,723,760         | -          | -            | 1,723,760          |          | 222,652             | 10    |
| Railways sidings          | 6,650,000         | -          | -            | 6,650,000          |          | 858,958             | 10    |
| Vehicles                  | 4,411,881         | 1,809,608  | 2,766,615    | 3,544,874          |          | 1,135,740           | 20    |
| <b>Leased</b>             |                   |            |              |                    |          |                     |       |

|                 |                      |                    |                   |                      |    |                    |
|-----------------|----------------------|--------------------|-------------------|----------------------|----|--------------------|
| Office premises | 775,000              | '                  | ' -               | 775,000              | 10 | 100,104            |
| Vehicle         | 4,700,000            | 17,456,095         | 4,700,000         | 17,456,095           | 20 | 1,214,167          |
| Rupees 2002     | <b>6,870,415,919</b> | <b>63,593,167</b>  | <b>63,540,013</b> | <b>6,870,469,073</b> |    | <b>295,350,152</b> |
| Rupees 2001     | <b>6,728,213,244</b> | <b>142,202,675</b> | -                 | <b>6,870,416</b>     |    | <b>65,299,753</b>  |

10.1 Deletion to plant and machinery represents exchange gain on the foreign currency loans utilized for the acquisition of land and machinery (2001: exchange loss, Rs. 124,024,407)

|  | 2002        | 2001        |
|--|-------------|-------------|
| Rupees   | Rupees      |             |
| 10.2 The depreciation charge for the year has been allocated to: |             |             |
| Cost of sales  | 229,111,729 | 227,676,939 |
| Administrative & gen   | 5,209,674   | 2,373,460   |
|  | 234,321,403 | 230,050,399 |

10.2 The company has changed the depreciation rate on computers from 10% to 30%. The company believes that the changed rate is more reflective of the useful life of these assets. Had this change in accounting estimate not made, for the year and accumulated loss would have been lower by Rs. 325,104.

10.3 The detail of fixed assets disposed of during the year are as follows:

| Description         | Cost             | Accumulated Depreciation | Book Value       | Sale Proceeds    | Profit/ (Loss)     | Mode of Sale | Sold to   |
|---------------------|------------------|--------------------------|------------------|------------------|--------------------|--------------|---|
| <b>Vehicle</b>      |                  |                          |                  |                  |                    |              |   |
| Honda Motor cycle   | 45,000           | 11,625                   | 33,375           | 14,200           | (19,175)           | Negotiation  | Mr. Muhammad Tufail, inside Lahori Gate Lahore  |
| Toyota Land Cruiser | 4,700,000        | 1,214,167                | 3,485,833        | 3,200,000        | (285,833)          | Negotiation  | Mr. Rashid Iqbal Nadeem, 60-H, Gulberg, Lahore. |
| BMW Saloon          | 2,721,615        | 703,084                  | 2,018,531        | 1,300,000        | (718,531)          | Negotiation  | Mr. M. Aqil Sultan, 106-L, DHA, Lahore.         |
| Office equipment    | 7,466,615        | 1,928,876                | 5,537,739        | 4,514,200        | (1,023,539)        |              |   |
| Fax Machine         | 38,500           | 4,937                    | 33,527           | 6,000            | (25,527)           | Negotiation  | Office Products Marketing, Lahore               |
| Computers           |                  |                          |                  |                  |                    |              |   |
| Monitor             | 6,800            | 680                      | 6,120            | 3,000            | (3,120)            | Negotiation  | Zit International, Lahore.                      |
| Rupees 2002         | <b>7,511,915</b> | <b>1,934,529</b>         | <b>5,577,386</b> | <b>4,523,200</b> | <b>(1,054,186)</b> |              |   |
| Rupees 2001         | -                | -                        | -                | -                | -                  |              |   |

| Note   | Note | 2002<br>Rupees     | 2001<br>Rupees     |
|--|------|--------------------|--------------------|
| 11. Capital work in progress   |      |                    |                    |
| This comprise of:  |      |                    |                    |
| Civil work   |      | 200,697            | 7,229,870          |
| Plant and machinery  |      | 23,450,075         | 18,482,700         |
| Advance for land   |      | 1,072,500          | 1,072,500          |
|  |      | <b>24,723,272</b>  | <b>26,785,070</b>  |
| <b>12. Long term deposits</b>  |      |                    |                    |
| Security deposits with :   |      |                    |                    |
| Leasing companies  |      | 2,677,170          | 470,000            |
| Central Depository Company (CDC)   |      | 800,000            | 800,000            |
|  |      | 3,477,170          | 1,270,000          |
| Less: current portion shown under assets (Note - 17)                         |      | -                  | 470,000            |
|  |      | <b>3,477,170</b>   | <b>800,000</b>     |
| <b>13. Deferred cost</b>   |      |                    |                    |
| Balance at July 01,  |      | 48,105,980         | 61,093,172         |
| Less: Amortised during the year  |      | 12,987,192         | 12,987,192         |
|  |      | <b>35,118,788</b>  | <b>48,105,980</b>  |
| <b>14. Stores and spares</b>   |      |                    |                    |
| Stores   |      | -                  | 184,781            |
| Spares   |      | 8,966,388          | 7,812,669          |
|  |      | 8,966,388          | 7,997,450          |
| The Company does not hold any stores and spares for specific capitalization. |      |                    |                    |
| <b>15. Stock in trade</b>  |      |                    |                    |
| Residual fuel oil (RFO)( including in transit Rs. 6,321,907 ( 2001: Nil ))   |      | 38,126,840         | 25,442,251         |
| High speed diesel (HSD)  |      | 1,441,253          | 2,765,799          |
| Lube oil   |      | 6,980,218          | 18,862,480         |
| Chemicals and other lubricants   |      | 1,398,122          | 1,632,411          |
|  |      | 47,946,433         | 48,702,941         |
|  |      | <b>350,631,710</b> | <b>155,666,753</b> |
| <b>16. Trade debts - considered good</b>                                     |      |                    |                    |
| These are receivable from WAPDA and are fully secured.                       |      |                    |                    |
| <b>17. Advances, deposits, prepayments and other receivables</b>             |      |                    |                    |
| <b>Advances - considered good</b>  |      |                    |                    |
| To directors 17.1  |      | 482,108            | -                  |
| To executives 17.2   |      | 453,300            | -                  |
| To employees   |      | 210,180            | 355,950            |
| For expenses   |      | 761,083            | 104,853            |
| To suppliers   |      | 1,148,299          | 466,373            |
| To Pakistan State Oil Co. Ltd. (PSO)   |      | 31,818,104         | 22,814,398         |
| Income tax   |      | 200,429            | 171,511            |
| To Others  |      | 38,646             | -                  |
|  |      | <b>35,112,549</b>  | <b>23,913,085</b>  |

|   | Note | 2002<br>Rupees    | 2001<br>Rupees    |
|---|------|-------------------|-------------------|
| <b>Deposits . .</b>                             |      |                   |                   |
| Current portion of long term deposits (Note-12) |      | -                 | 470,000           |
| Letters of credit margin                        |      | 2,688,971         | -                 |
| Others  |      | 118,856           | 112,856           |
|   |      | 2,807,827         | 582,856           |
| Prepayments                                     |      | 29,569,959        | 14,972,545        |
| Other receivables                               |      |                   |                   |
| Claims receivable                               |      | 2,733,381         | 1,715,554         |
| Sales tax recoverable                           |      | 6,551,379         | 5,552,011         |
| Others  |      | 1,740,384         | 1,740,384         |
|   |      | 11,025,144        | 9,007,949         |
|   |      | <b>78,515,479</b> | <b>48,476,436</b> |

17.1 The maximum aggregated amount of advances due from directors at the end of any month during the year was Rs, 582,108 (2001: Nil).

17.2 The maximum Aggregated amount of advances due from executives at the end of any month during the year was Rs. 489,300 (2001: Rs. 262,500).

#### 18. Cash and bank balances

|                     |  |                  |                   |
|---------------------|--|------------------|-------------------|
| Cash in hand        |  | 11,649           | 28,236            |
| Cash with banks :   |  |                  |                   |
| In current accounts |  | 917,010          | 25,030,679        |
| In saving accounts  |  | 2,231,236        | 23,898,971        |
|                     |  | 3,148,246        | 48,929,650        |
|                     |  | <b>3,159,895</b> | <b>48,957,886</b> |

#### 19. Sales

|                   |  |                      |                      |
|-------------------|--|----------------------|----------------------|
| Energy payments   |  | 1,098,617,341        | 707,636,812          |
| Capacity payments |  | 861,521,484          | 800,449,489          |
|                   |  | <b>1,960,138,825</b> | <b>1,508,086,301</b> |

#### 20. Cost of Sales

|                                    |  |                      |                      |
|------------------------------------|--|----------------------|----------------------|
| Fuels and oils consumed            |  | 1,137,942,169        | 759,081,285          |
| Salaries, wages, and benefits 20.1 |  | 6,441,727            | 5,399,952            |
| Operating and maintenance fee      |  | 61,341,791           | 50,014,753           |
| Stores and spares consumed         |  | 3,955,997            | 8,387,157            |
| Electricity consumed in house      |  | 3,836,580            | 5,563,288            |
| Communication charges              |  | 2,724,480            | 3,013,512            |
| Repair and maintenance             |  | 3,912,004            | 2,857,941            |
| Insurance                          |  | 34,707,028           | 25,073,712           |
| Depreciation 10.2                  |  | 229,111,729          | 227,676,939          |
|                                    |  | <b>1,483,973,505</b> | <b>1,087,068,539</b> |

20.1 Salaries, wages and benefits include Rs.100,843 (2001: Rs. 803,200) in respect of staff gratuity.

|   | Note | 2002<br>Rupees    | 2001<br>Rupees    |
|---|------|-------------------|-------------------|
| 21. Administration and general expenses     |      |                   |                   |
| Directors, remuneration                     |      | 11,027,571        | 7,200,000         |
| Salaries, wages, and benefits               | 21.1 | 11,287,382        | 9,328,450         |
| Plant security services                     |      | 2,115,188         | 1,718,157         |
| Staff transportation                        |      | 2,861,663         | 3,048,756         |
| Travelling and conveyance                   |      | 2,002,596         | 1,238,383         |
| Rent, rates and taxes                       |      | 375,432           | 338,455           |
| Postage and telegram                        |      | 165,459           | 80,287            |
| Electricity and utility charges             |      | 238,713           | 278,643           |
| Telephone and telex                         |      | 2,608,760         | 1,511,688         |
| Printing and stationery                     |      | 798,655           | 794,272           |
| Vehicle running and maintenance             |      | 2,664,628         | 1,676,859         |
| Entertainment                               |      | 996,534           | 784,835           |
| Newspapers and periodicals                  |      | 16,551            | 14,603            |
| Legal, professional and consultancy charges | 21.2 | 3,803,482         | 4,906,786         |
| Fee and subscription                        |      | 274,242           | 292,896           |
| Auditors' remuneration                      | 21.3 | 525,000           | 425,000           |
| Charity and donation                        | 21.4 | 18,500            | 50,000            |
| Advertisement                               |      | 172,092           | 327,979           |
| Insurance                                   |      | 636,849           | 204,358           |
| Repair and maintenance                      |      | 1,392,259         | 1,772,117         |
| Miscellaneous                               |      | 176,390           | 98,112            |
| Depreciation                                | 10.2 | 5,209,674         | 2,373,460         |
|   |      | <b>49,367,620</b> | <b>38,464,096</b> |

21.1 Salaries, wages and benefits included Rs. 587,935 (2001: Rs. 534,500) in respect of staff

gratuity.

21.2 It includes retainership fee of Rs. 225,000 per month (2001: Rs. 225,000 per month) to Haseeb Khan & Co. Chartered Accountants, whose proprietor is also a director in the company.

21.3 Auditors' remuneration

|                        | 2002<br>Rupees<br>Hyder Bhiniji<br>&Co. | 2002<br>Rupees<br>Javaid Jalal<br>Amjad & Co. | 2001<br>Rupees<br>Hyder Bhimji<br>&Co. | 2001<br>Rupees<br>Javaid Jalal<br>Amjad & Co |
|------------------------|---|---|--|--|
| Audit fee              | 175,000                                 | 175,000                                       | 175,000                                | 175,000                                      |
| Review engagement      | 5,000                                   | 5,000   | -                                      | -  |
| Out of pocket expenses | 37,500                                  | 37,500  | 37,500                                 | 37,500                                       |
|                        | <b>262,500</b>                          | <b>262,500</b>                                | <b>212,500</b>                         | <b>212,500</b>                               |

21.4 None of the directors or their spouses have any interest in the funds of the donees.



22. Other Income

|                           |  |                  |                  |
|---------------------------|--|------------------|------------------|
| Interest on bank deposits |  | 1,762,426        | 4,221,798        |
| Sale of scrap / sludge    |  | 5,316,358        | 3,709,986        |
| Exchange gain             |  | 1,128,595        | -                |
|                           |  | <b>8,207,379</b> | <b>7,931,784</b> |

|                            | Note | 2002<br>Rupees     | 2001<br>Rupees     |
|----------------------------|------|--------------------|--------------------|
| 23. Financial charges      |      |                    |                    |
| Interest / mark up on:     |      |                    |                    |
| Long term loans / finances |      | 553,962,563        | 485,560,602        |
| Short term borrowings      |      | 15,254,106         | 12,611,147         |
| Lease finance              |      | 3,312,161          | 936,765            |
| Guarantee commission       |      | 27,102,704         | 37,309,924         |
| Bank fee and other charges |      | 3,972,046          | 4,848,982          |
|                            |      | <b>603,603,580</b> | <b>541,267,420</b> |

24. Other Charges

|                              |      |                   |                   |
|------------------------------|------|-------------------|-------------------|
| Liquidated damages           |      | 74,025,841        | 23,408,233        |
| Deferred cost amortized      |      | 12,987,192        | 12,987,192        |
| Loss on sale of fixed assets | 10.4 | 1,054,186         | -                 |
|                              |      | <b>88,067,219</b> | <b>36,395,425</b> |

25. Earnings per share

|  |  |               |               |
|--|--|---------------|---------------|
| Basic                                      |  |               |               |
| Net loss for the year                      |  | (257,049,626) | (187,564,190) |
| Weighted average number of ordinary shares |  | 133,200,000   | 133,200,000   |
| Basic earning per share                    |  | (2)           | (1)           |

26. Plant capacity and actual production

|                                  |  |         |         |
|----------------------------------|--|---------|---------|
| Installed annual capacity in MWH |  | 937,320 | 937,320 |
| Actual energy delivered in MWH   |  | 430,058 | 281,544 |

Utilisation of available capacity depends on the load demands by WAPDA.

27. Financial assets and liabilities

Interest rate sensitivity position based on the earlier of contractual renicine or maturity date is as follow

| Financial assets   | Interest / markup bearing |                         |             | Non - Interest bearing |                         |           |
|--------------------|---------------------------|-------------------------|-------------|------------------------|-------------------------|-----------|
|                    | Maturity upto one Year    | Maturity after one year | Sub total   | Maturity upto one year | Maturity after one year | Sub total |
| Long term deposits | .                         | -                       | -           | .                      | 3,477,170               | 3,477,170 |
| Trade debts        | 350,631,710               | -                       | 350,631,710 | -                      | -                       | -         |

|   |                    |                      |                      |                    |                    |                    |                      |
|---|--------------------|----------------------|----------------------|--------------------|--------------------|--------------------|----------------------|
| Advances, deposits, prepayments and other receivables | -                  | -                    | -                    | 7,281,592          | -                  | 7,281,592          |                      |
| Cash and bank balances                                | 2,231,236          | -                    | 2,231,236            | 928,659            | -                  | 928,659            |                      |
| Claims receivable not recognised in the books         | -                  | -                    | -                    | 9,868,119          | -                  | 9,868,119          |                      |
|   | 352,862,946        | -                    | 352,862,946          | 18,078,370         | 3,477,170          | 21,555,540         |                      |
| <b>Financial liabilities</b>                          |                    |                      |                      |                    |                    |                    |                      |
| Long term loans                                       |                    |                      |                      |                    |                    |                    |                      |
| -Secured  | 27,453,115         | 5,407,941,950        | 5,435,395,065        | -                  | -                  | -                  | 5,407,941,950        |
| -Unsecured  | 55,292,857         | -                    | 55,292,857           | -                  | -                  | -                  | -                    |
| Sponsors' loan  | -                  | -                    | -                    | -                  | 168,375,918        | 168,375,918        |                      |
| Liabilities against assets subject to finance lease   | 3,345,051          | 11,495,382           | 14,840,433           | -                  | -                  | -                  |                      |
| Short term borrowings                                 | 146,040,486        | -                    | 146,040,486          | -                  | -                  | -                  |                      |
| Creditors, accrued and other liabilities              | 67,077,806         | -                    | 67,077,806           | 177,389,261        | -                  | 177,389,261        |                      |
| Letters of credit at Sight                            | 4,888,602          | -                    | 4,888,602            | -                  | -                  | -                  |                      |
| Claims not acknowledged as dept                       | -                  | -                    | -                    | 5,575              | -                  | 5,575              |                      |
| -Mark up on Liquidated damages                        | -                  | -                    | -                    | 5,575              | -                  | 5,575              |                      |
|   | <b>304,097,917</b> | <b>5,419,437,332</b> | <b>5,723,535,249</b> | <b>182,964,547</b> | <b>168,375,918</b> | <b>351,340,465</b> | <b>6,000,000,000</b> |

**2001 (Rupees)**

| Financial assets                                     | Interest / markup bearing |                         |                      | Non - Interest bearing |                         |                    | T                    |
|--|---------------------------|-------------------------|----------------------|------------------------|-------------------------|--------------------|----------------------|
|  | Maturity upto one Year    | Maturity after one year | Sub total            | Maturity upto one year | Maturity after one year | Sub total          |                      |
| Long term deposits                                   | -                         | -                       | -                    | 470,000                | 800,000                 | 1,270,000          |                      |
| Trade debts  | 155,666,753               | -                       | 155,666,753          | -                      | -                       | -                  |                      |
| Advances, deposits, prepayments and other receivable | -                         | -                       | -                    | 4,038,794              | -                       | 4,038,794          |                      |
| Cash and bank balances                               | 23,898,971                | -                       | 23,898,971           | 25,058,915             | -                       | 25,058,915         |                      |
|  | 179,565,724               | -                       | 179,565,724          | 29,567,709             | 800,000                 | 30,367,709         |                      |
| <b>Financial liabilities</b>                         |                           |                         |                      |                        |                         |                    |                      |
| Long term loans                                      |                           |                         |                      |                        |                         |                    |                      |
| -Secured   | 755,353,668               | 4,200,417,127           | 4,955,770,795        | -                      | -                       | -                  | 4,955,770,795        |
| -Unsecured   | 63,519,958                | 21,173,319              | 84,693,277           | -                      | -                       | -                  | -                    |
| Sponsors' loan                                       | -                         | -                       | -                    | -                      | 168,375,918             | 168,375,918        |                      |
| Liabilities against assets subject to finance lease  | 1,292,776                 | -                       | 1,292,776            | -                      | -                       | -                  |                      |
| Short term borrowings                                | 76,607,678                | -                       | 76,607,678           | -                      | -                       | -                  |                      |
| Creditors, accrued and other liabilities             | 6,718,301                 | -                       | 6,718,301            | 579,783,275            | -                       | 579,783,275        |                      |
| Claims not acknowledged as dept                      | -                         | -                       | -                    | 5,575,286              | -                       | 5,575,286          |                      |
| -Mark up on Liquidated damages                       | -                         | -                       | -                    | 5,575,286              | -                       | 5,575,286          |                      |
|  | <b>903,492,381</b>        | <b>4,221,590,446</b>    | <b>5,125,082,827</b> | <b>585,358,561</b>     | <b>168,375,918</b>      | <b>753,734,479</b> | <b>5,800,000,000</b> |

### 27.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to change in market interest rates. The effective interest rates as at June 30, 2002 for financial instruments are given in the relevant notes except trade debts, liquidated damages, deposits in PLS accounts for which effective rate is given:

|   | 2002                 | 2001                      |
|---|----------------------|---------------------------|
| Trade debts-interest charged after 25 days of the invoice delivered to WAPDA        | 2% above Repo rate   | 2% above Repo rate        |
| Liquidated damages-interest is payable after 25 days of invoice received from WAPDA | 2% above Repo rate   | 2% above Repo rate        |
| Deposits in PLS acco  | As determined by the | As determined by the bank |

### 27.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of total financial assets of Rs. 374,418,486 (2001: Rs. 209,933,433), the financial assets which are subject to credit risk amount to Rs. 374,406,837 (2001: Rs. 209,905,197). The company believes that it is not exposed to major concentration of credit risk due to counter guarantees given by the Government of Pakistan in respect of receivable from WAPDA.

### 27.3 Foreign exchange risk management

Foreign exchange risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Out of total payables of Rs. 1,476,829,665 (2001: Rs. 2,317,103,063) in foreign currency, the payable exposed to foreign exchange risk amounts to Rs. 79,501,406 (2001: Rs. 167,322,697).

### 27.4 Fair value of financial instruments

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

### 28. Number of employees

Number of employees at the year end was

| 2002 | 2001 |
|------|------|
| 122  | 98   |

### 29. Remuneration of Chief executive, directors and executives

The aggregated amounts charged in the accounts for the year for remuneration, including benefits to chief executive, directors and executives of the company are as follows:

**Chief Executive**

**Directors**

**Executive**

|                         | 2002             | 2001             | 2002             | 2001             | 2002             | 2001             |
|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| No. of persons          | 1                | 1                | 4                | 4                | 20               | 15               |
| Managerial remuneration | 3,594,283        | 2,408,639        | 4,444,118        | 3,062,148        | 6,265,067        | 4,174,984        |
| House rent              | -                | -                | -                | -                | 438,427          | 238,827          |
| Utilities               | 359,428          | 240,864          | 444,411          | 306,212          | 626,509          | 417,497          |
| Gratuity                | -                | -                | -                | -                | 703,130          | 513,600          |
| Other benefits          | 1,110,074        | 665,497          | 1,075,257        | 516,640          | 1,471,719        | 1,388,891        |
| Total-Rupees            | <b>5,063,785</b> | <b>3,315,000</b> | <b>5,963,786</b> | <b>3,885,500</b> | <b>9,504,852</b> | <b>6,733,799</b> |

29.1 Board meeting fee has not been paid to the directors of the company, (2001: Nil).

29.2 Company maintained vehicles are provided to the chief executive and four directors.

### 30 Environmental risk exposure

The company is fully compliant with the environmental regulations.

### 31 Date of Authorization

These financial statements were authorized for issue on September 30, 2002 in accordance with the resolution of the Board of Directors.

### 31 General

31.1 Previous year's figures have been rearranged and reclassified where necessary for the purposes of comparison. Major rearrangements/reclassifications are as under:

| Note | From  | Reclassification | To                                   | — Nature  | Rupees |
|------|---|------------------|--------------------------------------|---|--------|
| 8    | Accrued liabilities                         |                  | Provision for sales tax              | To separately disclose government dues.                                 |        |
| 8    | Accrued liabilities                         |                  | Infrastructure tax payable           | To separately disclose government dues.                                 |        |
| 10   | Office equipment                            |                  | Computers                            | To make depreciation charge on computers in line with general practice. |        |
| 10   | Furniture and fixtures                      |                  | Electronic installations             | For better presentation purposes.                                       |        |
| 12   | Security deposit with Central Depository Co |                  | Long term deposits                   | To properly segregate the short and long term deposits.                 |        |
| 17   | Other receivables                           |                  | Sales tax receivable                 | To separately disclose government dues.                                 |        |
|      | Advances - others                           |                  | Advances to suppliers                | This figure needed separate disclosure in future periods.               |        |
| 17   |   |                  |                                      |   |        |
| 17   | Sales tax receivable from WAPDA             |                  | Trade debts                          | To give more correct picture for the receivable balance.                |        |
| 20   | Telephone and communication                 |                  | Communication charges-(Cost of sale) | For better presentation purposes.                                       |        |

32.2 Figures in these accounts have been rounded off to the nearest rupee.

### PATTERN OF SHAREHOLDINGS AS 30-06-2002

| NUMBER OF<br>SHAREHOLDERS | SHAREHOLDING |         | TOTAL<br>SHARES HELD |
|---------------------------|--------------|---------|----------------------|
|                           | FROM         | TO      |                      |
| 4                         | 1            | 100     | 251                  |
| 403                       | 101          | 500     | 201,332              |
| 587                       | 501          | 1,000   | 587,000              |
| 1,337                     | 1,001        | 5,000   | 4,410,220            |
| 563                       | 5,001        | 10,000  | 4,742,393            |
| 195                       | 10,001       | 15,000  | 2,573,180            |
| 147                       | 15,001       | 20,000  | 2,768,500            |
| 104                       | 20,001       | 25,000  | 2,476,100            |
| 60                        | 25,001       | 30,000  | 1,723,500            |
| 34                        | 30,001       | 35,000  | 1,144,500            |
| 37                        | 35,001       | 40,000  | 1,427,999            |
| 23                        | 40,001       | 45,000  | 989,000              |
| 53                        | 45,001       | 50,000  | 2,622,500            |
| 18                        | 50,001       | 55,000  | 954,525              |
| 14                        | 55,001       | 60,000  | 822,500              |
| 19                        | 60,001       | 65,000  | 1,216,500            |
| 9                         | 65,001       | 70,000  | 621,000              |
| 13                        | 70,001       | 75,000  | 960,000              |
| 7                         | 75,001       | 80,000  | 545,500              |
| 8                         | 80,001       | 85,000  | 663,000              |
| 6                         | 85,001       | 90,000  | 522,500              |
| 7                         | 90,001       | 95,000  | 651,500              |
| 28                        | 95,001       | 100,000 | 2,791                |
| 9                         | 100,001      | 105,000 | 928,000              |
| 3                         | 105,001      | 110,000 | 319,500              |
| 3                         | 110,001      | 115,000 | 344,000              |
| 9                         | 115,001      | 120,000 | 1,069,000            |
| 3                         | 120,001      | 125,000 | 371,000              |
| 2                         | 125,001      | 130,000 | 254,000              |
| 5                         | 130,001      | 135,000 | 665,500              |
| 3                         | 135,001      | 140,000 | 410,500              |
| 2                         | 140,001      | 145,000 | 287,500              |
| 4                         | 145,001      | 150,000 | 594,500              |
| 1                         | 150,001      | 155,000 | 153,000              |
| 2                         | 155,001      | 160,000 | 317,500              |
| 2                         | 160,001      | 165,000 | 326,000              |
| 1                         | 165,001      | 170,000 | 170,000              |
| 1                         | 170,001      | 175,000 | 175,000              |
| 3                         | 175,001      | 180,000 | 534,500              |
| 3                         | 180,001      | 185,000 | 549,500              |
| 1                         | 185,001      | 190,000 | 188,500              |
| 2                         | 190,001      | 195,000 | 386,000              |
| 6                         | 195,001      | 200,000 | 1,199,500            |

|   |           |           |           |
|---|-----------|-----------|-----------|
| 2 | 200,001   | 205,000   | 407,500   |
| 3 | 205,001   | 210,000   | 624,200   |
| 3 | 210,001   | 215,000   | 637,500   |
| 2 | 215,001   | 220,000   | 435,000   |
| 2 | 220,001   | 225,000   | 446,500   |
| 2 | 225,001   | 230,000   | 455,000   |
| 1 | 230,001   | 235,000   | 231,000   |
| 1 | 240,001   | 245,000   | 245,000   |
| 2 | 245,001   | 250,000   | 497,500   |
| 1 | 250,001   | 255,000   | 252,000   |
| 1 | 255,001   | 260,000   | 260,000   |
| 1 | 265,001   | 270,000   | 269,500   |
| 1 | 270,001   | 275,000   | 270,500   |
| 1 | 275,001   | 280,000   | 278,000   |
| 1 | 285,001   | 290,000   | 287,500   |
| 1 | 290,001   | 295,000   | 294,000   |
| 2 | 295,001   | 300,000   | 600,000   |
| 1 | 310,001   | 315,000   | 312,500   |
| 1 | 315,001   | 320,000   | 320,000   |
| 1 | 330,001   | 320,000   | 331,000   |
| 1 | 335,001   | 340,000   | 336,000   |
| 1 | 340,001   | 345,000   | 343,000   |
| 1 | 345,001   | 350,000   | 350,000   |
| 1 | 355,001   | 360,000   | 359,500   |
| 2 | 425,001   | 430,000   | 858,000   |
| 2 | 430,001   | 435,000   | 869,000   |
| 1 | 445,001   | 450,000   | 450,000   |
| 2 | 475,001   | 480,000   | 959,500   |
| 1 | 490,001   | 495,000   | 493,500   |
| 3 | 495,001   | 500,000   | 1,498,500 |
| 1 | 500,001   | 505,000   | 501,500   |
| 1 | 515,001   | 520,000   | 517,000   |
| 1 | 530,001   | 535,000   | 534,000   |
| 1 | 555,001   | 560,000   | 557,000   |
| 1 | 575,001   | 580,000   | 579,500   |
| 1 | 595,001   | 600,000   | 600,000   |
| 1 | 605,001   | 610,000   | 610,000   |
| 2 | 620,001   | 625,000   | 1,246,100 |
| 1 | 635,001   | 640,000   | 640,000   |
| 1 | 700,001   | 705,000   | 703,000   |
| 1 | 770,001   | 775,000   | 775,000   |
| 1 | 795,001   | 800,000   | 800,000   |
| 1 | 810,001   | 815,000   | 811,500   |
| 3 | 930,001   | 935,000   | 2,796,000 |
| 1 | 995,001   | 1,000,000 | 1,000,000 |
| 1 | 1,025,001 | 1,030,000 | 1,026,500 |
| 1 | 1,160,001 | 1,165     | 1,164,500 |
| 1 | 1,485,001 | 1,500,000 | 1,500,000 |

|  |              |            |            |                    |
|--|--------------|------------|------------|--------------------|
|  | 7            | 1,660,001  | 1,665,000  | 11,650,000         |
|  | 1            | 1,860,001  | 1,865,000  | 1,862,000          |
|  | 1            | 3,250,001  | 3,255,000  | 3,250,500          |
|  | 2            | 3,395,001  | 3,400,000  | 6,800,000          |
|  | 3            | 3,880,001  | 3,885,000  | 11,650,000         |
|  | 1            | 4,355,001  | 4,360,000  | 4,357,200          |
|  | 1            | 18,635,001 | 18,640,000 | 18,640,000         |
|  | <b>3,823</b> |            |            | <b>133,200,000</b> |

#### CATEGORIES OF SHAREHOLDERS AS AT 30-06-2002

| Sr. # Shareholder's Category   | Number of Shareholders | Number of Shares Held | Percentage    |
|--|------------------------|-----------------------|---------------|
| <b>1 Directors/Chief Executive Officer and their spouse and minor children, (Included in individuals)</b>                              | 11                     | 35,128,524            | 26.37         |
| <b>2 Executives: (Company Secretary)</b>   | 1                      | 1,000                 | -             |
| <b>3 Associated Companies, Undertakings and related parties</b>  | -                      | -                     | -             |
| <b>4 Public Sectors Companies &amp; Corporations</b>   | 94                     | 11,542,600            | 8.67          |
| <b>5 NIT and ICP (Already included in Financial Inst.)</b><br>NIT 0<br>ICP 813,000   | 4                      | 813,000               | 0.61          |
| <b>6 Banks Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds</b> | 48                     | 5,452,300             | 4.09          |
| <b>7 Others</b>  | 231                    | 14,606,500            | 10.97         |
| <b>8 Shareholding 10% of More</b>  | -                      | -                     | -             |
| <b>9 Individuals</b>   | 3,446                  | 101,598,600           | 76.28         |
| <b>TOTAL:</b>  | <b>3,823</b>           | <b>133,200,000</b>    | <b>100.00</b> |

#### SHAREHOLDING DETAIL OF CHIEF EXECUTIVE AND DIRECTORS.

| Sr. # & NAME           | DESIGNATION     | SHAREHOLDING |
|------------------------|-----------------|--------------|
| 1 MR. ZAFAR MAHMOOD    | Chief Executive | 18,640,000   |
| 2 SHEIKH NAZAZ ALI     | Chairman        | 3,883,333    |
| 3 MR. HASEEB KHAN      | Director        | 1,000        |
| 4 MR. ASAD ALI UPPAL   | Director        | 1,664,286    |
| 5 MR. AKHTAR ALI UPPAL | Director        | 1,664,286    |

|                          |              |             |
|--------------------------|--------------|-------------|
| 6 MR. FAISAL QAMAR UPPAL | Director     | 1,664,286   |
| 7 MR. SAITO YOSHIHIRO    | Director     | 932,000     |
| 8 MR. TAKASHI KABURAGI   | Director     | 932,000     |
| 9 MR. MUHAMMAD ALI       | Director     | 932,000     |
| 10 SHEIKH MAHMOOD ALI    | Director     | 3,883,333   |
| 11 MRS. SAMINA ZAFAR     | Director     | 932,000     |
|                          | <b>TOTAL</b> | <hr/> <hr/> |