

Kohinoor Power Company Limited

Annual Report 2001

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. M. Naseem Saigol Chairman/Chief Executive
Mr. M. Azam Saigol
Mr. Shahid Sethi
Mr. Akbar Ali
Mr. Muhammad Ilyas Bajwa
Mr. Muhammad Asif Bajwa
Syed Arshad A'la (ICP Nominee)

COMPANY SECRETARY

Sheikh Muhammad Shakeel, ACA

AUDITORS

M/s Manzoor Hussain Mir & Co.
Chartered Accountants

BANKERS

Askari Commercial Bank Limited
Faysal Bank Limited
Habib Bank Limited
Muslim Commercial Bank Limited
National Bank of Pakistan
Union Bank Limited

REGISTERED OFFICE

06-Egerton Road,
Lahore
Tel: 6306131 (5 Lines)
E-mail: slgroup@brain.net.pk

WORKS

-Kohinoor Nagar, Faisalabad
-51-KM, Multan Road, Bhai Pheru

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 10th Annual General Meeting of the Shareholders of KOHINOOR POWER COMPANY LIMITED will be held on Monday, 31 December 2001 at 10:00 A.M. at 06-Egerton Road, Lahore the Registered Office of the Company to transact the following Business:-

1. To confirm the minutes of Extraordinary General Meeting held on 29 September 2001
2. To receive and adopt the Annual Audited Accounts for the year ended 30 June 2001 along with Director's and Auditors' Reports thereon.
3. To approve payment of Cash Dividend @ 5% (Re. 0.50 per share) as recommended by the Board.
4. To appoint Auditors the hold off'ice till the conclusion of the next Annual General Meeting and to fix their remuneration.
5. Any other business with the permission of the Chair.

By Order of the Board

Sheikh Muhammad Shakeel
Company Secretary

Lahore: December 08,2001

Notes:

1. The Share Transfer Books of the Company will remain closed from 31 December 2001 to 07 January 2002 (both days inclusive). Transfers Received in order at 06-Egerton Road, Lahore the Registered Office of the Company upto the close of Business on 30 December 2001 will be treated in time for the payment of dividend to the Transferees.
2. A member entitled to attend and vote at this meeting may appoint another Member as proxy. Proxies in order to be effective, must be received at 06- Egerton Road, Lahore, the Registered Office of the Company not later than forty - eight hours before the time for holding the meeting and must be duly stamped, signed and Witnessed.
3. Members whose shares are deposited with Central Depository System (CDS) are requested to bring their original National Identity Cards original Passports alongwith their Account Numbers in CDS for attending the meeting.
4. Members of all recognized Fiqahs may file with the company their declaration (if any) for non-deduction of zakat.
5. Members are requested to notify the Company change in their addresses, if any.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your company are pleased to present their 10th annual report together with the Company's audited accounts for the year ended June 30, 2001.

POWER GENERATION RESULTS

The 3rd generating set of 5.08 Megawatt became redundant in the last financial year has again started commercial production from January 2001. As a result of becoming the 3rd engine operational. capacity utilization of the plant registered an increase of 6% and generated 78,363 Megawatt hours electrical power as compared to 70,470 Megawatt hours during the previous year. In the next year, the plant utilization will further improve due to continuous production of power from the 3rd generating set.

FINANCIAL RESULTS

During the year under review, there was a decrease in profit after tax of 8.82% which was mainly due the increasing trend in the furnace oil prices. The average per ton furnace oil price has increased to Rs 10,252 (net of sales tax) in the year under review as against per ton price of Rs 6,889 in the last financial year. thus showing an increase of 49% in the furnace oil consumption. The Company could not maintain its profitability at the level of last year as it does not have any control over the prices of electrical power as well as the prices of furnace oil being used as raw material for generation of electrical power.

The summarized position of financial results is as under:

	<i>2001</i>	<i>2000</i>
	<i>(Rupees in thousand)</i>	
Revenue generated from sale of electrical power	261,458	200,606
Gross profit	2,440	37,257
Administrative & General Expenses	2,120	2,549
Financial charges	31,611	39,835
Other income	44,009	44
Unusual & non recurring items	--	35,936
Workers' profit participation fund	636	1,542
Taxation-prior years relief	1,233	--
Profit after taxation	13,315	29,311
Un-appropriated profit brought forward	917	1,606
Profit available for appropriation	14,232	30,917
Appropriations:		
Proposed cash dividend @ 5% (2000 @ 10%)	6,000	12,000
Transferred to general reserves	8,000	18,000
	-----	-----
	14,000	30,000
	-----	-----
Un-appropriated profit carried forward to Balance Sheet	232	917
	=====	=====
Earning per share	1.110	2.443

FUTURE PROSPECTS

We foresee that with the start up of production of 3rd generating set along with reduction in the prices of furnace oil in the international as well as in the local markets and slight increase in the WAPDA tariff will improve the profitability of your company in future.

DIVIDEND

Your directors are pleased to recommend a cash dividend @ 5% (Re. 0.5 per share) out of the profits earned during the year.

AUDITORS AND THEIR REPORT

The present auditors M/s. Manzoor Hussian Mir & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

The Company has not made any advance to its associated company and thus has not violated the provisions of section 208 of the Companies Ordinance, 1984. The advances at note # 16(ii) represent charges recoverable for delayed payments from Kohinoor Industries Limited (KIL) against energy billing. Trade debts accumulated due to delayed payments of energy billing from KIL. However, as per directive of Honorable Securities and Exchange Commission of Pakistan, the Company has charged interest to KIL against outstanding balance of energy billing.

Provisions for taxes amounting to Rs. 6.309 million have not made in these accounts due to the reason that company has agitated the levies in the Appellate Tribunals.

PATTERN OF SHARE HOLDING

A statement showing pattern of share holding as on June 30, 2001 is annexed.

ACKNOWLEDGMENT

We wish to thank to our banks and shareholders for their continued support and confidence on the Company. We are pleased to record our appreciation of the services rendered by the employees of the Company and hope that the same spirit of devotion will continue in future.

For and on behalf of the Board

Lahore
December 08,2001

CHIEF EXECUTIVE

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KOHINOOR POWER COMPANY LIMITED** as at 30th June, 2001 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the 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, and subject to the observations expressed below and extent to which the notes referred to may effect, we report that:

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

(b) in our opinion:

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

(ii) the expenditure incurred during the year was for the purpose of the company's business: and

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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 30th June, 2001 and of the profit, its cash flows and changes in equity for the year then ended; and

(i) Amounts due from Kohinoor Industries Limited, an associated company (excluding normal trade credit) are Rs. 241.878 Million to which when interest and charges for delayed payments to the tune of Rs 60.494 Million are added, these aggregate to Rs. 302.372 Million, These are in excess of 30% of share-holder's equity amounting to Rs. 392.232 Million which is contrary to provisions of section 208 of the Companies Ordinance, 1984. Attention is also invited to Note 15 & 16(ii).

(ii) No provision is made for taxes amounting to Rs. 6.309 Million indicated at Note 10.

(d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the company and deposited in the Central Zakat Fund under section 7 of that ordinance

Lahore
December 8, 2001

(MANZOOR HUSSAIN MIR & CO.)
CHARTERED ACCOUNTANTS

BALANCE SHEET AS AT JUNE 30, 2001

	NOTE	2001 Rupees	2000 Rupees
SHARE CAPITAL & RESERVES			
SHARE CAPITAL	(3)	120,000,000	120,000,000
RESERVES	(4)	272,000,000	264,000,000
UNAPPROPRIATED PROFIT		232,050	916,608
		-----	-----
		392,232,050	384,916,608
LONG TERM LOANS	(5)	187,189,039	204,618,969
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
	(6)	--	2,626,342
CURRENT LIABILITIES			
SHORT TERM LOANS	(7)	3,666,097	18,458,551
CURRENT PORTION OF LONG TERM LIABILITIES	(8)	91,877,476	113,525,093
CREDITORS, PROVISIONS & ACCRUED LIABILITIES	(9)	34,707,052	17,629,395
UN-CLAIMED DIVIDEND		444,141	961,893
PROPOSED DIVIDEND		6,000,000	12,000,000
		-----	-----
		136,694,766	162,574,932
CONTINGENCIES & COMMITMENTS	(10)	--	--
		-----	-----
		716,115,855	754,736,851
		=====	=====

The annexed notes (1) to (30) form an integral part of these financial statements.

(CHIEF EXECUTIVE)

(DIRECTOR)

AUDITORS' REPORT ANNEXED

TANGIBLE FIXED ASSETS

OPERATING ASSETS OWN	(11)	267,632,768	218,821,430
CAPITAL WORK IN PROGRESS	(12)	--	31,969,400
ASSETS SUBJECT TO FINANCE LEASE	(13)	41,010,503	43,168,950

LONG TERM DEPOSITS -- 1,300,000

CURRENT ASSETS

STORES & SPARES	(14)	24,008,962	43,272,886
TRADE DEBTS	(15)	301,927,565	377,275,853
ADVANCES, DEPOSITS & PREPAYMENTS	(16)	81,038,088	38,234,537
CASH & BANK BALANCES	(17)	497,969	693,795
		-----	-----
		407,472,584	459,477,071
		-----	-----
		716,115,855	754,736,851
		=====	=====

**(MANZOOR HUSSAIN MIR & CO.)
CHARTERED ACCOUNTANTS**

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

	<i>NOTE</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
SALES	(18)	261,457,725	210,606,419
COST OF SALES	(19)	259,018,129	173,349,577
		-----	-----
GROSS PROFIT		2,439,596	37,256,842
ADMINISTRATIVE & GENERAL	(20)	2,119,584	2,549,471
		-----	-----
OPERATING PROFIT		320,012	34,707,371
FINANCIAL EXPENSES	(21)	31,610,802	39,834,607
OTHER INCOME	(22)	44,009,129	43,787
UNUSUAL & NON RECURRING ITEMS	(23)	--	35,936,304
		-----	-----
		44,009,129	35,980,091
		-----	-----
		12,718,339	30,852,855
WORKERS' PROFIT PARTICIPATION FUND		635,917	1,542,643
		-----	-----
PROFIT BEFORE TAXATION		12,082,422	29,310,212
TAXATION:	(24)		
Current Year		(8,991)	--
Prior Years Relief	(24.1)	1,242,011	--
		-----	-----
		1,233,020	--
		-----	-----
PROFIT AFTER TAXATION		13,315,442	29,310,212
UNAPPROPRIATED PROFIT BROUGHT FORWARD		916,608	1,606,396
		-----	-----
PROFIT AVAILABLE FOR APPROPRIATION		14,232,050	30,916.61
APPROPRIATIONS:			
PROPOSED DIVIDEND @ 5 % (2000 @ 10 %) i.e. Re. 0.50 per ordinary share of Rs. 10		6,000,000	12,000,000
TRANSFERRED TO GENERAL RESERVE		8,000,000	18,000,000
		-----	-----
		14,000,000	30,000,000
UNAPPROPRIATED PROFIT CARRIED FORWARD TO BALANCE SHEET		232,050	916,608
		=====	=====
EARNING PER SHARE	(25)	1.11	2.44
		=====	=====

The annexed notes (1) to (30) form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

(MANZOOR HUSSAIN MIR & CO.)

CHARTERED ACCOUNTANTS

AUDITORS' REPORT ANNEXED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2001**

	<i>2001</i> <i>RUPEES</i>	<i>2000</i> <i>RUPEES</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) before taxation	12,082,422	29,310,212
Adjustments for:		
Depreciation	16,461,378	11,999,463
Other income	(44,009,129)	(43,787)
W.P.P.F	635,917	1,542,643
Profit on sale of shares	--	(16,942,773)
Financial charges	31,610,802	39,834,607
	-----	-----
Operating profit before working capital changes	16,781,390	64,700,365
	-----	-----
(Increase) / decrease in stores and spares	19,263,924	(17,125,524)
(Increase) / decrease in trade debts	75,348,288	12,405,581
(Increase) / decrease in advances prepayments and receivables	1,817,632	(9,092,049)
Increase / (decrease) in creditors, accrued and other liabilities	3,875,625	11,200,588
	-----	-----
	100,305,469	(26,11,404)
	-----	-----
Cash generated from operations	117,086,859	63,088,961
W.P.P.F Paid	(1,860,675)	(1,580,067)
Income tax paid	(116,543)	--
Financial charges paid	(5,912,491)	(91,884,380)
	-----	-----
NET CASH FROM OPERATING ACTIVITIES	109,197,150	(30,375,486)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(31,144,868)	(74,013,629)
Investment	--	63,742,773
Margin released	--	2,500,000
Margin deposit	--	(1,240,000)
	-----	-----
	(31,144,868)	(9,010,856)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of short term loans	(14,792,454)	(86,733,535)
Payment of long term loans	(32,703,559)	148,309,531
Dividend paid	(12,000,000)	(15,000,000)
Repayment of lease finance	(18,752,095)	(7,136,233)
	-----	-----
Net cash generated / (used) in financing activities	(78,248,108)	39,439,763
	-----	-----
Net increase / (decrease) in cash	(195,826)	53,421
Cash and bank balances as at July 1, 2000	693,795	640,374
	-----	-----
Cash and bank balances as at June 30, 2001	497,969	693,795
	=====	=====

STATEMENT OF CHANGES IN EQUITY

The changes in equity is as follows:

	<i>Share Capital</i>	<i>Profit for the year and appropriations</i>	<i>Reserves</i>	<i>Total</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Balance as at July 1st 1999	120,000,000	1,606,396	246,000,000	367,606,396
Net profit for the year	--	29,310,212	--	29,310,212
Appropriations:				
Proposed Dividend	--	(12,000,000)	--	(12,000,000)

Transfer to General Reserves	--	(18,000,000)	18,000,000	--
Balance as at June 30th 2000	120,000,000	916,608	264,000,000	384,916,608
Net profit for the year	--	13,315,442	--	13,315,442
Appropriations:				
Proposed Dividend	--	(6,000,000)	--	(6,000,000)
Transfer to General Reserves	--	(8,000,000)	8,000,000	--
Balance as at June 30th 2001	120,000,000	232,050	272,000,000	392,232,050

The annexed notes (1) to (30) form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

(1) STATUS AND NATURE OF BUSINESS

Kohinoor Power Company Limited was incorporated in Pakistan on December 8, 1991 as a Private Limited Company and subsequently converted into Public Limited Company on May 10, 1992, and its shares are quoted in Pakistan Stock Exchanges. The principal activity of the company is to generate and sell electric power.

(2) SIGNIFICANT ACCOUNTING POLICIES

(2.1) ACCOUNTING CONVENTION

These accounts have been prepared on the basis of historical cost convention.

(2.2) STAFF RETIREMENT BENEFITS

The company operates an un-funded gratuity scheme for all its eligible employees. Provision is made annually to cover obligations under the scheme.

(2.3) TAXATION

The profits of the company being from electricity generation are exempt from tax under clause 176 of the IInd schedule to the Income Tax Ordinance, 1979.

(2.4) FOREIGN CURRENCY TRANSLATION

Foreign liabilities have been translated in Pak rupees at the rate fixed with State Bank of Pakistan.

(2.5) CONTINGENCIES AND COMMITMENTS

These are accounted for as and when these become due.

(2.6) FIXED ASSETS

Operating assets are stated at cost less depreciation. Capital work in progress is stated at cost. Depreciation is calculated so as to write off the cost of fixed assets, on a reducing balance basis using rates assessed by the management keeping in view their useful life as indicated in Note 11 & 13. A full year's depreciation is charged in the year of acquisition however, depreciation on additions to plant & machinery is charged only for working period. No depreciation is charged in the year of disposal. Normal repairs and maintenance expenses are charged to income as and when incurred while major renewals and improvements are capitalized.

(2.7) ASSETS SUBJECT TO FINANCE LEASE

These are stated at lower of present value of minimum lease payments under the agreements or the fair value of assets. The aggregate amount of obligations relating to these assets are accounted for at net present value of liabilities. Depreciation on these assets is charged in line with normal depreciation policy adopted for assets owned by the company.

(2.8) STORES AND SPARES

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

(2.9) REVENUE RECOGNITION

Energy sales are recognised on the basis of meter readings recorded on continuous monthly basis.

2001

2000

	<i>Rupees</i>	<i>Rupees</i>
(3) SHARE CAPITAL		
Authorised 12,000,000 ordinary shares of Rs. 10/- each	120,000,000	120,000,000
Issued, subscribed and paid up 12,000,000 ordinary shares of Rs. 10/- each Fully paid 8,000,000 ordinary shares for cash	80,000,000	80,000,000
4,000,000 shares as bonus shares	40,000,000	40,000,000
	120,000,000	120,000,000

(4) RESERVES**REVENUE - GENERAL**

Balance from previous year	224,000,000	206,000,000
Transferred from Profit & Loss account	8,000,000	18,000,000
	232,000,000	224,000,000

CAPITAL RESERVES

Premium on issue of shares	40,000,000	40,000,000
	272,000,000	264,000,000

(5) LONG TERM LOANS- Secured

Faysal Bank Limited			
Term Loan LPO-I	(5.1)	226,268,602	108,727,000
Conversion from short term loans		--	122,388,102
		226,268,602	231,115,102
Term Loan LPO -II	(5.2)	51,356,790	--
Conversion from Mark up payable		10,872,897	56,203,290
		62,229,687	56,203,290
Term Loan LPO - III	(5.3)	10,589,002	10,392,621
Conversion from Mark up payable		607,358	196,381
		11,196,360	10,589,002
		299,694,649	297,907,394
Less: Payments made during the year		32,703,559	9,693,000
		266,991,090	288,214,394
Less: Current Portion			
Over due installments		41,123,754	--
Due within next 12 months		38,678,297	83,595,421
		79,802,051	83,595,425
		187,189,039	204,618,969

5.1 Term Loan LPO-I

This loan is restructured by Bank .It is to be repaid in 5 years and 7 months starting from October 2000.

As per revised repayment schedule the loan and interest is payable as per details given below:

<i>Repayment Period</i>	<i>Amount due on 20th of each month Rs.</i>	
i) October, 2000 down payment	14.000	Million
ii) November, 2000 to January, 2001	2.000	"
iii) a) February, 2001 to September, 2002 (Excepting March, 2001)	3.000	"
b) March, 2001	13.000	"

iv) October, 2002	3.291	"
v) November, 2002 to March, 2006	6.000	"
vi) April, 2006	10.509	"

Rate of interest 16% per annum

5.2 Term Loan LPO-II

This loan is restructured by Bank. It is repayable in 2 years and 2 months, starting from October 2000.

As per revised repayment schedule the loan and interest is payable as per details given below:

<i>Repayment Period</i>	<i>Amount due on 28th of each month</i>	
	<i>Rs.</i>	
i) October, 2000 down payment	14.000	Million
ii) November & December, 2000	2.000	"
iii) January, 2001	2.043	"
iv) a) February, 2001 to September, 2002 (Excepting March, 2001)	3.000	"
b) March, 2001	13.000	"
v) October, 2002	2.709	"

Rate of interest 16% per annum

5.3 Term Loan LPO-III

This loan is restructured by Bank. It is repayable in 12 monthly installments of which 11 installments commencing from 25th October, 2000 are of Rs. 1.000 Million each, while last installment due on 25th September, 2001 is of Rs. 1.174 Million.

Rate of interest 16% per annum

SECURITIES

Loans LPO-I, II & III are secured by first charge on plant & machinery of the company to the extent of Rs. 330 Million and personal guarantees of sponsoring directors.

	<i>2001</i>	<i>2000</i>
(6) LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	<i>Rupees</i>	<i>Rupees</i>
Opening balance	32,556,010	39,692,243
Financial charges capitalized	154,635	5,482,576
	-----	-----
	32,710,645	45,174,819
Less. Payments during the year	20,635,220	12,618,809
	-----	-----
	12,075,425	32,556,010
Less. Current portion	12,075,425	29,929,668
	-----	-----
	--	2,626,342
	=====	=====

The rentals are payable in equal monthly installments under the different lease agreements.

The balance amount is payable in the following periods.

Year ending 30 June, 2002	12,554,493
Less: Financial charges	479,068

	12,075,425
	=====

The present value of minimum lease payments have been discounted at an effective rate of 19.99% to 22.86% per annum. Repairs and insurance costs are to be borne by lessee. These liabilities are secured by deposit of Rupees 4.3 million and personal guarantees of directors of the company, demand promissory note, trust receipt for full value of asset, second charge ranking Pari Passu on the project. The company intends to exercise its option to purchase the leased assets at the termination of leased period.

(7) SHORT TERM LOANS-Secured

	<i>Sanction Limit (Million)</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
From:			
Banking Company	--	--	133,346,653
Less: Transfer to long term loan LPO-I		--	122,388,102
		-----	-----

<i>DESCRIPTION</i>	<i>Cost as at 01/07/2000</i>	<i>Additions</i>	<i>As at 30/06/2001</i>	<i>%</i>	<i>As at 01/07/2000</i>	<i>For The Year</i>	<i>Accumulated As at 30/06/2001</i>	<i>Written Down Value as at 30/06/2001</i>
Building on leasehold land	28,191,089	11,313,039	39,504,128	10	9,793,209	2,971,092	12,764,301	26,739,827
Plant & Machinery	339,601,897	51,716,568	391,318,465	5	139,363,968	11,304,810	150,668,778	240,649,687
Factory Equipment	69,975	--	69,975	10	28,656	4,132	32,788	37,187
Furniture & Fixture	10,231	45,561	55,792	10	6,048	4,974	11,022	44,770
Office Equipment	254,500	39,100	293,600	10	114,381	17,922	132,303	161,297
Total Rupees	368,127,692	63,114,268	431,241,960		149,306,262	14,302,930	163,609,192	267,632,768
2000	326,083,463	42,044,229	368,127,692		139,578,849	9,727,413	149,306,262	218,821,430

Depreciation for the year has been charged as under:

	<i>2001 Rupees</i>	<i>2000 Rupees</i>
Cost of sales	14,280,034	9,711,379
Administrative and general expenses	22,896	16,034
	14,302,930	9,727,413

(12) Capital work in progress consists of:

Building under construction	--	1,745,150
Machinery under erection	--	30,224,250
	--	31,969,400

(13) ASSETS SUBJECT TO FINANCE LEASE

<i>DESCRIPTION</i>	<i>COST</i>			<i>Rate %</i>	<i>DEPRECIATION</i>			
	<i>Cost as at 01/07/2000</i>	<i>Additions</i>	<i>As at 30/06/2001</i>		<i>As at 01/07/2000</i>	<i>For The Year</i>	<i>Accumulated As at 30/06/2001</i>	<i>Written Down Value as at 30/06/2001</i>
Plant & Machinery	68,000,000	--	68,000,000	5	24,831,050	2,158,448	26,989,498	41,010,503
Total Rupees	68,000,000	--	68,000,000		24,831,050	2,158,448	26,989,498	41,010,503
2000	68,000,000	--	68,000,000		22,559,000	2,272,050	24,831,050	43,168,950

(a) Depreciation for the year has been charged to cost of sales.

The Management of the company in year 2000 reviewed the remaining useful life of the Plant & Machinery ranging from 20 to 22 years duly supported by a certificate of independent technical consultants named Inspectors Corporation International (Pvt) Ltd. The useful life of machinery added during the year is also estimated by the management at 20 years. The depreciation has been charged @ 5% Had the depreciation been charged @ 10% instead of 5% the profit of this year would have been lower by Rs. 13,463,258.

	<i>2001 Rupees</i>	<i>2000 Rupees</i>
(14) STORES AND SPARES		
Stores		
Oils and Lubricants	10,704,719	1,356,139
Other stores	2,265,769	2,108,537
	12,970,488	3,464,676
Spares and accessories		
In stores	11,038,474	24,883,780
In transit	--	14,924,430
	24,008,962	43,272,886

(15) TRADE DEBTS-UNSECURED CONSIDERED GOOD

15.1 Due from Kohinoor Industries Limited (KIL); an associated company against the supply of electric power. All the amounts recovered from KIL have been adjusted against dues of energy billing.

15.2. The Honourable Securities Exchange Commission vide letter No. 19(352)/CF/ISS/94 dated 02-10-2000 has directed to charge interest from KIL on amounts due from them with effect from 1st July, 2000 at a rate not less than own borrowings cost allowing 3 months sales/billings as normal trade credit. The minimum yearly recovery from K IL is fixed at Rs.75 Million and entire advances are to be liquidated within a period of 4 years.

15.3. This year charges for delayed payments from associated company have been made @ 16 % per annum amounting to Rs. 41.972 Million on the amounts outstanding against energy billings. However, no charges have been made on the interest receivable of Rs. 18.522 Million shown at Note 16 (ii) charged in the year ended 30th June, 1997. If mark up is charged at borrowing cost the same would amount to Rs. 2.964 Million. The management is of the view that in light of State Bank Circular No. 32 dated 26-11-1984 (dealing with banks & financial institution) no interest can be charged on interest payable.

(16) ADVANCES, DEPOSITS AND PREPAYMENTS

Advances to suppliers		5,153,601	5,768,733
Prepayments		60,000	22,500
Margin deposits		--	1,240,000
Security deposits		4,300,000	3,000,000
Advance Income tax less provisions	16(i)	3,548,138	2,247,184
Income tax receivable		7,482,531	7,433,920
Interest receivable/charges recoverable for delayed payments from KIL	16(ii)	60,493,818	18,522,200
		-----	-----
		81,038,088	38,234,537
		=====	=====

16 (i). These payments are adjustable against disputed tax demand (for which no provision has been raised) agitated in constitutional writ and appeals which are yet pending. (Also refer to Note No. 10.1)

16 (ii). Comprising of Rs. 18.522 Million charged in 1997 and Rs. 4t .972 Million in 2001. (Also refer to Note No. 15.3)

(17) CASH AND BANK BALANCES

In hand		20,611	115,802
With Banks - on current accounts		476,728	577,384
Deposit account		630	609
		-----	-----
		497,969	693,795
		=====	=====

(18) SALES (Electrical Power)

Industrial		287,237,466	233,057,219
Residential		--	949,913
		-----	-----
		287,237,466	234,007,132
Less: Discount		25,779,741	23,400,713
		-----	-----
		261,457,725	210,606,419
		=====	=====

Discount allowed by the mutual consent to Kohinoor Industries Limited is @ 10% (2000: 10 %) while to other two associated companies it has been accorded at 5%. (2000: No Supply)

(19) COST OF SALES

Oils consumed		202,595,315	125,132,398
Wages and benefits		2,945,185	2,366,337
Salaries and benefits		4,410,142	3,530,112
Insurance		256,033	207,212
Vehicle running and maintenance		243,961	186,823
Electric duty		1,581,899	1,340,550
Repair & maintenance		30,547,112	28,602,716
Depreciation		16,438,482	11,983,429
		-----	-----
		259,018,129	173,349,577
		=====	=====

(20) ADMINISTRATIVE AND GENERAL EXPENSES

Salaries and Benefits	305,985	215,898
Rent, rates and taxes	29,400	71,400
Fees and Subscription	365,242	904,612
Auditors remuneration		
Audit fee	50,000	50,000
Tax consultancy and out of pocket expenses	442,500	160,000
	-----	-----
	492,500	210,000
Travelling and conveyance	77,824	37,535
Printing and stationery	118,726	111,259
Postage and Telegram	16,572	54,652
Entertainment	269,872	519,551
Insurance	4,954	4,424
Staff Welfare	5,500	4,000
Advertisement and Publicity	34,320	38,100
Telecommunication	51,793	38,006
Depreciation	22,896	16,034
Management charges	324,000	324,000
	-----	-----
	2,119,584	2,549,471
	=====	=====

(21) FINANCIAL EXPENSES

Bank charges and commission	18,610	38,913
Interest/Mark up on:		
Long term loans	22,255,764	19,025,817
Short term loans	6,721,735	17,770,809
Associated undertaking	122,593	--
Workers' (Profit) Participation Fund	144,623	176,067
Exchange risk coverage fee	193,843	1,544,429
Finance charges on leased assets	2,153,634	1,278,572
	-----	-----
	31,610,802	39,834,607
	=====	=====

(22) OTHER INCOME

Sale of Sludge Oil	141,378	29,980
Miscellaneous Income	13,008	13,807
Penalties waived off by leasing companies	1,883,125	--
Charges against late payment of dues from associated companies	(15.3) 41,971,618	--
	-----	-----
	44,009,129	43,787
	=====	=====

(23) UNUSUAL AND NON RECURRING ITEMS

i) Reduction in mark up rate from 20% to 16% allowed by Faysal Bank Ltd., pertaining to earlier years and other relief as a result of restruction and reconstruction of loans.	--	1,899,353
ii) Gain on sale of investment	--	16,942,773
	-----	-----
	--	35,936,304
	=====	=====

(24) TAXATION

(i) Assessments are completed upto assessment year 2000-2001 relevant income year 30-06-2000 while appeals filed before CIT (A) against levy of W.W.F amounting to Rs. 2.832 Million for assessment years 1993-94, 1994-95, 1998-99 & 1999-2000 have been decided by the said authority in favour of company.

(ii) The taxes charged in the accounts are on bank profits.

(24.1) PRIOR YEARS

Relief allowed in appeals	1,276,136	--
Taxes levied on bank profits	(34,125)	--
	-----	-----
	1,242,011	--
	=====	=====

(25) EARNING PER SHARE

Net profit for the year	13,315,442	29,310,212
Average ordinary shares in issue		

as at June 30, 2001	12,000,000	12,000,000
	-----	-----
	1.110	2.443

(26) REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

No remuneration were paid to chief executive or directors of the company.

(27) AGGREGATE TRANSACTION WITH ASSOCIATED COMPANIES

Sale of power	261,457,725	210,606.42
Purchase of fixed assets	17,106	30,700,000
Purchase of store	2,347,989	6,805,225
Lease rent	12,000	12,000
Mark up paid	122,593	--
Charges for delayed payments	41,971,618	--

Maximum debit balance at the end of any month during the year is Rs. 363.292 Million.
(2000: Rs. 458.792 Million)

Pricing policy for the transaction with associated companies is WAPDA rates.

(28) PLANT CAPACITY AND ACTUAL PRODUCTION

Normal plant capacity on the basis of three shifts for 335 days	MW	122,530	122,530
Actual production	MW	78,363	70,470

Low production was because of less demand of electricity from the end users i.e. Kohinoor Industries Limited, Azam Textile Mills Ltd and Saritow Spinning Mills Ltd.
This year production includes testing production.

(29) GENERAL

Figures have been rounded off to the nearest rupee.

Figures of previous year have been rearranged wherever necessary for the purpose of comparison.

(30) FINANCIAL INSTRUMENTS**Interest rate risk**

The company's exposure to interest rate risk and the effective rates on its financial assets and liabilities as of June 30, 2001 are summarised as follows:

	<i>INTEREST BEARING</i>				<i>NON-INTEREST BEARING</i>				<i>TOTAL</i>
	<i>Upto one year</i>	<i>One to five years</i>	<i>Five to ten years</i>	<i>Total</i>	<i>Upto one year</i>	<i>One to five years</i>	<i>Five to ten years</i>	<i>Total</i>	
Financial assets:									
Trade debts	301,927,565	--	--	301,927,565	--	--	--	--	301,927,565
Advances, deposits, prepayments & other receivables	--	--	--	--	64,793,818	--	--	64,793,818	64,793,818
Cash & bank balance	630	--	--	630	497,339	--	--	497,339	497,969
2001 Rupees	301,928,195	--	--	301,928,195	65,291,157	--	--	65,291,157	367,219,352
2000 Rupees	577,383	--	--	577,383	415,626,802	1,300,000	--	416,926,802	417,504,185
Financial Liabilities:									
Long term loans from bank	79,802,051	187,189,039	--	266,991,090	--	--	--	--	266,991,090
Liabilities against assets subject to finance lease	12,075,425	--	--	12,075,425	--	--	--	--	12,075,425
Short term loans	3,666,097	--	--	3,666,097	--	--	--	--	3,666,097
Creditors, accrued & other liabilities	--	--	--	--	26,994,228	--	--	26,994,228	26,994,228
Unclaimed dividend	--	--	--	--	444,141	--	--	444,141	444,141
2001 Rupees	95,543,573	187,189,039	--	282,732,612	27,438,369	--	--	27,438,369	310,710,981
2000 Rupees	48,388,219	64,572,134	226,268,602	339,228,955	18,591,288	--	--	18,591,288	357,820,243

Effective interest rates for the monetary financial liabilities are mentioned in the respective notes to the accounts.

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.

Fair value of financial instruments

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

CHIEF EXECUTIVE**DIRECTOR****PATTERN OF SHARE HOLDING AS AT JUNE 30, 2001**

<i>NUMBER OF SHAREHOLDERS</i>	<i>SHAREHOLDING</i>			<i>TOTAL SHARES HELD</i>
	<i>FROM</i>	<i>TO</i>		
157	1	100	SHARES	8,490
334	101	500	SHARES	112,540
443	501	1000	SHARES	355,275
499	1001	5000	SHARES	1,192,935
86	5001	10000	SHARES	661,150
29	10001	15000	SHARES	376,760
10	15001	20000	SHARES	179,100
5	20001	25000	SHARES	119,180
8	25001	30000	SHARES	218,910
3	30001	35000	SHARES	97,400
3	35001	40000	SHARES	112,500
3	40001	45000	SHARES	126,500
3	45001	50000	SHARES	149,500
1	60001	65000	SHARES	63,780
2	65001	70000	SHARES	138,000
1	70001	75000	SHARES	71,000
1	80001	85000	SHARES	80,500
1	95001	100000	SHARES	100,000
1	145001	150000	SHARES	150,000
1	155001	160000	SHARES	158,160
1	175001	180000	SHARES	177,500
1	180001	185000	SHARES	185,000
2	245001	250000	SHARES	498,500
1	275001	280000	SHARES	276,000
1	355001	360000	SHARES	355,500
1	560001	565000	SHARES	563,820
1	2695001	2700000	SHARES	2,700,000
1	2770001	2775000	SHARES	2,772,000
-----				-----
1600				12,000,000
=====				=====

Note: The slabs not applicable, have not been shown

<i>Categories of Shareholders</i>	<i>Number of Shareholders</i>	<i>Number of Shares held</i>	<i>Percentage</i>
Individuals	1514	3673955	30.62
Investment Companies	42	1255160	10.46
Insurance Companies	1	563820	4.70
Joint Stock Companies	22	5704470	47.54
Financial Institutions	4	399490	3.33
Foreign Companies	7	201105	1.67
Modaraba & Leasing Companies	10	202000	1.68
-----			-----
	1600	12000000	100.00
=====			=====