

**KOHINOOR POWER COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

**Kohinoor Power Company Limited**  
**Half Yearly Report 2014**

**AUDITORS' REPORT TO THE MEMBERS**  
**ON REVIEW OF INTERIM FINANCIAL INFORMATION**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of Kohinoor Power Company Limited as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2012 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualification**

The management is hopeful to obtain supply agreements in near future but up till the date of issue of our review report no agreement between FESCO (Faisalabad Electric Supply Company Limited) and KPC (Kohinoor Power Company Limited) for power supply was executed and provided to us. This situation creates material doubt about going concern status of company. The assumption 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 other industrial unit.

### **Conclusion**

Based on our review and except for the matter explained in basis for qualification paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Chartered accountants,**


Lahore, February 28 , 2014

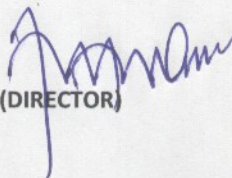
**Engagement Partner: Mudassar Raza**

KOHINOOR POWER COMPANY LIMITED  
CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013

ASSETS	Note	Unaudited	Audited
		December 31, 2013	June 30, 2013
		Rupees	Rupees
<b>Non current assets</b>			
Property, plant and equipment	5	214,755,863	221,729,817
		<u>214,755,863</u>	<u>221,729,817</u>
<b>Current assets</b>			
Stores and spares	6	24,640,200	24,708,002
Stock in trade	7	19,979,970	19,979,970
Advances	8	3,109,828	10,790,845
Trade deposits and short term prepayments	9.	1,403,189	1,961,549
Tax refunds due from government	10	16,622,485	16,612,289
Cash and bank balances	11	1,232,040	16,291,280
		<u>66,987,712</u>	<u>90,343,935</u>
<b>TOTAL ASSETS</b>		<u><u>281,743,575</u></u>	<u><u>312,073,752</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorised capital</b>		<u>200,000,000</u>	<u>200,000,000</u>
20,000,000 (June 2012: 20,000,000) ordinary shares of Rs. 10/- each			
Issued, subscribed and paid up capital 12,600,000 including bonus shares 4,600,000 ordinary shares of Rs. 10/- each	12	126,000,000	126,000,000
Reserves	13	269,500,000	269,500,000
Unappropriated profit		<u>(125,480,888)</u>	<u>(98,426,063)</u>
<b>Total equity</b>		<u>270,019,112</u>	<u>297,073,937</u>
<b>Non current liabilities</b>			
Deferred liabilities	15	4,394,945	6,120,598
<b>Current liabilities</b>			
Trade and other payables	16	5,779,126	6,430,688
Mark up accrued	14	12,804	-
Liabilities against assets subject to finance lease		<u>1,537,588</u>	<u>2,448,529</u>
		<u>7,329,518</u>	<u>8,879,217</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>281,743,575</u></u>	<u><u>312,073,752</u></u>
Contingencies & Commitments	17	-	-

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

  
(CHIEF EXECUTIVE OFFICER)

  
(DIRECTOR)

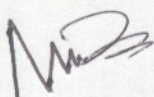
KOHINOOR POWER COMPANY LIMITED

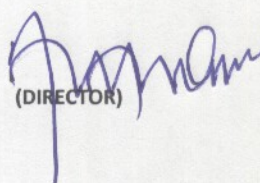
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Note	Quarter ended		(HALF YEAR ENDED)	
		December 31, 2,013	December 31, 2,012	December 31, 2,013	December 31, 2,012
		Rupees	Rupees	Rupees	Rupees
Sales - net	18	-	-	-	-
Cost of sales	19	-	-	-	-
Gross profit		-	-	-	-
Operating expenses :					
Administrative expenses	20	20,934,426	23,906,661	27,665,731	31,138,517
		(20,934,426)	(23,906,661)	(27,665,731)	(31,138,517)
		(20,934,426)	(23,906,661)	(27,665,731)	(31,138,517)
Other operating income	22	637,071	115,444	673,081	256,652
Operating profit		(20,297,355)	(23,791,217)	(26,992,650)	(30,881,865)
Finance cost	21.	(16,658)	(148,205)	(62,175)	(619,109)
Loss before taxation		(20,314,013)	(23,939,422)	(27,054,825)	(31,500,974)
Taxation-current		-	-	-	-
Net loss for the year		(20,314,013)	(23,939,422)	(27,054,825)	(31,500,974)
Earning per share	23	(1.61)	(1.90)	(2.15)	(2.5)

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

  
(CHIEF EXECUTIVE OFFICER)

  
(DIRECTOR)

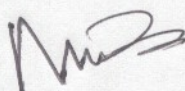
KOHINOOR POWER COMPANY LIMITED

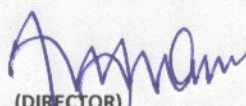
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Quarter ended		(HALF YEAR ENDED)	
	December 31, 2,013	December 31, 2,012	December 31, 2,013	December 31, 2,012
	Rupees	Rupees	Rupees	Rupees
Loss for the period	(20,314,013)	(23,939,422)	(27,054,825)	(31,500,974)
<b>Other comprehensive income:</b>				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss				
<b>Total comprehensive income for the period</b>	<u>(20,314,013)</u>	<u>(23,939,422)</u>	<u>(27,054,825)</u>	<u>(31,500,974)</u>
Earning per share	(1.61)	(1.90)	(2.15)	(2.5)

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

  
(CHIEF EXECUTIVE OFFICER)

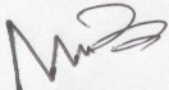
  
(DIRECTOR)

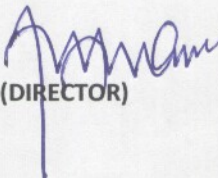
**KOHINOOR POWER COMPANY LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENTS - (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	December 31, 2013	June 30, 2013
Note	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit / (loss) before taxation	(27,054,825)	(52,435,593)
Adjustments for:		
Depreciation	6,200,201	12,679,422
Gratuity provision	447,120	1,323,524
Profit on sale of fixed assets	(526,247)	(972,040)
Book value of replaced parts expensed out		1,322,571
Financial charges	62,175	717,694
Profit before working capital changes	(20,871,576)	(37,364,422)
Effect on cash flow due to working capital changes (Increase)/ decrease in:		
Stores and spares	67,802	2,675,454
Stock in trade	-	19,329,626
Trade debts	-	3,822,232
Loans and advances	7,681,017	59,752,974
Trade deposits and short term prepayments	558,360	389,951
Refunds due from government	(719)	(141,508)
(Decrease)/ increase in:		
Trade and other payables	(651,562)	(439,630)
	7,654,898	85,389,099
Cash generated from operations	(13,216,678)	48,024,677
Gratuity paid	(2,172,773)	(1,092,593)
Financial charges paid	(49,371)	(2,083,126)
Income tax paid	(9,477)	(17,083)
	(2,231,621)	(3,192,802)
Net cash from operating activities	(15,448,299)	44,831,875
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditures		(18,740,000)
Sale proceeds of fixed assets	1,300,000	1,850,000
		977,800
Net cash used in investing activities	1,300,000	(15,912,200)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of finance lease	(910,941)	(3,365,976)
Repayment of short term loans	-	(34,961,983)
Net cash from financing activities	(910,941)	(38,327,959)
Net increase / (decrease) in cash and cash equivalents	(15,059,240)	(9,408,284)
Cash and cash equivalents at the beginning of year	16,291,280	25,699,564
<b>Cash and cash equivalents at the end of half year</b>	<b>1,232,040</b>	<b>16,291,280</b>

(11)

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

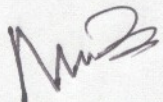
  
**(CHIEF EXECUTIVE OFFICER)**

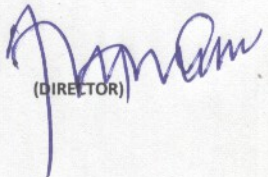
  
**(DIRECTOR)**

KOHINOOR POWER COMPANY LIMITED  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE HALF YEAR ENDED DECEMBER 31, 2013

Share capital	Capital Share premium	Reserves		Total	
		General	Revenue Accumulated profit/loss		
-----Rupees-----					
Balance as at July 01, 2012	126,000,000	34,000,000	235,500,000	(45,990,470)	349,509,530
Net loss for the half year				(31,500,974)	
Balance as at December 31, 2012	126,000,000	34,000,000	235,500,000	(77,491,444)	318,008,556
Net loss for the half year				(20,934,619)	(20,934,619)
Balance as at June 30, 2013	126,000,000	34,000,000	235,500,000	(98,426,063)	297,073,937
Net loss for the year				(27,054,825)	(27,054,825)
Balance as at December 31, 2013	126,000,000	34,000,000	235,500,000	(125,480,888)	519,112

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

  
 (CHIEF EXECUTIVE OFFICER)

  
 (DIRECTOR)



**KOHINOOR POWER COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

**1. COMPANY AND ITS OPERATIONS**

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. STATEMENT OF COMPLIANCE**

These interim condensed financial statements are unaudited but subject to limited scope review by auditors. These are required to be presented to the shareholders under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standards (IAS) - 34, "Interim Financial Reporting", as applicable in Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2011 and 2012 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2011 and 2012. These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2013.

**3. BASIS OF PREPARATION**

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the approved Accounting and Financial Reporting Standards for Medium-Sized Entities issued by the Institute of Chartered Accountants of Pakistan require management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and 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 the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2013.

**4.1 Initial application of standards, amendments or an interpretation to existing standards**

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

**4.1.2 Standards, amendments and interpretations to approved accounting standards that are effective in the current year**

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after January 1, 2014 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial information.

**4.1.3 Accounting Estimates**

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2013.

5. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	12/31/2013									RATE %
	COST				ACCUMULATED DEPRECIATION				BOOK VALUE AS ON DECEMBER 31, 2013	
	As on July 01, 2013	Additions and Transfers	Deletions and Transfers	As on December 31, 2013	As on July 01, 2013	Adjustments	For the six months	As on December 31, 2013		

Rupees

**Own:**

Buiding on leasehold land	42,401,089	-	-	42,401,089	33,982,694	-	420,920	34,403,614	7,997,475	10
Plant and machinery	508,969,811	-	-	508,969,811	302,329,716	-	5,166,002	307,495,717	201,474,093	5
Factory Equipment	69,975	-	-	69,975	59,474	-	525	59,999	9,976	10
Furniture and fixtures	55,792	-	-	55,792	43,147	-	632	43,779	12,013	10
Office equipments	725,014	-	-	725,014	485,565	-	11,972	497,537	227,477	10
Vehicles	5,796,555	1,871,500	(1,871,500)	5,796,555	4,495,749	(1,097,747)	276,507	3,674,509	2,122,046	20
	558,018,236	1,871,500	(1,871,500)	558,018,236	341,396,345	(1,097,747)	5,876,558	346,175,155	211,843,080	

**Assets subject to finance lease:**

Vehicles	6,958,880	-	(1,871,500)	5,087,380	2,907,977	(1,057,023)	323,643	2,174,597	2,912,783	20
	564,977,116	1,871,500	(3,743,000)	563,105,616	343,247,299	(2,154,770)	6,200,201	348,349,752	214,755,863	

5.1

5.2

5.3 Depreciation charge for the year has been allocated as under :

Administrative expenses non operational expenses

Administrative expenses

Note	31-06-2013 Rupees	12/30/2013 Rupees
(20.1)	5,587,447	1,360,252
(20)	612,754	11,319,170
	<b>6,200,201</b>	<b>12,679,422</b>

KOHINOOR POWER COMPANY LIMITED  
 NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
 - (UN-AUDITED)

	31-Dec-13	30-Jun-13
Note	Rupees	Rupees
<b>6. STORES AND SPARES</b>		
Stores	2,162,089	2,208,733
Spares	<u>22,478,111</u>	<u>22,499,269</u>
	<u>24,640,200</u>	<u>24,708,002</u>
<b>7. STOCK IN TRADE</b>		
Furnace oil	19,571,419	19,571,419
Diesel oil	<u>408,551</u>	<u>408,551</u>
	<u>19,979,970</u>	<u>19,979,970</u>
<b>8. LOAN AND ADVANCES</b>		
<i>Advances - considered good</i>		
Employees	231,500	649,500
Suppliers	<u>2,878,328</u>	<u>10,141,345</u>
	<u>3,109,828</u>	<u>10,790,845</u>
<b>9. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>		
Margin deposit	977,800	1,477,800
Prepayments	<u>425,389</u>	<u>483,749</u>
	<u>1,403,189</u>	<u>1,961,549</u>
<b>10. Tax refunds due from government</b>		
Sales tax refundable	14,833,421	14,832,702
Advance income tax	<u>1,789,064</u>	<u>1,779,587</u>
	<u>16,622,485</u>	<u>16,612,289</u>
<b>11. CASH AND BANK BALANCES</b>		
Cash in hand	188,685	99,640
Balance with banks in current accounts	<u>1,043,355</u>	<u>16,191,640</u>
	<u>1,232,040</u>	<u>16,291,280</u>
<b>12. SHARE CAPITAL</b>		
<b>Authorized</b>		
20,000,000 ordinary shares of Rs. 10 each	<u>200,000,000</u>	<u>200,000,000</u>
<b>Issued, subscribed and paid-up</b>		
8,000,000 Ordinary shares of Rs 10 each issued for cash	80,000,000	80,000,000
4,600,000 bonus shares of Rs. 10 each	<u>46,000,000</u>	<u>46,000,000</u>
	<u>126,000,000</u>	<u>126,000,000</u>
<b>13. RESERVES</b>		
Revenue	235,500,000	235,500,000
Premium on issue of shares	<u>34,000,000</u>	<u>34,000,000</u>
	<u>269,500,000</u>	<u>269,500,000</u>


KOHINOOR POWER COMPANY LIMITED  
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
- (UN-AUDITED)

	Note	31-Dec-13 Rupees	30-Jun-13 Rupees
<b>14</b>	<b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
	The amounts of future payments and periods during which they fall due are:-		
	Balance as on July 01,	2,448,529	5,814,505
	Addition during year	-	-
		<u>2,448,529</u>	<u>5,814,505</u>
		2,448,529	5,814,505
	Less repayment during year	(910,941)	(3,365,976)
	Later than one year and not later than five years	1,537,588	2,448,529
	Less current portion	<u>(1,537,588)</u>	<u>(2,448,529)</u>
		<u>-</u>	<u>-</u>
<b>15</b>	<b>DEFERRED LIABILITIES</b>		
	Staff gratuity	4,394,945	6,120,598
		<u>4,394,945</u>	<u>6,120,598</u>
<b>16.</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Creditors for goods	185,113	360,442
	Creditors for expenses	1,322,983	955,077
	Accrued expenses	1,993,867	2,844,007
	Tax deducted at source	727,247	721,246
	Electric duty payable	1,019,410	1,019,410
	Un-claimed dividend	530,506	530,506
		<u>5,779,126</u>	<u>6,430,688</u>
<b>17.</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>17.1</b>	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 Honourable Court. Provision is raised for the tax expense.		
<b>17.2</b>	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 sale tax liability along with penalty and additional tax. The matter agitated in reference in Honourable 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 favour of company. Estimated additional tax and penalty is amounting to Rs. 5.829 million. Taxes and penalties aggregating to <span style="float: right;">Rs. 9.300</span> million are not provided in these accounts for favourable expected decision.		
<b>17.3</b>	Commitment under irrecoverable letter of credits as at June 30, 2013 were Rs. Nil ( 2012:Rs. 2.573 million).		
<b>18.</b>	<b>SALES - (ELECTRICAL POWER)</b>		
	Industrial	-	-
		<u>-</u>	<u>-</u>
<b>19.</b>	<b>COST OF SALES</b>	-	-
<b>20.</b>	<b>ADMINISTRATIVE EXPENSES</b>		
	Salaries and benefits	446,175	593,573
	Rent, rates and taxes	2,251,830	2,410,620
	Fee and subscription	419,797	403,984
	Traveling and conveyance	23,200	43,950
	Printing and stationery	114,783	89,381
	Postage and telegram	19,783	-
	Entertainment	34,117	51,962
	Insurance	83,760	82,481
	Staff welfare	16,065	45,190
	Advertisement	110,800	37,800
	Professional and legal charges	-	37,000
	Telecommunication	80,554	81,575
	Professional tax	-	-
	Depreciation	5.3 612,754	875,899
	Miscellaneous expenses	187,642	258,609
	Generator expenses	71,707	-
	Non operational expenses	20.1 23,192,764	26,126,493
		<u>27,665,731</u>	<u>31,138,517</u>

KOHINOOR POWER COMPANY LIMITED  
 NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
 - (UN-AUDITED)

	31-Dec-13	30-Jun-13
Note	Rupees	Rupees
<b>20.1 Non operational expenses</b>		
Oil consumed	-	-
Stores and spares consumed	15,146,989	17,418,865
Wages and benefits	612,511	1,057,955
Other items consumed in production	-	-
Salaries and benefits	1,737,797	1,967,301
Insurance	-	-
Vehicle running and maintenance	106,890	124,915
Electric duty	-	-
Repair, maintenance and replacements	1,130	99,053
Depreciation	5.3 5,587,447	5,458,404
	<u>23,192,764</u>	<u>26,126,493</u>
<b>21. FINANCE COST</b>		
Mark-up on short term loans	-	324,797
Lease financial charges	59,487	236,967
Bank charges	2,688	57,345
	<u>62,175</u>	<u>619,109</u>
<b>22. OTHER OPERATING INCOME</b>		
Miscellaneous income	86,284	-
Scrap-sludge	60,550	245,488
Generator income	-	11,164
Profit on sale of assets	526,247	-
	<u>673,081</u>	<u>256,652</u>
<b>23. EARNING PER SHARE - basic and diluted</b>		
Earnings for the year	(27,054,825)	(31,500,974)
	<u>(27,054,825)</u>	<u>(31,500,974)</u>
Weighted average number of ordinary shares issued and subscribed at the end of year	12,600,000	12,600,000
	<b>2,013</b>	<b>2,012</b>
	<b>Rupees</b>	<b>Rupees</b>
Earning per share	(2.15)	(2.50)
<b>24. GENERAL</b>		
<b>24.1</b>	These financial statements were authorized for issue on February 28, 2014 by the Board of Directors of the Company.	
<b>24.2</b>	Figures have been rounded off to the nearest rupee.	
<b>24.3</b>	Corresponding figures have been rearranged, wherever necessary for the purposes of comparison. However, no significant rearrangement / reclassification have been made in these financial statements.	

  
 (CHIEF EXECUTIVE OFFICER)

  
 (DIRECTOR)