

KOHINOOR ENERGY LIMITED

ANNUAL REPORT 1997

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COMPANY INFORMATION

Board of Directors

Mr. M. Azam Saigol	Chairman
Mr. M. Naseem Saigol	
Mrs. Amber Saigol	
Mr. Pervez Malik	Chief Executive
Mr. Haruyoshi Murakami	(Nominee Tomen Corporation) Japan
Mr. Koichi Atsuta	(Nominee Tomen Corporation) Japan
Mr. Lars-Ake J. Kjell	(Nominee Wartsila Diesel Oy) Finland

Corporate Secretary

Mr. Haroon Ahmad Khan

Management

Mr. Pervez Malik	Chief Executive
Mr. Seppo Tarvainen	Plant Manager
Mr. Mehboob A. Mirza	Project Manager
Mr. Ahmed Zia Haider	Finance Manager

Auditors

A. F. Ferguson & Co.,
Chartered Accountants

Bankers

Off-Shore Trustee
First Trust, New York

On-Shore Trustee

Bank of America NT&SA, Lahore

Others

ABN AMRO Bank N.V

Al Faysal Investment Bank Limited

Faysal Bank Limited

Union Bank Limited

Registered Office

2nd Floor, Rashid Plaza

24 D, Blue Area, Mamabad

Tel: +92-51-824273

Head Office/Share Department

06-Egerton Road, Lahore

Tel: +92-42-6306131-5

Project

35 Km, Link Manga Raiwind Road, Lahore

Tel: +92-4951-392317-8

Fax: +92-4951-391285

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fourth Annual General Meeting of Shareholders of Kohinoor Energy Limited will be held on Tuesday 30 December, 1997 at 11:00 A.M. at Registered Office, Rashid Plaza, 2nd Floor 24-D, Blue Area, Islamabad to transact the following business:-

1. To confirm the minutes of third Annual General Meeting held on 15 October 1996.
2. To receive and adopt the Audited Accounts for the year ended June 30, 1997 alongwith Directors' and Auditors' Reports thereon.
3. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.
4. Any other business with the permission of the Chair.

Notes:

1. The Share Transfer Books of the Company will remain closed from 30 December 1997 to 05 January 1998 (both days inclusive).
2. A member entitled to attend and vote at this Meeting may appoint a proxy. Proxies, in order to be effective, must be received at 06-Egerton Road, Lahore, the I-lead Office of the Company not

less than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

3. Members are requested to notify the Company for any change in their addresses.

DIRECTORS' REPORT

Your Directors are pleased to submit their Report together with the Audited Accounts of the Company for the year ended June 30, 1997. During the year 1996-97 your Company has gone through various challenges firstly because of being the first power project to reach completion under the new Private Power Policy and secondly due to changing political climates in the country. By the grace of God your Company has met all these challenges very successfully.

Principal Activities

The main activities of the Company are to design, finance, construct, own and operate a 120 MW, net capacity power plant based on furnace oil fired diesel engines.

The Company commenced full commercial operations on June 20, 1997, when the Commercial Operation Date (COD) of the Complex was declared.

Operating Results

During the Fiscal Year 1996-97 Company had its commercial operation for only 11 days, i.e. from June 20, 1997 to June 30, 1997. The plant despatched for only three days during this period resulting into a turnover of Rs 43.052 million and Operating Cost of Rs 20.663 million. Net Profit for the period amounted to Rs 13.677 million with EPS of Rs 0.10.

Construction and Commissioning

In accordance with the commissioning deadlines agreed with WAPDA under Power Purchase Agreement (PPA), first phase of the complex was completed exactly on the target date. 15 days reliability test for the first four units started on November 27 targeting completion on December 12 with partial COD on December 13, 1996. Similarly full completion of the complex was achieved before target date and the plant was ready to undergo full commissioning tests.

Due to various differences with WAPDA including appointment of independent engineers and interpretation of testing requirements under PPA the tests were not accepted by WAPDA. Finally the reliability test which completed on June 19, 1997 was declared successful by the independent engineers and June 20, 1997 was declared as the COD of the complex.

The initial dependable capacity test was not only successful but an additional capacity of 7 MWs was also demonstrated. Our Capacity payments will therefore be based at a 5% higher level i.e.,

The Company received a formal demand for despatch from June 27th but due to failure of WAPDA to establish Stand-by Letter of Credit required under PPA, the Company stopped despatch on July 19th. A default notice was therefore issued to WAPDA and Government of Pakistan's support was sought under Implementation Agreement (IA). GOP in accordance with its

obligation under IA directed WAPDA to cure the default. In response to the GOP's support the Company offered three years deferral of early completion premium of 0.25 cents per KWh which the Company is entitled to by virtue of completion before December 31, 1997.

On November 06, 1997 WAPDA finally issued a letter confirming the COD of June 20, 1997 and its obligation to pay the Capacity Price therefrom. The plant started despatch on November 11 and upto December 5, 1997, 54960 MWh (75% plant factor) have been delivered to the National Grid.

The decision of COD was formally approved in the authority meeting of WAPDA on November 18th and first payment of Rs 100 million has been received on December 3rd. Balance amount of outstanding payments and establishment of standby letter of credit are also expected very shortly. The Company expects WAPDA to clear all outstandings and become current on its payment obligations to the Company during December.

Financing and Project Completion Cost

Due to delay in COD the Company incurred additional financial cost and lost revenues from sale of power. Despite these the Company managed to achieve COD out of the available resources.

Liquidated damages were claimed from EPC Contractors and have been mutually agreed and settled with them. Due to increase in fuel cost from Rs 2,843 in 1994 to Rs 6,297 per ton, the Company's working capital requirements have also increased. A credit line equivalent to US\$3.0 million has also been arranged and is available to the Company for this purpose.

Auditors

The present auditors Messrs. A. F. Ferguson & Co., Chartered Accountants retire and being eligible, offer themselves 'for re-appointment.

Appreciation

Your Directors are pleased to record their appreciation of the services rendered by the officers and workers of the Company and hope that the same spirit of devotion and co-operation will continue in future.

Your Directors wish to place on record their thanks to the Bankers of the Company who had played a vital role in the progress of the Company.

Pattern of Shareholding

A statement showing the pattern of holding of shares as at June 30, 1997 is attached.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Kohinoor Energy Limited as at June 30, 1997 and profit and loss account for the period June 20 to June 30, 1997 and cash flow statement for the year then ended together with the notes forming part thereof and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit

and, after due verification thereof, we report that:

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

(b) in our opinion:

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

(ii) the expenditure incurred during the year was for the 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 and profit and loss account and the cash flow statement, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of company's affairs as at June 30, 1997, and of the profit for the period June 20, 1997 to June 30, 1997 and the cash flow for the year then ended; and

(d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

BALANCE SHEET As AT JUNE 30, 1997

	Note	1997 Rupees	1996 Rupees
CAPITAL			
Authorised 140,000,000 ordinary shares of Rs. 10 each		1,400,000,000	1,400,000,000
Issued, subscribed and paid up capital 130,352,780 (1996: 130,352,780) ordinary shares of Rs. 10 each issued for cash		1,303,527,800	1,303,527,800
Reserves - Share premium		140,348,169	140,348,169
Unappropriated profit		13,676,503	-
		-----	-----
		1,457,552,472	1,443,875,969

LONG TERM LOANS - SECURED	3	3,706,668,320	2,175,132,960
CURRENT LIABILITIES			
Current maturity of long term loans - secured	3	225,222,160	-
Short term running finance - secured	4	-	-
Creditors, accrued and other liabilities	5	326,822,515	404,984,623
		-----	-----
		552,044,675	404,984,623
CONTINGENCIES AND COMMITMENTS			
	6	-----	-----
		5,716,265,467	4,023,993,552
		=====	=====
FIXED CAPITAL EXPENDITURE			
Operating fixed assets	7	5,165,718,743	21,369,653
Capital work in progress	8	-	3,803,784,178
		-----	-----
		5,165,718,743	3,825,153,831
DEFERRED COSTS	9	3,848,558	7,661,126
CURRENT ASSETS			
Stores, spares and loose tools	10	175,804,172	-
Stock in trade	11	29,544,130	-
Trade debts	12	123,550,422	-
Advances, deposits, prepayments and other receivable	13	129,453,177	11,245,847
Cash and bank balances	14	88,346,265	179,932,748
		-----	-----
		546,698,166	191,178,595
		-----	-----
		5,716,265,467	4,023,993,552
		=====	=====

The annexed notes form an integral part of these accounts.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD JUNE 20 TO JUNE 30, 1997

	Note	1997 Rupees	1996 Rupees
Sales	15	43,052,029	-

Cost of sales	16	20,663,556	-
		-----	-----
Gross profit		22,388,473	-
Administration and general expenses	17	911,194	-
		-----	-----
Operating profit		21,477,279	-
Other income	18	2,870,044	-
		-----	-----
		24,348,223	-
Financial charges	19	10,671,720	-
		-----	-----
Unappropriated profit carried forward		13,676,503	-
		=====	=====

The annexed notes form an integral part of these accounts.

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 1997

	Note	1997 Rupees	1996 Rupees
Cash flow from operating activities			
Cash generated from operations	20	(419,631,039)	-
Financial charges paid		(175,542)	-
Taxes paid		(441,717)	-
		-----	-----
Net cash outflow from operations		(420,248,298)	-
Cash flow from investing activities			
Fixed capital expenditure		(1,183,539,573)	(3,031,807,188)
Financial charges paid		(265,004,800)	(329,243,426)
Interest/mark-up income received		20,538,668	16,490,092
Deferred costs		(90,000)	(6,183,286)
		-----	-----
Net cash outflow from investing activities		(1,428,095,705)	(3,350,743,808)
Cash flow from financing activities			
Increase in share capital		-	1,222,861,367
Long term loans		1,756,757,520	2,175,132,960
		-----	-----
Net cash inflow from financing activities		1,756,757,520	3,397,994,327
Net (decrease)/increase in cash and cash equivalents		(91,586,483)	47,250,519
Cash and cash equivalents at			

beginning of the year		179,932,748	132,682,229
Cash and cash equivalents		-----	-----
at the end of the year	14	88,346,265	179,932,748
		=====	=====

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1997

1. The Company And Its Operations

The company was incorporated on April 26, 1994 and received Certificate for Commencement of Business on September 14, 1994. The company is listed on all Stock Exchanges in Pakistan and its principal activity is power generation and supply to WAPDA. The company commenced its commercial operations from June 20, 1997.

2. Significant Accounting Policies

2.1 Accounting convention

The accounts have been prepared under the historical cost convention, modified by capitalisation of exchange differences referred to in note 2.8.

2.2 Taxation

Profit and gains derived by the company are exempt from tax under clause 176 of the Second Schedule of the Income Tax Ordinance, 1979.

The company is also exempt from minimum tax on turn over under clause 20 of the Part IV of Second Schedule of the Income Tax Ordinance, 1979.

2.3 Retirement Benefits

The company operates an approved contributory Provident Fund Scheme for all its permanent employees. Equal monthly contributions are made by the employer and employees to the fund.

2.4 Fixed Assets

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 comprise of historical cost, exchange differences referred to in note 2.8 and interest etc. in note 2.9.

Depreciation on operating fixed assets is charged to profit on the 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 7. The net exchange differences relating to an asset, at the end of each year is amortised in equal instalments over its remaining useful life. Depreciation on additions is charged from the month in which the asset is put to use and 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 capitalised. Gains and losses on disposal of assets are taken to profit and loss account.

2.5 Deferred Costs

These costs are to be amortised in equal instalments over five years by 1998.

2.6 Stores, Spares and Loose Tools

Stores, spare and loose tools are valued principally at moving average cost. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon.

2.7 Stock in Trade

Raw materials except furnace oil are valued at lower of moving average cost and net realisable value. Furnace oil is valued at lower of FIFO cost and net realisable value.

2.8 Foreign Currencies

Assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Exchange differences on loans utilised for the acquisition of plant and machinery are capitalised.

2.9 Financial and Other Charges

Financial and other charges on long term loans are capitalised upto the date of commissioning of the respective plant and machinery, acquired out of the proceeds of such long-term loans. All other financial and other charges are charged to income.

2.10 Revenue Recognition

Revenue on account of energy is recognised on transmission of electricity to WAPDA, whereas on account of capacity is recognised when due.

3. Long Term Loans - Secured

These are composed of:

Foreign Currency balance		Rupees equivalent		Rate of interest	No. of equal half year	Interest pay-
1997	1996	1997	1996			

Lender	Currency	(Dollars in thousand)		Rupees in thousand)		per annum	instalments	able
International Finance Corporation								
- Loan A	US\$	25,000	25,000	1,017,570	882,765	11.25%	20 Commencing March, 1999	Half yearly
- Loan B	US\$	36,600	36,600	1,489,722	1,292,368	Libor+18	2.50% Commencing March, 1998	Half yearly
ABN AMRO						Libor +20	Commencing September, 199	Half yearly
- Loan C	US\$	35,000	-	1,424,598	-	1.50%		
		-----	-----	-----	-----	-----	-----	-----
		96,600	61,600	3,931,890	2,175,133			
less: Current maturity		5,533	-	225,222	-			
		-----	-----	-----	-----	-----	-----	-----
		91,067	61,600	3,706,668	2,175,133			
		=====	=====	=====	=====	=====	=====	=====

Security

These loans are secured by a registered mortgage on the company's freehold land and building, a first charge on present and future moveable assets including plant and machinery, equipment and motor vehicles and a floating charge on the company's present and future current assets including stock in trade, stores and spares, trade debts and other receivables.

4. Short Term Running Finance - Secured

The company signed an arrangement for short term running finance of Rs. 120 million with a financial institution. No draw-downs have been made against the facility to June 30, 1997. The mark-up is payable at 0.52 per Rs. 1,000 per diem or State Bank of Pakistan discount rate + 0.06 per Rs 1,000 per diem whichever is higher. The facility is secured by a second charge on fixed and current assets of the company and assignment on sale proceeds of electricity or any other payments receivable from WAPDA.

Of the aggregate facility of Rs 240 million for stand by letter of credit, the amount utilised as at June 30, 1997 was Rs. 167 million (1996: Rs Nil).

	1997 Rupees	1996 Rupees
5. Creditors, Accrued and Other Liabilities		
Creditors	107,029,692	292,066,218
Retention money	50,730,249	28,847,208
Accrued liabilities	40,913,002	37,607,707
Due to associated undertakings	31,440	107,090
Income tax deducted at source	1,485	1,747
Interest on long term loans - secured	114,503,760	46,354,653

Workers' profit participatio (Note 5.1)	686,325	-
Other payables	12,926,562	-
	-----	-----
	326,822,515	404,984,623
	=====	=====

5.1 Workers' profit participation fund

Opening balance as on July 1	-	-
Provision for the year	686,325	-
Interest for the year	-	-
	-----	-----
	686,325	-
Less: Payment made during the year	-	-
	-----	-----
	686,325	-
	=====	=====

6. Contingencies and Commitments

6.1 Contingencies

(i) Letter of credit of US\$ 3 million has been given to WAPDA on account of liquidated damages, if the company fails to commission the plant before the commercial operation date, under the Power Purchase Agreement.

(ii) Letter of credit of Rs. 167 million in favour of WAPDA on account of liquidated damages, if the company fails to make available electricity to WAPDA on its request.

6.2 Commitments

Contracts for capital expenditure Rs Nil (1996: Rs 992 million).

7. Operating Fixed Assets

The following is a statement of the operating fixed assets:

	Cost as at July 1, 19961	Additions/ (deletions)	Cost as at June 30, 1997	Accumulated depreciation as at June 30, 1997	Book value as at June 30, 1997	Depreciation charge for the period	Rate %
Freehold land	9,612,451	-	9,612,451	-	9,612,451	-	-
Building	-	396,504,127	396,504,127	543,699	395,960,428	543,699	4.55
Machinery	4,858,871	4,755,128,796	4,759,987,667	6,961,405	4,753,026,262	6,740,570	4.55
Office equipments	947,290	563,085 (129,605)	1,380,770	288,682	1,092,088	138,079	10

Computers	833,401	263,050 (12,720)	1,083,731	245,013	838,718	108,373	10
Furniture and fixtures	642,425	529,267	1,171,692	239,694	931,998	117,178	10
Vehicles	6,892,443	624,250 (2,300)	7,514,393	3,257,595	4,256,798	1,502,874	20
	-----	-----	-----	-----	-----	-----	-----
Rupees 1997	23,786,881	15,153,612,575 (144,625)	5,177,254,831	11,536,088	5,165,718,743	9,150,773	
	=====	=====	=====	=====	=====	=====	=====
Rupees 1996	14,341,290	9,445,591	23,786,881	2,417,228	21,369,653	1,841,638	
	=====	=====	=====	=====	=====	=====	=====

Additions to building and plant and machinery include net interest, commitment and other charges aggregating Rs. 668 million (1996: Rs. Nil).

The depreciation charge for the year has been allocated as follows:

	1997	1996
	Rupees	Rupees
Capitalised	2,024,495	-
Cost of sales (Note 16)	7,089,528	-
Administration and selling expenses (Note 17)	36,750	-
	-----	-----
	9,150,773	-
	=====	=====

7.1 Disposal of fixed assets

Detail of certain fixed assets all sold to third parties during the year is as follows:

	Cost	Accumulated	Written	Sale price	Loss	Mode of sale	Sold to
	Rupees	depreciation	down value	Rupees	Rupees		
		Rupees	Rupees				
Mobile telephone	41,900	10,475	31,425	9,750	21,675	Trade in	Pak Mobile
Mobile telephone	27,900	6,975	20,925	3,250	17,675	Trade in	Paktel
	-----	-----	-----	-----	-----	-----	-----
	69,800	17,450	52,350	13,000	39,350		
	=====	=====	=====	=====	=====	=====	=====

1997

1996

8. Capital Work in Progress

	Rupees	Rupees
Civil works	-	241,609,677
Plant and machinery	-	2,949,660,892
Advance for plant and machinery and civil works	-	140,309,08
Unallocated expenditure	-	472,204,528
	-----	-----
	-	3,803,784,178
	=====	=====

9. Deferred Costs

	Cost as at July 1, 1996	Additions during the year	Cost as at June 30, 1997	Accumulated amortisation	Balance as at June 30, 1997	Amortisation during the year
Preliminary expenses	2,111,200	-	2,111,200	1,688,964	422,236	422,244
Public issue expenses	17,041,615	90,000	17,131,615	13,705,297	3,420,322	3,480,324
Rupees 1997	19,152,815	90,000	19,242,815	15,394,257	3,848,55	3,902,568
	-----	-----	-----	-----	-----	-----
Rupees 1996	2,111,200	17,041,615	19,152,815	11,491,689	7,661,126	10,858,329
	=====	=====	=====	=====	=====	=====

1997 Rupees	1996 Rupees
----------------	----------------

The amortisation charge for the year has been allocated as follows:

Capitalised	3,784,973	-
Administration and general expenses (Note 17)	117,595	-
	-----	-----
	3,902,568	-
	=====	=====

10. Stores, Spares and Loose Tools

Stores	807,773	-
Spares	174,756,060	-
Loose tools	240,339	-
	-----	-----
	175,804,172	-
	=====	=====

11. Stock in Trade

These comprises of the following:

Furnace oil!	26,904,918	-
Diesel	549,873	-
Lubricants	2,089,339	-
	-----	-----

29,544,130	-
=====	=====

12. Trade debts - considered goods

These are receivable from WAPDA and are secured.

13. Advances, Deposits, Prepayments and Other Receivables

Due from associated company	2,777,912	-
Advance to staff	28,449	73,614
Advance to suppliers	22,679,717	50,000
Prepayments	30,752,392	6,322,723
Interest receivable	3,328,622	4,773,590
Liquidated damages	69,194,760	-
Advances against expenses	-	16,609
Security deposits	5,000	-
Insurance claim receivables	-	9,311
Workers' profit participation claim recoverable from WAPDA	686,325	-
	-----	-----
	129,453,177	11,245,847
	=====	=====

Under section 14.2 (o) of part III of Schedule 6 of the Power Purchase Agreement (PPA) with WAPDA the payment into workers' profit participation fund is recoverable from WAPDA as a pass through item.

14. Cash and Bank Balances

Balance at banks on:

- Current accounts - Foreign currency			
(US\$ 1,274,614)	Note 14.1	51,880,352	139,490,540
- Saving accounts	Note 14.1	36,444,318	40,404,953
		-----	-----
		88,324,670	179,895,493
Cash in hand		21,595	37,255
		-----	-----
		88,346,265	179,932,748
		=====	=====

14.1 The above accounts are governed by Trust and Retention Agreement with lenders, whereby, the company is required to keep its entire funds with the Trustees in Offshore and Onshore Escrow accounts in foreign and local currencies respectively. These funds are released by the

Trustees in accordance with the project cost budgets approved by the lenders. After the completion of the project, the Trustees will release funds out of Escrow z with annual budgets approved by the lenders. Special permission for open z maintaining these accounts have been obtained from the State Bank of Pakistan.

	1997	1996
	Rupees	Rupees
15. Sales		
Energy Payments	10,830,975	-
Capacity payments	32,221,054	-
	-----	-----
	43,052,029	-
	=====	=====
 16. Cost of Sales		
Raw material consumed	10,994,303	-
Salaries, wages and benefits	204,179	-
Operating and maintenance fee	655,355	-
Fee for produce energy (FPE)	672,788	-
Stores and spares consumed	142,181	-
Depreciation	7,089,528	-
	Note 7	
Insurance	785,982	-
Travelling, conveyance and entertainment	70,846	-
Repairs and maintenance	4,205	-
Miscellaneous	44,189	-
	-----	-----
	20,663,556	-
	=====	=====
 17. Administration and general expenses		
Salaries, wages and benefits	193,705	-
Printing and stationery	35,312	-
Communication charges	27,033	-
Depreciation	36,750	-
	(Note 7)	
Amortisation of deferred costs	117,595	-
	(Note 9)	
Insurance	15,670	-
Travelling, conveyance and entertainment	87,572	-
Repairs and maintenance	4,966	-
Legal and professional charges	326,215	-
	(Note 17.1)	
Miscellaneous expenses	66,376	-
	-----	-----
	911,194	-
	=====	=====

17.1 Auditors' remuneration

Statutory audit fee	300,000	-
Out of pocket expenses	20,000	-
	-----	-----
	320,000	-
	=====	=====

18. Other Income

Interest on bank deposits	112,190	-
Exchange gain	2,758,754	-
	-----	-----
	2,870,944	-
	=====	=====

19. Financial Charges

Interest on long term loans - secured	10,496,178	-
Bank guarantee, L/C commission	136,120	-
Others	39,422	-
	-----	-----
	10,671,720	-
	=====	=====

20. Cash Flow from Operating Activities

Profit before taxation	13,676,503	-
Adjustment for non cash charges and other items		
Depreciation	7,126,278	-
Amortisation of deferred cost	117,595	-
Exchange gain	(2,758,754)	-
Interest income	(112,190)	-
Financial charges	10,671,720	-
	-----	-----
	28,721,152	-

Working capital changes

Increase/(decrease) in current assets		
Stores and spares	(175,804,172)	-
Stock in trade	(29,544,130)	-
Trade debts	(43,052,029)	-
Other receivables	(50,470,795)	-
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	(149,481,065)	-
	-----	-----

(448,352,191	-
-----	-----
(419,631,039)	-
=====	=====

21. Remuneration of Chief Executive and Executives

No of persons	1997		1996	
	Chief Executive	Executive	Chief Executive	Executive
	1	4	1	4
	Rupees	Rupees	Rupees	Rupees
Managerial remuneration and allowances	574,584	543,841	540,000	628,716
Company's contribution to provident fund	49,380	33,393	54,000	62,871
House rent	263,004	240,480	243,000	278,100
Leave encashment	-	-	-	80,474
Recreation and entertainment	116,880	70,524	540,000	98,400
Medical expenses	32,743	12,279	116,764	35,403
Telephone and motor vehicles	112,241	-	177,000	270,000
Others	1,366,476	465,284	440,100	338,736
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	2,515,308	1,365,801	2,110,864	1,792,700
	=====	=====	=====	=====

22. Associated Undertakings

The aggregate amount of the company's purchases from the associated undertakings of services and plant and machinery during the year is as follows:

	1997	1996
	Rupees	Rupees
Tomen Corporation - Japan	116,057,134	657,074,495
Tomen Power Pte Ltd. - Singapore	96,504,905	160,551,898
	-----	-----
	212,562,039	817,626,393
	=====	=====

23. Capacity and production

	1997	1996
Installed capacity MWH (Based on 8,760 hours)	1,103,760	-
Actual energy delivered MWH	6,624	-

The company commenced commercial production on June 20, 1997, however, started despatching electricity to WAPDA from June 27, 1997.

24. Corresponding Figures

Previous year's figures where necessary have been rearranged for the purposes of comparison.

PATTERN OF HOLDING OF SHARES

HELD BY THE SHAREHOLDERS AS AT JUNE 30, 1997

No. of Shareholders	From	Shareholding	To		Total Shares Held
3	1	-	100	Shares	214
846	101	-	500	"	423,000
48	501	-	1000	"	48,000
14	1001	-	5000	"	38,500
5	5001	-	10000	"	48,000
2	10001	-	15000	"	27,000
3	95001	-	100000	"	300,000
1	130001	-	135000	"	133,000
1	145001	-	150000	"	147,000
2	150001	~-	155000	"	307,500
1	190001	-	195000	"	191,800
1	275001	-	280000	"	278,500
1	440001	-	445000	"	442,500
1	510001	-	515000	"	510,560
1	555001	-	560000	"	559,900
1	600001	-	605000	"	600,500
1	625001	-	630000	"	625,428
1	695001	-	700000	"	700,000
1	705001	-	710000	"	710,000
1	730001	-	735000	"	732,000
1	915001	-	920000	"	917,800
1	940001	-	945000	"	940,500
1	1450001	-	1455000	"	1,454,700
1	1465001	-	1470000	"	1,467,000
1	2450001	-	2455000	"	2,450,587
1	2605001	-	2610000	"	2,607,055
1	4215001	-	4220000	"	4,219,200
1	4325001	-	4330000	"	4,326,728
1	4770001	-	4775000	"	4,774,167
2	6075001	-	6080000	"	12,158,460
2	10865001	-	10870000	"	21,733,263
1	19550001	-	19555000	"	19,552,917

1	20855001	-	20860000	"	20,856,445
1	26070001	-	26075000	"	26,070,556
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951					130,352,780
=====					=====

Note: The slabs not applicable, have not been shown.

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	920	34544437	26.50
Investment Companies	3	5881428	4.51
Insurance Companies	1	8000	0.01
Joint Stock Companies	4	7745314	5.94
Financial Institutions	6	2277928	1.75
Foreign Companies/Foreigner	16	79881673	61.28
Modaraba & Leasing Companies	1	14000	0.01
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	951	130352780	100.00