KOHINOOR

POWER COMPANY LIMITED

ANNUAL REPORT 2014

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	(Chairman / Chief Executive)
Mr. M. Azam Saigol	
Mr. Rana Assad Iqbal	
Mr. M. Omer Farooq	
Mr. Rashid Ahmad Javaid	
Mr. Muhammad Athar Rafiq	
Mr. Muhammad Shamil	

AUDIT COMMITTEE

Mr. M. Azam Saigol	Chairman / Member
Mr. M. Omer Farooq	Member
Mr. Rashid Ahmad Javaid	Member

HR & REMUNERATION COMMITTEE

Mr. M. Naseem Saigol	Chairman / Member
Mr. M. Azam Saigol	Member
Mr. Rashid Ahmad Javaid	Member

COMPANY SECRETARY
Mr. Liaqaut Ali

CHIEF FINANCIAL OFFICER
Mr. Asif Ali Mughal

AUDITORS
M/s Manzoor Hussain Mir & Co.
Chartered Accountants

BANKERS
Al Barka Bank (Pakistan) Ltd.
Askari Bank Ltd.
Bank Alfalah Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.
United Bank Ltd.

REGISTERED OFFICE
17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.
Tel: 35717364-65 & 35718274-75
Fax: 35715105
E-mail: shares@saigols.com

WORKS
- Kohinoor Nagar, Faisalabad.
- 51-KM, Multan Road, Lahore.

REGISTRARS
M/s Corplinks (Pvt) Ltd.
Wings Arcade, 1-K, Commercial, Model Town, Lahore.
Tel: 35839182, 35887262, 35916719 Fax: 35869037

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of Shareholders of **Kohinoor Power Company Limited** will be held on Friday, October 31, 2014 at 11:00 A.M.at17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company to transact the following business:-

1. To confirm the minutes of Annual General Meeting held on October 31, 2013.

2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2014 alongwith Directors' and Auditors' Reports thereon.

3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.

4. Any other business with the permission of the Chair.

By Order of the Board

Lahore: October 10, 2014

Company Secretary

Notes:

1. Share Transfer Books of the Company will remain closed from October 25, 2014 to October 31, 2014 (both days inclusive). Physical transfers/CDS transactions ID's received in order at "Company Registrar office M/s Corplink (Pvt.) Limited", wings arcade, 1-K, Commercial Model Town, Lahore on October 24, 2014 will be treated in time.

2. A member entitled to attend and vote at this Meeting may appoint another Member as his/her proxy. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank, Gulberg-V, 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 are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.

4. Members are requested to notify the Company change in their addresses, if any.

DIRECTORS' REPORT

The Directors of the Company are presenting before the shareholders the 22nd Annual Report along with Audited Financial statements for the year ended June 30, 2013.

The operations of the Company remained closed during the year under review. The FESCO (Faisalabad Electricity Supply Corporation) was the sole buyer of power from the Company and it had stopped purchasing power as per directions of Ministry of water and power. The NEPRA (National Electric Power Regulatory Authority) had also objected supply of power to FESCO without getting amendment in Company's generation license. The Company requested FESCO time and again for fresh power purchase agreement. FESCO moved PAR (Purchase Acquisition Request) of the Company to NEPRA for fixation of tariff, which NEPRA rejected. The repair of the alternator could also not be achieved at the moment. Due to these reasons, the operations of the company remained inoperative and as a result the Company suffered loss of Rs. 52.4 million.

The Company requested to NEPRA for amendment in the generation license, which NEPRA has approved in their Board meeting. The final amended generation license is still awaited from NEPRA and we are hopeful to receive it in near future. We have again requested FESCO to send revised PAR to NEPRA for fixation of tariff. The FESCO new Board has yet not constituted, who will recommend our PAR to NEPRA. We hope that FESCO new Board will be constituted very shortly and our request will be placed in front of them for recommendation to NEPRA. We made several presentations to NEPRA for allowing us to supply power to FESCO. The authorities at NEPRA are positive and are waiting for fresh PAR from FESCO to proceed further on this matter.

In the recent past, the Government has raised power tariff to address the circular debt issue in future. The revised power tariff has also created opportunities for the furnace based power plants to sell electricity to other industrial consumers along with Disco's. We will also evaluate these options once tariff issue highlighted by the APEX COURTS has been settled.

The company is almost debt free and has a positive equity. We are trying to get approval of tariff from NEPRA and are on the way to get it in future. The company will be operative as soon we received approval from NEPRA. We are confident that company will resume its operations and therefore will remain going concern.

STATEMENTS IN COMPLIANCE OF THE CODE OF CORPORATE GOVERNANCE

The Directors state that:-

a) The Financial Statements prepared by the Management present a true and fair state of affairs of the Company, the results of its operations, cash flows and changes in equity.

b) Proper Books of Accounts have been maintained.

c) Appropriate Accounting Policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards as applicable in Pakistan have been followed in preparation of Financial Statements.

e) The system of Internal Control is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.

h) Significant deviation from last year in operating results of the Company and reasons thereof have been explained.

i) The key operating and financial data for the last six years is annexed.

j) There are no outstanding statutory payments on account of taxes, duties, levies and charges except as shown in contingencies & commitments.

k) There are no significant plans for corporate restructuring, business expansion and discontinuation of operations except for improvement in the normal business activities to increase the business.

l) The Company is operating an unfunded Gratuity Fund which were not invested and were retained for business of the Company.

m) Directors' meetings of the Board of Directors of the Company during the year under review were Four held on October 10, 2013, October 31, 2013, February 29, 2014, April 30, 2014.

Following was the attendance of the Directors: -

NAME OF DIRECTOR	NO. OF MEETINGS ATTENDED
Mr. M. Naseem Saigol	3
Mr. M. Azam Saigol	4
Mr. Rana Assad Iqbal	4
Mr. M. Omer Farooq	4
Mr. Rashid Ahmad Javaid	4
Mr. Muhammad Athar Rafiq	4
Mr. Muhammad Shamil	3

n) During the period under review no Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children sell, buy or take any position in shares of the Company.

PATTERN OF SHAREHOLDING

A statement-showing pattern of shareholding as on June 30, 2014 is annexed.

ACKNOWLEDGEMENT

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
October 10, 2014

M. NASEEM SAIGOL
Chairman

STATEMENT WITH COMPLIANCE OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the code of Corporate Governance contained in regulation No. 37, 43 & 36 of listing regulations of Karachi, Lahore & Islamabad Stock Exchanges respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best of practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Rashid Ahmad Javaid
Executive Directors	Mr. Rana Asad Iqbal
	Mr. M. Azam Saigol
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. M. Omer Farooq
	Mr. Muhammad Ather Rafiq
	Mr. Muhammad Shamil

The independent directors meet the criteria of independence under clause 1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in the payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board of Directors during the period.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. One training program for its directors by the board arranged during the year.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. Financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an audit committee. It comprises of 3 members, of whom majority are non executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and remuneration committee. Its comprises 3 members, of whom 2 are none executive directors including the chairman of the committee.

18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP, that they or any of the partner of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.

21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Lahore
October 10, 2014

CHIEF EXECUTIVE

SIX YEARS AT A GLANCE

(Rupees in '000)

PARTICULARS	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Financial Position						
Paid up capital	**126,000**	126,000	126,000	126,000	126,000	120,000
Reserves	**269,500**	269,500	269,500	269,500	269,500	275,500
Fixed asset at cost	**564,977**	554,188	554,188	549,548	548,234	540,102
Accumulated depreciation	**343,248**	336,318	322,586	309,306	298,141	287,234
Current assets	**90,344**	185,564	214,264	205,121	164,763	129,048
Current Liabilities	**8,879**	47,059	21,704	26,670	21,350	31,553
Income						
Sales	**-**	282,312	810,519	747,919	737,622	405,613
Other Income	**1,324**	2,365	1,008	603	776	619
Other Operating Expenses	**3,174**	-	-	-	2,821	1,273
Gross profit / (Loss)	**-**	(23,108)	20,361	37,847	47,354	29,858
Pre tax profit / (Loss)	**(52,436)**	(64,961)	5,176	25,375	38,289	22,978
Taxation	**-**	(275)	2	6	8	-
Profit / (Loss) after taxation	**(52,436)**	(64,686)	5,174	25,369	38,281	22,978
Unappropriated profit / (Loss)	**(98,426)**	(45,990)	18,696	13,522	(11,847)	(50,128)
STATISTICS AND RATIOS						
Gross profit to sales %	**0.00%**	(8.18)%	2.51%	5.06%	6.42%	7.36%
Pre tax profit / (Loss) to capital %	**(4.16)%**	(5.13)%	4.11%	20.14%	30.38%	19.15%
Current ratio	**10.18**	3.94	9.87	7.69	7.72	4.09
Paid up value per share (Rs.)	**10**	10	10	10	10	10
Earning after tax per share (Rs.)	**(4.16)**	(5.16)	0.41	2.01	3.04	1.92
Cash dividend %	**-**	-	-	-	-	-

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number **L-01895**

2. Name of the Company **KOHINOOR POWER COMPANY LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30-06-2014**

	------Shareholding------		
4. No. of Shareholders	**From**	**To**	**Total Shares Held**
239	1	100	8,856
245	101	500	66,169
245	501	1,000	188,979
299	1,001	5,000	770,961
83	5,001	10,000	652,967
27	10,001	15,000	337,866
5	15,001	20,000	94,630
14	20,001	25,000	332,439
8	25,001	30,000	225,678
7	30,001	35,000	229,983
1	35,001	40,000	40,000
5	40,001	45,000	214,350
1	45,001	50,000	50,000
5	50,001	55,000	265,679
3	55,001	60,000	175,000
1	65,001	70,000	67,750
1	70,001	75,000	75,000
1	75,001	80,000	80,000
1	80,001	85,000	80,500
1	95,001	100,000	99,000
1	100,001	105,000	103,000
1	105,001	110,000	107,500
1	145,001	150,000	147,865
1	175,001	180,000	180,000
1	295,001	300,000	296,000
1	420,001	425,000	424,717
1	445,001	450,000	447,500
1	495,001	500,000	500,000
1	590,001	595,000	592,011
1	2,830,001	2,835,000	2,835,000
1	2,910,001	2,915,000	2,910,600
1203			**12,600,000**

KOHINOOR POWER COMPANY LIMITED
Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2014

Sr. No.	Name	No. of Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties:		
1	KOHINOOR INDUSTRIES LIMITED (CDC)	2,835,000	22.5000
2	PAK ELEKTRON LIMITD (CDC)	2,910,600	23.1000
	Mutual Funds:		
1	SAFEWAY MUTUAL FUND LIMITED	945	0.0075
	Directors and their Spouse and Minor Chidren:		
1	MR. M. NASEEM SAIGOL	1,312	0.0104
2	MR. M. AZAM SAIGOL	1,575	0.0125
3	RANA ASAD IQBAL	542	0.0043
4	MR. MUHAMMAD ATHAR RAFIQ	525	0.0042
5	MR. MUHAMMAD OMAR FAROOQ	525	0.0042
6	MR. RASHID AHMAD JAVAID	525	0.0042
7	MR. MUHAMMAD SHAMIL	500	0.0040
	Executives:	-	-
	Public Sector Companies & Corporations:	-	-
	Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Modarabas and Pension Funds:	781,130	6.1994
	Shareholders holding five percent or more voting intrest in the listed company		
1	KOHINOOR INDUSTRIES LIMITED (CDC)	2,835,000	22.5000
2	PAK ELEKTRON LIMITD (CDC)	2,910,600	23.1000

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children:

S. No.	NAME	SALE	PURCHASE
	NIL		

Review Report to the Members

On Statement of Compliance with the 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 KOHINOOR POWER COMPANY LIMITED to comply with the Listing Regulation No. 37 of Karachi Stock Exchange (Guarantee) Limited, Listing Regulation's of Chapter No. XIII of the Lahore Stock Exchange (Guarantee) Limited and Listing Regulation's No. 36 of the Islamabad Stock Exchange (Guarantee) Limited 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, sub- Regulation (xiii) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N - 269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June, 2014.

October 10, 2014
Lahore

Mudassar Ehtisham & Co.
Chartered Accountants
Audit Engagement Partner: Mudassar Raza

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of KOHINOOR POWER COMPANY LIMITED as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, 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, we report that:

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

(b) In our opinion,

  (i) the balance sheet and profit and loss account together with the notes there on 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, statement of comprehensive income, 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, 2014 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.

(e) Without qualifying our report it is stated that as per management it has succeeded in obtaining decision from NEPRA (National Electric Power Regulatory Authority) for placement of the name of FESCO (Faisalabad Electric Supply Company Limited) as approved power purchaser from the Company (Kohinoor Power Company Limited-KPC). The management is hopeful to obtain supply agreements in near future but up till the date of issue of our report no agreement between FESCO and KPC Ltd for power supply was executed and provided to us. This situation creates material doubt about going concern status of the Company. The conception of going concern would be valid respecting the Company if its management is in a position to obtain power supply orders either from FESCO or any other industrial unit (note. 2.3).

October 10, 2014
Lahore

Mudassar Ehtisham & Co.
Chartered Accountants
Audit Engagement Partner: Mudassar Raza

BALANCE SHEET AS AT 30 JUNE, 2014

	Note	2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 2013: 20,000,000)			
ordinary shares of Rs. 10/- each		**200,000,000**	200,000,000
Issued, subscribed and paid-up capital	3	**126,000,000**	126,000,000
Reserves	4	**269,500,000**	269,500,000
Accumulated (loss) / profit		**(142,644,543)**	(98,426,063)
		252,855,457	297,073,937
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	5	**-**	-
Deferred liabilities	6	**1,297,956**	6,120,598
CURRENT LIABILITIES			
Trade and other payables	7	**14,893,810**	6,430,688
Liabilities against assets subject to finance lease	5	**977,800**	2,448,529
		15,871,610	8,879,217
CONTINGENCIES AND COMMITMENTS	8	**-**	-
		270,025,023	312,073,752
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**208,596,384**	221,729,817
CURRENT ASSETS			
Stores and spares	10	**24,585,994**	24,708,002
Stock-in-trade	11	**18,188,010**	19,979,970
Loans and advances	12	**351,862**	10,790,845
Trade deposits and short term prepayments	13	**977,800**	1,961,549
Tax refunds due from Government	14	**16,625,244**	16,612,289
Cash and bank balances	15	**699,729**	16,291,280
		61,428,639	90,343,935
		270,025,023	312,073,752

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

(CHIEF EXECUTIVE OFFICER) **(DIRECTOR)**

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE, 2014

	Note	2014 Rupees	2013 Rupees
Sales	**16**	**-**	-
Cost of sales	**17**	**-**	-
Gross (loss) / profit		**-**	-
Operating expenses:			
Administrative expenses	**18**	**(44,918,573)**	(49,867,144)
Operating (loss) / profit		**(44,918,573)**	(49,867,144)
Finance cost	**19**	**(66,389)**	(717,694)
Other operating income	**20**	**766,482**	1,323,715
		(44,218,480)	(49,261,123)
Other operating expenses	**21**	**-**	(3,174,470)
(Loss) /profit before taxation		**(44,218,480)**	(52,435,593)
Taxation / excess provision written back		**-**	-
(Loss) / profit after taxation		**(44,218,480)**	(52,435,593)
Earnings per share - basic and diluted	**22**	**(3.51)**	(4.16)

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

(CHIEF EXECUTIVE OFFICER) **(DIRECTOR)**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE, 2014

	2014 Rupees	2013 Rupees
(Loss) / profit for the year	**(44,218,480)**	(52,435,593)
Other comprehensive income	**-**	-
Total comprehensive (loss) / income for the year	**(44,218,480)**	(52,435,593)

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

(CHIEF EXECUTIVE OFFICER) **(DIRECTOR)**

CASH FLOW STATEMENT

FOR THE YEAR 30 JUNE, 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(44,218,480)**	(52,435,593)
Adjustments for :			
Depreciation		**12,359,680**	12,679,422
Profit on sale of fixed assets		**(526,247)**	(972,040)
Book value of replaced parts expensed out		**-**	1,322,571
Gratuity provision		**1,104,001**	1,323,524
Financial charges		**66,389**	717,694
		(31,214,657)	(37,364,422)
Operating profit before working capital changes			
(Increase) / decrease in stores and spares		**122,008**	2,675,454
(Increase) / decrease in stock in trade		**1,791,960**	19,329,626
(Increase) / decrease in trade debts		**-**	3,822,232
(Increase) / decrease in loans and advances		**10,438,983**	59,752,974
(Increase) / decrease in trade deposits and short term prepayments		**983,749**	389,951
(Increase) / decrease in refunds due from government		**1,022**	(141,508)
Increase / (decrease) in trade and other payables		**8,463,122**	(439,630)
		21,800,844	85,389,099
Cash (used in) / from operations		**(9,413,813)**	48,024,677
Gratuity paid		**(5,926,643)**	(1,092,593)
Income tax paid		**(13,977)**	(17,083)
Financial charges paid		**(66,389)**	(2,083,126)
Net cash (used in) / from operating activities		**(15,420,822)**	44,831,875
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed Capital Expenditure		**-**	(18,740,000)
Sale proceeds of fixed assets		**1,300,000**	1,850,000
Securities deposits		**-**	977,800
Net cash from / (used in) investing activities		**1,300,000**	(15,912,200)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of finance lease		**(1,470,729)**	(3,365,976)
Short term borrowings		**-**	(34,961,983)
Net cash (used in) from financing activities		**(1,470,729)**	(38,327,959)
Net decrease in cash and cash equivalents		**(15,591,551)**	(9,408,284)
Cash and cash equivalents - At the beginning of the year		**16,291,280**	25,699,564
Cash and cash equivalents - At the end of the year	**(15)**	**699,729**	16,291,280

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

(CHIEF EXECUTIVE OFFICER) **(DIRECTOR)**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE, 2014

	Share capital	Reserves			Total
		Capital	Revenue		
		Share premium	General	Accumulated profit / (loss)	
Balance as at 30 June, 2012	126,000,000	34,000,000	235,500,000	(45,990,470)	349,509,530
Total comprehensive (loss) / profit for the year	-	-	-	(52,435,593)	(52,435,593)
Balance as at 30 June, 2013	126,000,000	34,000,000	235,500,000	(98,426,063)	297,073,937
Total comprehensive (loss) / profit for the year	-	-	-	(44,218,480)	(44,218,480)
Balance as at 30 June, 2014	126,000,000	34,000,000	235,500,000	(142,644,543)	252,855,457

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

(CHIEF EXECUTIVE OFFICER) **(DIRECTOR)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2014

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. Its shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the company is situated at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore, Pakistan. The principal activity of the company is to generate and sell electric power.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except for:

- certain employees benefits which are carried at their present value.
- cash flow statement.

2.2.1 The generation of electricity was temporarily suspended in June 2012 as a result of FESCO feeders disconnection at the instructions of Ministry of Water and Power, Government of Pakistan and burning out of 11 KV alternate of one engine. In addition to these factors, the Agreement with FESCO expired in June 2011 and since then, electricity was supplied to them on existing terms and conditions. The renewal of the FESCO Purchase Agreement is held pending by FESCO till the issuance of generation license adding FESCO name as purchaser and fixation of tariff by National Electric Power Regulatory Authority “NEPRA”.

2.2.2 Our management this year (2014) has been making continues struggle for renewal of power agreements with FESCO for supply of power. In December 2012 the National Electric Power Regulatory (NEPRA) has (after detailed deliberations on working papers) approved the license proposed modification (LPM) in the generation license of Kohinoor Power Company Limited (KPC Ltd). And allowed FESCO as one of the power purchaser of KPC Ltd. Sales agreements are expected to be executed in near future. Thus the company for all intends and purpose is a going concern and will remain so in future.

2.3 Going concern assumption

Our paid-up capital as on 30.06.2014 stands at Rs. 126 million while adverse balance of reserves and Unappropriated losses are amounting to Rs. 142.644 million leaving balance of equity at Rs. 252.855 million. Our current liabilities are Rs. 15.871 million whereas the current assets are Rs. 61.428 million and current assets are more by Rs. 45.557 million than the current liabilities. The management is hopeful to obtain supply agreement in near future but till the date of issue of our report no agreement between FESCO (Faisalabad Electric Supply Company Limited) and KPC (Kohinoor Power Limited) was executed and provided to us. This situation created material doubt about the going concern status of the company. The conception of going concern would be valid respecting the company if it's management is in a position to obtain power supply orders either from FESCO or any other industrial unit.

Functional and presentational currency

These financial statements are presented in Pakistani Rupee which is the Company's functional currency.

2.4 Uses of estimates and judgments

The preparation of financial statement in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the future years.

2.4.1 Trade and other debts

Impairment loss against doubtful trade and other debts is made on judgment basis, for which provisions may differ in the future years based on the actual experience. The difference in provisions if any, would be recognised in the future years.

2.4.2 Property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The Company reviews the value of the assets for possible impairment on annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

Major renewals and improvement for assets are capitalized and the assets so replaced, if any, are retired. Maintenance and normal repairs are charged to profit and loss account.

2.4.3 Stock in trade and stores and spares

These are valued at lower of cost and net realizable value using the moving average method, except stores in transit which are stated at actual cost.

The company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

2.5 Staff retirement benefits

The Company operates an un-funded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service. This year company has hired the actuarial consultant for the valuation of defined benefit plan for employees as at June 30, 2013. Based upon this valuation the company accounts for the provision and current service cost. The policy for recognition of actuarial gains/(losses) is based on the minimum 10% corridor. However, the standard also permits to adopt any systematic method that can result in faster recognition of accumulated actuarial gains and losses.

The amount recognised in the balance sheet represents the present value of defined benefit obligationsas adjusted for unrecognised actuarial gains and losses.

The future contribution rates for this plan includes allowances for deficit and surplus. As per actuarial valuation, the following significant assumptions were used for calculation of this plan.

	2013	2012
Discount rate	10.5%	13%
Expected rate of salary increase in future years	9.5%	12%
Average expected remaining working life time of employees	12 years	10 years
Actuarial valuation method	Projected unit Credit Method	Projected unit Credit Method

2.6 Taxation

The profits of the company being from electricity generation are exempt from tax under clause 132 of part I of the Second Schedule to the Income Tax Ordinance, 2001. Receipts from sale of electricity are exempt from levy of turnover tax under clause (II A) (V) of Part IV of Second Schedule to the Income Tax Ordinance 2001.

2.7 Property, plant and equipment and depreciation thereon

Operating assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to income on reducing balance method using the rates specified in the fixed assets schedule at note 11.1. Management reviews the residual value of assets, useful lives and depreciation method at each financial year end. Full month's depreciation is charged in the month of acquisition and no depreciation is charged in the month of disposal.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset, when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Every other subsequent expenditure is recognized as an expense in the period in which it is incurred. Gains and losses on disposal of fixed assets are taken to the profit and loss account.

2.4.1 Trade and other debts

Impairment loss against doubtful trade and other debts is made on judgment basis, for which provisions may differ in the future years based on the actual experience. The difference in provisions if any, would be recognised in the future years.

2.4.2 Property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The Company reviews the value of the assets for possible impairment on annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

Major renewals and improvement for assets are capitalized and the assets so replaced, if any, are retired. Maintenance and normal repairs are charged to profit and loss account.

2.4.3 Stock in trade and stores and spares

These are valued at lower of cost and net realizable value using the moving average method, except stores in transit which are stated at actual cost.

The company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

2.5 Staff retirement benefits

The Company operates an un-funded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service. This year company has hired the actuarial consultant for the valuation of defined benefit plan for employees as at June 30, 2014. Based upon this valuation the company accounts for the provision and current service cost. The policy for recognition of actuarial gains/(losses) is based on the minimum 10% corridor. However, the standard also permits to adopt any systematic method that can result in faster recognition of accumulated actuarial gains and losses.

The amount recognised in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognised actuarial gains and losses.

The future contribution rates for this plan includes allowances for deficit and surplus. As per actuarial valuation, the following significant assumptions were used for calculation of this plan.

	2014	**2013**
Discount rate	**10.5%**	**10.5%**
Expected rate of salary increase in future years	**9.5%**	**9.5%**
Average expected remaining working life time of employees	**12 years**	**12 years**
Actuarial valuation method	Projected unit Credit Method	Projected unit Credit Method

2.6 Taxation

The profits of the company being from electricity generation are exempt from tax under clause 132 of part I of the Second Schedule to the Income Tax Ordinance, 2001. Receipts from sale of electricity are exempt from levy of turnover tax under clause (II A) (V) of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

2.7 Property, plant and equipment and depreciation thereon

Operating assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to income on reducing balance method using the rates specified in the fixed assets schedule at note 9.1. Management reviews the residual value of assets, useful lives and depreciation method at each financial year end. Full month's depreciation is charged in the month of acquisition and no depreciation is charged in the month of disposal.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset, when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Every other subsequent expenditure is recognized as an expense in the period in which it is incurred. Gains and losses on disposal of fixed assets are taken to the profit and loss account.

2.8 Leases

2.8.1 Finance Lease

These are stated at the lower of present value of minimum lease payments under the lease agreement and the fair value of the assets. The related obligation of leases is accounted for as liability. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged to income at the rate stated in Note 9.1 applying reducing balance method to write off the cost of the asset over its estimated remaining useful life in view of certainty of ownership so asset at the end of lease period.

Financial charges and depreciation on leased asset are charged to income currently.

2.8.2 Operating Lease

Leases where the lessors retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognised as an expense in the period in the profit and loss account.

2.9 Capital work-in-progress

Capital work-in-progress is stated at cost, less any identified impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are ready for their intended use.

2.10 Impairment

The carrying amounts of the company's assets except for inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the assets recoverable amount is estimated in order to determine the extent of the impairment loss. Impairment losses are recognised as expense in the profit and loss account.

Machinery and plant imported in 1990 and 1991 are not revalued. But in view of inflation in currency rates, its value has gone up by three to four times. Therefore no impairment loss is expected to arise.

2.11 Stores, spares and loose tools

These are valued at lower of cost and net realizable value using the moving average method, except stores in transit which are stated at actual cost.

2.12 Stock-in-trade

These are valued at lower of cost and net realizable value using the moving average method.

2.13 Trade debtors

Trade debtors are carried at original invoice amount less an estimate for doubtful debtors based on review of outstanding amounts at the year-end. Bad debts are written-off when identified.

2.14 Revenue recognition

Energy sales are recognised on the basis of meter readings recorded on continuous monthly basis and charges recoverable for delayed payments are recognised on accrual basis.

2.15 Provisions

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

2.16 Financial instruments

All financial assets and liabilities are recognised at the time when company becomes party to the contractual provisions of the instruments.

The Company's principal financial assets and financial liabilities are security deposits, trade debtors, deposits and other receivables, cash & bank balances, long term finances, long term loans, short term loans, creditors, accrued & other liabilities and unclaimed dividend payable.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their values. Any gain and losses on derecognition of financial assets and liabilities are taken to profit and loss account currently.

2.17 Off setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and the company intends either to settle on a net basis or realize the assets and settle the liabilities simultaneously.

2.18 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.19 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand and with banks, short term running finances under mark-up arrangements and short term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

2.20 Adoption of new and revised standards and interpretations

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

Standard or Interpretation		Effective Date Periods Beginning on or After
- IFRS 7	Financial instruments: Disclosures (Amendments)	January 1, 2013
- IAS 1	Presentation of financial statements (Amendments)	January 1, 2013
- IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2013
- IAS 19	Employee benefits (Amendments)	January 1, 2013
- IAS 27	Separate Financial Statements (Revised)	January 1, 2013
- IAS 28	Investments in Associates and Joint Venture (Revised)	January 1, 2013
- IAS 32	Financial instruments: Presentation (Amendments)	January 1, 2013 '& 2014
- IAS 34	Interim Financial Reporting (Amendments)	January 1, 2013
- IAS 36	Impairment of assets (Amendments)	January 1, 2014
- IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 1, 2014
- IFRIC 20	Stripping costs in the production phase of a surface mine	January 1, 2013

The management anticipates that, except for the effects on the financial statements of amendments to IAS 19 “Employee Benefits”, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company’s financial statements other than in presentation / disclosures.

The amendments to IAS 19 require immediate recognition of actuarial gains / losses in other comprehensive income in the period of initial recognition, this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. Further, the changes require immediate recognition of previously unrecognised past service cost. Following these changes unrecognised actuarial gains/losses and unrecognised past service cost will be recorded immediately in other comprehensive income and profit and loss account respectively.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

Standard or Interpretation		Effective Date Periods Beginning on or After
- IFRS 1	First-time adoption of International Financial Reporting standards	July 1, 2009
- IFRS 9	Financial instruments	January 1, 2015
- IFRS 10	Consolidated financial statements	January 1, 2013
- IFRS 11	Joint arrangements	January 1, 2013
- IFRS 12	Disclosure of interests in other entities	January 1, 2013
- IFRS 13	Fair value measurement	January 1, 2013
- IFRIC 21	Levies	January 1, 2014

The following interpretations issued by the IASB have been waived of by SECP effective January 16, 2012:

- IFRIC 4	Determining whether an arrangement contains lease
- IFRIC 12	Service concession arrangements

2.21 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

2.22 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the company and related party are at arms length prices determined as per prescribed methods under the Companies Ordinance, 1984, except in circumstances when it is in the interest of the company not to do so. Sale of Electric power is recorded as per tariff fixed by National Electric Power Regulatory Authority (NEPRA).

2.23 Contingencies and commitment

These are accounted for as and when these become due and are presently stated to the extent and manner at approximate value.

			Note	2014 Rupees	2013 Rupees

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		**2014 Rupees**	2013 Rupees
8,000,000	8,000,000	ordinary shares of Rs.10 each issued for cash	**80,000,000**	80,000,000
4,600,000	4,600,000	bonus shares of Rs.10 each	**46,000,000**	46,000,000
12,600,000	12,600,000		**126,000,000**	126,000,000

3.1 Ordinary shares of the company held by associated undertakings at year end are as follows:

	Number of shares	
Pak Elektron Limited	**2,910,600**	2,910,600
Kohinoor Industries Limited	**2,835,000**	2,835,000
	5,745,600	5,745,600

4. RESERVES

	2014	2013
Revenue	**235,500,000**	235,500,000
Premium on issue of shares	**34,000,000**	34,000,000
	269,500,000	269,500,000

5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2014	2013
Balance as on Jul, 01	**2,448,529**	5,814,505
Addition during the year	**-**	-
	2,448,529	5,814,505
Less: Repayments during the year	**(1,470,729)**	(3,365,976)
	977,800	2,448,529
Less: Current portion	**977,800**	2,448,529
	-	-

Future minimum lease payments under finance lease together with present value of the net minimum lease payments are as follows:

	June30,2014		June30,2013	
	Minimum lease payments	Present Value	Minimum lease payments	Present Value
Within one year	977,800	977,800	**2,493,994**	2,448,529
After one year but not more than five year	-	-	**-**	-
Total minimum lease payments	977,800	977,800	**2,493,994**	2,448,529
Amount representing finance charge	-	-	**(45,465)**	-
Present value of minimum lease payments	977,800	977,800	**2,448,529**	2,448,529
Current portion	(977,800)	(977,800)	**(2,448,529)**	(2,448,529)
	-	**-**	**-**	-

Lease agreements	**No of monthly installments**	**First installments due on**	**Adjustable security deposits**
1	36	Feb 17, 2011	**376,000**
2	36	Feb 17, 2011	**358,000**
3	36	April 7, 2011	**243,800**

The company entered into three new lease/ Ijarah financing facility agreements. Total Ijarah financing limit of Rs. 17.709 million from 'Albaraka Islamic Bank' was renewed by facility offer letter Ref: CA # DHA LHR/010/003 dated 06-09-2010. The company has obtained new leased vehicle No. 1, 2, and 3 under same limit in 2011 with agreement dated January 2010. Rentals are payable in monthly equal installments and in case of default of any payment of installment, the bank reserves the right to charge late payment penalty.

Repairs, maintenance and insurance costs of the vehicles are to be borne by the company.

Rate of interest charged is 12 months KIBOR +3%. The assets under finance lease will be transferred to company at the year end of lease term.

	Note	2014 Rupees	2013 Rupees
6. DEFERRED LIABILITIES			
Staff gratuity	(6.1)	**1,297,956**	6,120,598
		1,297,956	6,120,598

6.1 RECONCILIATION OF PAYABLE TO DEFINED BENEFIT PLAN

	Note	2014 Rupees	2013 Rupees
Present value of obligation	(6.2)	**1,430,697**	6,253,339
Unrecognised actuarial gain / (loss)		**(132,741)**	(132,741)
		1,297,956	6,120,598

6.2 MOVEMENT IN NET LIABILITY RECOGNISED IN THE BALANCE SHEET

	Note	2014 Rupees	2013 Rupees
Balance sheet liability as at july, 01		**6,253,339**	5,855,065
Expense recognised during the year	(6.3)	**1,104,001**	1,323,524
Benefit paid during the year		**(5,926,643)**	(1,092,593)
Actuarial (gain) / loss		**-**	167,343
		1,430,697	6,253,339

6.3 EXPENSE RECOGNISED DURING THE YEAR

	2014 Rupees	2013 Rupees
Current service cost	**448,260**	563,300
Interest cost recognised during the year	**655,741**	760,224
Total amount chargeable to profit and loss account	**1,104,001**	1,323,524

7. TRADE AND OTHER PAYABLES

	Note	2014 Rupees	2013 Rupees
Creditors for goods		**91,113**	360,442
Creditors for expenses		**1,339,001**	955,077
Accrued expenses		**11,182,499**	2,844,007
Taxes deducted at source	(7.1)	**731,281**	721,246
Electric Duty Payable	(7.2)	**1,019,410**	1,019,410
Un-claimed dividend		**530,506**	530,506
		14,893,810	6,430,688

7.1 These consists of Rs. 0.230 million, Rs. 0.059 million, Rs. 0.045 million, Rs. 0.040 million, Rs. 0.140 million, Rs. 0.156 million , Rs. 0.051 million and Rs. 0.01 million relating to year ended on June 30, 2002, June 30, 2007, June 30, 2009, June 30, 2010, June 30, 2011, June 30, 2012, June 30, 2013 and June 30, 2014 respectively. Expected additional tax & penalty of Rs. 0.772 million may be imposed for delayed payments.

7.2 Electric duty payable comprises of Rs. 0.566 million are pertaining to year ended June 30, 2010, Rs. 0.277 million are pertaining to year ended June 30, 2011 and Rs. 0.176 million are pertaining to year ended June 30, 2012.

8. CONTINGENCIES AND COMMITMENTS

8.1 Appeal against levy of tax of Rs. 2.3 million on Bonus shares duly paid when these were issued in 2000 is subjudice in Lahore High Court. The refund will arise as and when the departmental decision is revised by Honorable Court. Provision is raised for the tax expense.

8.2 Appeal against levy of sales tax Rs. 3.471 million was rejected by Federal Excise and Sales Tax Appellate Tribunal vide appellate order dated January 20, 2011. The company is directed to pay sales tax liability along with penalty and additional tax. The matter agitated in reference in Honorable Lahore High Court is yet pending and legal advisor vide his letter dated September 14, 2013 has stated that there is every likely hood that the company will succeed in the matter in favourof company. Estimated additional tax and penalty is amounting to Rs. 5.829 million. Taxes and penalties aggregating to Rs. 9.300 million are not provided in these accounts for favourable expected decision.

8.3 Commitment under irrecoverable letter of credit as at June 30, 2014 Rs. Nil (2013: Rs. Nil).

9. FIXED ASSETS

Property, plant and equipment

	Note	2014 Rupees	2013 Rupees
Operating assets-note annexed	(9.1)	**208,596,384**	221,729,817
		208,596,384	221,729,817

9.2 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 depreciation since then is charged @ 5 %.

Generating engines are about 20 years which have lost efficiency. The management should get the useful life of machinery assessed by competent consultant and adjustment of impairment for loss of value.

9.1 Property, plant and equipment **YEAR ENDED 30 JUNE 2014**

PARTICULARS	COST					DEPRECIATION						NET BOOK VALUE AS AT 30 June, 2014
	As at 01 July, 2013	Additions	Disposals	Transfers	As at 30 June, 2014	Rate %	As at 01 July, 2013	For the year	On disposals	Transfers	As at 30 June, 2014	
Buildings on lease hold land	42,401,089	-	-	-	42,401,089	10	33,982,694	841,840	-	-	34,824,534	7,576,555
Plant and machinery	508,969,811	-	-	-	508,969,811	5	302,329,716	10,332,005	-	-	312,661,721	196,308,090
Factory Equipment	69,975	-	-	-	69,975	10	59,474	1,050	-	-	60,524	9,451
Furniture and fixtures	55,792	-	-	-	55,792	10	43,147	1,265	-	-	44,412	11,380
Office equipment	725,014	-	-	-	725,014	10	485,565	23,945	-	-	509,510	215,504
Vehicles	5,796,555	-	(1,871,500)	1,871,500	5,796,555	20	3,438,726	512,290	(1,097,747)	1,057,023	3,910,292	1,886,263
Vehicles-leased	6,958,880	-	-	(1,871,500)	5,087,380	20	2,907,977	647,285	-	(1,057,023)	2,498,239	2,589,141
	564,977,116	-	(1,871,500)	-	563,105,616		343,247,299	12,359,680	(1,097,747)	-	354,509,232	208,596,384

9.2 Property, plant and equipment **YEAR ENDED 30 JUNE 2013**

PARTICULARS	COST					DEPRECIATION						NET BOOK VALUE AS AT 30 June, 2013
	As at 01 July, 2012	Additions	Disposals	Transfers	As at 30 June, 2013	Rate %	As at 01 July, 2012	For the year	On disposals	Transfers	As at 30 June, 2013	
Buildings on lease hold land	42,401,089	-	-	-	42,401,089	10	33,047,317	935,377	-	-	33,982,694	8,418,395
Plant and machinery	496,054,811	18,740,000	(5,825,000)	-	508,969,811	5	296,449,519	10,382,626	(4,502,429)	-	302,329,716	206,640,095
Factory Equipment	69,975	-	-	-	69,975	10	58,307	1,167	-	-	59,474	10,501
Furniture and fixtures	55,792	-	-	-	55,792	10	41,742	1,405	-	-	43,147	12,645
Office equipment	725,014	-	-	-	725,014	10	458,960	26,605	-	-	485,565	239,449
Vehicles	694,000	-	(2,126,000)	7,228,555	5,796,555	20	386,049	319,516	(1,248,040)	3,981,201	3,438,726	2,357,829
Vehicles-leased	14,187,435	-	-	(7,228,555)	6,958,880	20	5,876,452	1,012,726	-	(3,981,201)	2,907,977	4,050,903
	554,188,116	18,740,000	(7,951,000)	-	564,977,116		336,318,346	12,679,422	(5,750,469)	-	343,247,299	221,729,817

9.2.1 Additions represent purchase price of new cylinder line and other major parts while disposal are original cost of discarded parts.

	Note	2014 Rupees	2013 Rupees
9.3 Depreciation for the year has been allocated as follows:			
Cost of sales		**-**	-
Administrative expenses		**1,184,785**	1,360,252
Administrative expenses - Non operational		**11,174,895**	11,319,170
		12,359,680	12,679,422

9.4 Schedule of disposal of fixed assets

Particulars	Cost	Accumulated Depreciation	Written down value	Sale proceeds	Profit /(loss)	Mode of disposal	Sold to
Honda Civic-LED-8586	1,871,500	1,097,747	773,753	1,300,000	526,247	Negotiation	Mr. Rasal Hasan Syed Lahore
	1,871,500	**1,097,747**	**773,753**	**1,300,000**	**526,247**		

10. STORE AND SPARES

	Note	2014 Rupees	2013 Rupees
Stores		**2,129,407**	2,208,733
Spares		**22,456,587**	22,499,269
		24,585,994	24,708,002

10.1 Store and spares are generally held for internal use only.

11. STOCK-IN-TRADE

	Note	2014 Rupees	2013 Rupees
Furnace oil		**18,188,010**	19,571,419
Diesel oil		**-**	408,551
		18,188,010	19,979,970

12. LOANS AND ADVANCES

	Note	2014 Rupees	2013 Rupees
Advances - considered good			
- Employees	**(12.1)**	**186,000**	649,500
- Suppliers		**165,862**	10,141,345
		351,862	10,790,845

12.1 Maximum aggregate amount due from the executives at any month-end during the year was Rs. 193,000 (2013: Rs. 193,000).

13. TRADE DEPOSIT AND SHORT TERM PREPAYMENTS

	Note	2014 Rupees	2013 Rupees
Margin deposits		**977,800**	1,477,800
Prepayments		**-**	483,749
		977,800	1,961,549

14. TAX REFUNDS DUE FROM GOVERNMENT

	Note	2014 Rupees	2013 Rupees
Sales tax refundable	**(14.1)**	**14,831,680**	14,832,702
Advance income tax	**(14.2)**	**4,093,564**	4,079,587
Less: Provision for tax on bonus shares		**(2,300,000)**	(2,300,000)
		1,793,564	1,779,587
		16,625,244	16,612,289

14.1 The matter of recovery of sales tax refundable was taken up by the Company with Honourable Federal Tax Ombudsman who vide his judgment dated 3rd June 2011 directed the tax department to decide the pending refund claims. The filed complaint was disposed of with the direction to finalize the claim after due verification of documents. The Assistant Commission (IR) partially accepted and partially deferred some portion of refund. The learned authority issued the order in this respect. The Company has lodged an appeal at the office of Commissioner inland Revenue (Appeals). The Commissioner appeal (IR) up held the Order. The legal advisor has filed appeal against that order of Commissioner appeal (IR) at Honorable Appellate Tribunal Lahore. The appeals are still pending in Honorable Appellate Tribunal Lahore. The legal advisor has not responded to our letter but in view of refund orders issued by Assistant Commission Inland in months of September 2011 and December 2012 the management is confident that the Claim is good for recovery.

		Note	2014 Rupees	2013 Rupees
14.2	**Advance tax comprises of following:**			
	Opening Balance at the beginning of the year		**4,079,587**	4,062,504
	Add Deducted / paid during the year		**13,977**	17,083
			4,093,564	4,079,587

15. CASH AND BANK BALANCES

		2014 Rupees	2013 Rupees
Cash in hand		**86,498**	99,640
Cash at banks			
- Current accounts		**613,231**	16,191,640
		699,729	16,291,280

16. SALES

During the year company was not in commercial operations as stated in Note # 27.1 and 27.2 respectively.

17. COST OF SALES

		2014 Rupees	2013 Rupees
Opening stock		**19,979,970**	39,309,596
Purchases		**-**	14,890,890
		19,979,970	54,200,486
Less:	- Oil returned to approved dealers of suppliers	**-**	33,662,567
	- Sales to others	**1,791,960**	461,931
	- Issued to stores for consumption	**-**	96,018
		(1,791,960)	(34,220,516)
Less:	- Closing stock	**(18,188,010)**	(19,979,970)
		-	-

All non - operational expenses Rs. 37,845,044 (2013: Rs. 40,113,118) are charged to administrative expenses.

18. ADMINISTRATIVE EXPENSES

	Note	2014 Rupees	2013 Rupees
Salaries & benefits	**(18.1)**	**1,381,401**	1,025,071
Rent, rate and taxes		**3,301,830**	4,814,290
Fees and subscription		**515,094**	643,751
Travelling and conveyance		**30,880**	77,745
Printing and stationery		**116,363**	169,488
Postage and telegram		**20,008**	12,260
Entertainment		**37,868**	51,962
Insurance		**112,939**	164,018
Staff welfare		**34,595**	63,670
Professional and legal charges		**-**	37,000
Telecommunication		**142,481**	145,907
Auditor's remuneration	**(18.2)**	**75,000**	600,000
Professional tax		**-**	75,000
Depreciation		**1,184,785**	1,360,252
Advertisement		**110,800**	37,800
Miscellaneous expenses		**9,485**	475,732
Non operational expenses	**(18.3)**	**37,845,044**	40,113,198
		44,918,573	49,867,144

18.1 Salaries, wages and benefits include provision for gratuity for the year Rs. 0.585 million (2013: Rs. 0.085 million).

18.2 Auditor's Remuneration

	2014 Rupees	2013 Rupees
Annual audit	**75,000**	225,000
Half yearly review	**-**	50,000
Tax consultancy and out of pocket expenses	**-**	325,000
	75,000	600,000

		Note	2014 Rupees	2013 Rupees
18.3	**Non operational expenses**			
	Stores & Spares Consumed on machinery over-hauling		**15,146,988**	17,399,912
	Wages & Benefits	**(18.3.1)**	**612,511**	2,006,419
	Salaries & Benefits	**(18.3.2)**	**10,709,640**	4,038,367
	Vehicle Running & Maintenance		**201,010**	268,206
	Repair, Maintenance and Replacements		**-**	5,081,124
	Depreciation		**11,174,895**	11,319,170
			37,845,044	40,113,198

18.3.1 Wages and benefits include provision for gratuity for the year Rs. 0.105 million (2013:Rs. 0.342 million).

18.3.2 Salaries, wages and benefits include provision for gratuity for the year Rs. 0.413 million (2013:Rs. 0.342 million).

19. FINANCIAL COST

	2014	2013
Mark-up on:		
- Short term loans	**-**	324,797
Lease finance charges	**62,736**	331,283
Bank charges	**3,653**	61,614
	66,389	717,694

20. OTHER INCOME

	2014	2013
Miscellaneous income	**81,778**	-
Scrap-sludge	**126,962**	348,827
Profit on sale of fixes assets	**526,247**	972,040
Generator income	**31,495**	2,848
	766,482	1,323,715

21. OTHER OPERATING EXPENSES

	2014	2013
Additional taxes for delay in payments	**-**	772,530
Penalty on electric duty delay in payments	**-**	101,940
Tax on bonus shares	**-**	2,300,000
	-	3,174,470

22. EARNING PER SHARE - basic and diluted

	2014	2013
Earnings for the year	**(44,218,480)**	(52,435,593)
	Number of Shares	
Weighted average number of ordinary shares issued and subscribed at the end of the year	**12,600,000**	12,600,000
Earnings per share	**(3.51)**	(4.16)

A diluted earning per share has not been presented as the company does not have any convertible instruments in issue as at June 30, 2014 and 2013 which would have any effect on the earning per share if the option to convert is exercised.

23. NUMBER OF EMPLOYEES

	Number 2014	2013
Total number of employees at the year-end	**2**	39

24. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES-(as per annexed)

Financial risk management

The Board of Directors of the company has overall responsibility for the establishment and oversight of the company's risk management framework. The company has exposure to the following risks from its use of financial instruments: a) Credit Risk, b) Liquidity Risk, c) Market Risk.

24.1 Credit risk

Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debtors, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows :

Financial assets	Note	2014 Rupees	2013 Rupees
Loans and advances		**351,862**	10,790,845
Tax refunds due from Government		**16,625,244**	16,612,289
Cash and bank balances	**(24.1.1)**	**699,729**	16,291,280
		17,676,835	43,694,414

24.1.1 Credit risk on bank balances is limited as they are placed with local and foreign banks having good credit ratings assigned by local and International credit rating agencies.

24.1.2 The management does not expect any losses from non-performance by these counter parties.

24.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The following are the contractual maturities of the financial liabilities, including interest payments and excluding the impact of netting agreements :

Non derivative financial liabilities	YEAR ENDED 30 JUNE 2014		
	Carrying amount	Maturity up to one year	Maturity after one year
Liabilities against assets subject to finance leases	977,800	**977,800**	**-**
Trade and other payables	14,893,810	**14,893,810**	**-**
	15,871,610	**15,871,610**	**-**

	YEAR ENDED 30 JUNE 2013		
	Carrying amount	Maturity up to one year	Maturity after one year
Liabilities against assets subject to finance leases	2,448,529	**2,448,529**	-
Trade and other payables	6,430,688	**6,430,688**	-
	8,879,217	**8,879,217**	-

24.3 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, changes in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

24.3.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered in to foreign currencies. The company has no foreign currency and foreign exchange risk as payment is made immediately when invoice is received and LC at sight is opened.

24.3.2 Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company's interest rate risk arises from borrowings which include liabilities against assets subject to finance leases, short term finances under mark-up arrangements.

At June 30, 2014, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, profit after taxation for the year would have been higher/lower byRs. Nil (2013:Rs. 0.024)

24.4 Fair values of financial assets and liabilities

Fair value is an amount for which an assets could be exchanged , or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently , differences may arise between the carrying value and the fair value estimates.

As at June 30, 2014 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

25. REMUNERATION OF DIRECTORS AND EXECUTIVE

Particulars	Chief Executive		Directors		Executive	
	2014	2013	**2014**	2013	**2014**	2013
Managerial remuneration	**-**	-	**-**	-	**558,698**	957,768
House rent	**-**	-	**-**	-	**152,348**	261,168
Utilities	**-**	-	**-**	-	**33,852**	58,032
Medical	**-**	-	**-**	-	**33,852**	58,032
Rupees:	**-**	-	**-**	-	**778,750**	1,335,000
Number of persons	**1**	1	**6**	6	**1**	1

25.1 No meeting fee was paid to the directors and chief executive during the year (2013: Nil).

26. TRANSACTIONS WITH RELATED PARTIES

26.1 Related parties comprise of Associated Undertakings, directors and executive. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Remunerations of directors and executive is disclosed in note No. 28. Aggregate transactions with Associated Undertakings are as follows:

	2014 Rupees	2013 Rupees
Lease rent expense	**2,700,000**	4,200,000
Sale of store	**450,000**	193,324

26.2 Maximum aggregate amount due from Associated Undertakings at any month end during the year was Nil (2013:Rs. Nil).

26.3 Billing for electricity supplied is being done on the rates specified by NEPRA, while other items are transferred at prevailing market value respectively.

27. PLANT CAPACITY AND ACTUAL GENERATION

		2014	2013
Normal plant capacity on the basis of three shifts	MW	**122,530**	122,530
Actual production	MW	**-**	16,156

27.1 Agreement with LESCO expired on 31-03-2011 and unit at Chunian remained closed from 1st April 2011 to 30th June 2013 and is not in operation till to day as the agreement is not renewed.

27.2 Agreement with FESCO expired on 28-06-2011. One engine was operated from 1st July 2011 to 11th June 2012 for supply to FESCO while other engine was operated only for 15 days from 1st July 2011 to 15th July 2011.

28. GENERAL

28.1 These financial statements were authorized for issue on October 10, 2014 by the board of directors of the company.

28.2 Figures are rounded off to the nearest rupee. Figures of previous year are re-arranged whereever necessary to facilitate comparison.

(CHIEF EXECUTIVE OFFICER) **(DIRECTOR)**

KOHINOOR POWER COMPANY LIMITED

FORM OF PROXY

Ledge Folio/CDC A/C No. **Shares Held**

I/We ………………………………………………………………..…………………………

of……………………..………………………………….….……………..…………………….

appoint…………………………………………………………….…..…………………….

of…………………..…..…………………………………..………………………………........

(or failing him)……………………………………………......…………of… ………………..

being another member of the Company as my/our proxy to attend and vote for me/us on my/our behalf, at the 23rd Annual General Meeting of the Company to be held on Friday 31st October, 2014 at 11:00 a.m. and at every adjournment thereof.

As witness my/our hand(s) this …………..…………………………. Day of October 2014

Signed by the said

Affix Revenue Stamp of Rs. 5/-

Witnesses:

1. Signature ………………………………..
   Name: …………………….…………..
   N.I.C. No………..…………………….
   Address…………………………………...

2. Signature………………………………….
   Name: …………………………..… …….
   N.I.C. No……………………………….
   Address: ………………………………….

Notes:

1. A member entitled to attend and vote at this Meeting may appoint another member as his/her proxy in accordance with the provisions of Article 52 of the Articles of Association of the Company. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore, the Registered Office of the Company not later than 48 hours before the time f or holding the meeting and must be duly stamped, signed and witnessed.

2. For CDC Accounts Holders/Corporate Entities in addition to the above the following requirements be met:
   i). Attested copies of NIC or the Passport of the Beneficial Owners and the proxy shall be provided with the proxy form.
   ii). In case of a Corporate Entity, the Board of Directors Resolution/Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.
   iii). The proxy shall produce his original CNIC or original Passport at the time of attending the meeting.