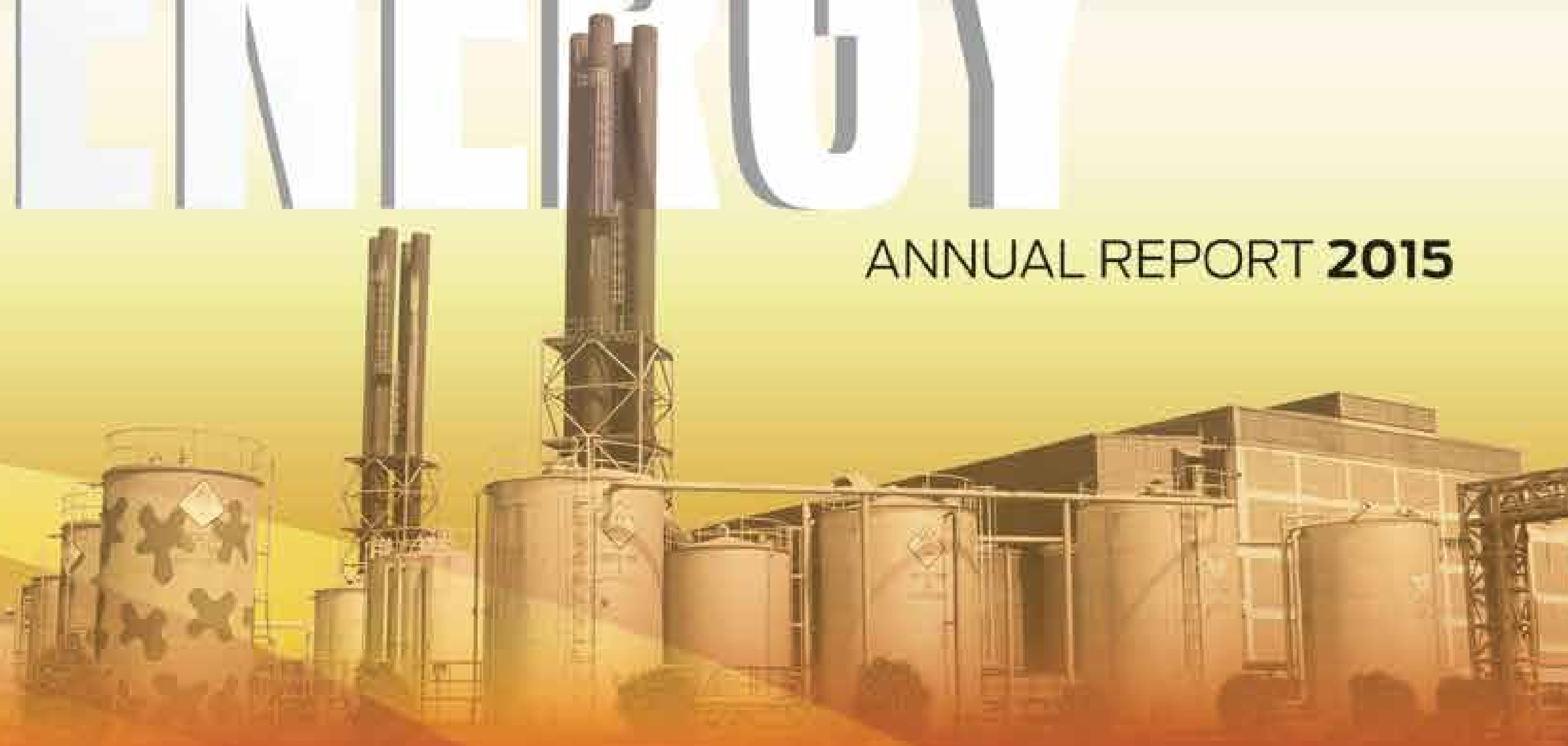
KOHINOOR
ENERGY LIMITED

ENERGY

ANNUAL REPORT 2015



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CONTENTS

CORPORATE INFORMATION

Board of Directors

Mr. M. Naseem Saigol
Chairman
Mr. Tatsuo Hisatomi
Chief Executive Officer
Mr. S M Shakeel
Mr. Shinichi Ushijima
Independent
Mr. Manabu Iida
Independent
Mr. Mikihiro Moriya
Independent
Mr. Muhammad Asad Khan
Nominee of Wartsila Finland Oy

Company Secretary
Mr. Muhammad Asif

Audit Committee
Mr. Shinichi Ushijima
Chairman
Mr. S M Shakeel
Mr. Manabu Iida
Mr. Mikihiro Moriya

HR & Remuneration Committee
Mr. Shinichi Ushijima
Chairman
Mr. Tatsuo Hisatomi
Mr. S M Shakeel
Mr. Manabu Iida

Management
Mr. Tatsuo Hisatomi
Chief Executive Officer
Mr. S M Shakeel
Chief Operating Officer
Mr. Ghazanfar Ali Zaidi
General Manager Technical
Mr. Muhammad Ashraf
Chief Financial Officer

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Bankers
Standard Chartered Bank (Pakistan) Limited
Bank Alfalah Limited
Askari Bank Limited
AL Baraka Bank (Pakistan) Limited
Meezan Bank
Habib Bank Limited
NIB Bank Limited

Registered Office
301, 3RD Floor, Green Trust Tower,
Blue Area Islamabad, Pakistan.
Tel : +92-51-2813021-2
Fax : +92-51-2813023

Project/Head Office
Post Office Raja Jang, Near Tablighi Ijtima,
Raiwind Bypass, Lahore, Pakistan.
Tel : +92-42-35392317
Fax : +92-42-35393415-7

Shares Registrar
M/S. Corplink (Pvt.) Ltd.
Wings Arcade, 1-K,Commercial, Model Town,
Lahore, Pakistan.
Tel : +92-42-35839182, 35887262, 35916719
Fax : +92-42-35869037

Lahore Office
17-Aziz Avenue, Unit # 4, Canal Bank,
Gulberg V, Lahore, Pakistan.
Tel : +92-42-35717861-2
Fax : +92-42-35715090

Website
www.kel.com.pk

NOTICE OF ANNUAL GENERAL MEETING

KOHINOOR
ENERGY LIMITED

Notice is hereby given that the 22nd Annual General Meeting of shareholders of Kohinoor Energy Limited will be held on October 29, 2015 (Thursday) at 12:30 P.M. at Registered Office, at 301, 3rd Floor, Green Trust Tower, Blue Area, Islamabad to transact the following business:

1. To confirm minutes of the Annual General Meeting held on September 16, 2014.

2. To receive and adopt the Annual Audited Accounts of the Company for the financial year ended June 30, 2015 alongwith Directors' and Auditors' Reports thereon.

3. To approve final dividend @ 20% i.e. Rs. 2.00 per share as recommended by the Board of Directors in addition to the two interim dividends already paid @20% i.e. Rs. 2.00 per share and @15% i.e. Rs.1.50 per share making a total dividend @55% i.e. Rs.5.50 per share for the financial year 2014-2015.

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

5. To elect seven directors as fixed by the Board under Sections 178 and 180 of the Companies Ordinance, 1984 for a term of three years commencing from October 30, 2015. The retiring Directors are:

1.	Mr. M. Naseem Saigol	2.	Mr. Tatsuo Hisatomi
3.	Mr. S M Shakeel	4.	Mr. Shinichi Ushijima
5.	Mr. Manabu Iida	6.	Mr. Mikihiro Moriya
7.	Mr. Muhammad Asad Khan (Nominee of Wartsila Finland Oy)		

6. Any other business with the permission of the Chair

By order of the Board

Lahore: (Muhammad Asif)
September 29, 2015 Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from October 21, 2015 to October 29, 2015 (both days inclusive). Transfers received at our Share Registrar Office M/S CORPLINK (PVT) LIMITED situated at Wings Arcade, 1-K, Commercial, Model Town, Lahore upto the close of business hours on October 20, 2015 will be treated in time for the purpose of entitlement of cash dividend to the transferees and for determination of entitlement to attend and vote at the meeting.

2. Any person who seeks to contest the election of directors shall file at Head Office of the Company at Near Tablighi Ijtima, Raiwind Bypass, Lahore, not later than fourteen days before the day of the Meeting, his intention to offer himself for election of directors in terms of Section 178(3) of the Companies Ordinance, 1984.

3. A member eligible to attend and vote at this meeting may appoint his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's head office at Near Tablighi Ijtima, Raiwind Bypass, Lahore, not less than 48 hours before the time for holding the meeting. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution/power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholders

through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

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

5. Submission of copy of CNIC (Mandatory):

The Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 779 (i) 2011 dated Aug 18, 2011 has directed to print your Computerized National Identity Card (CNIC) number on your dividend warrants and if your CNIC number is not available in our records, your dividend warrant will not be issued / dispatched to you. In order to comply with this regulatory requirement, you are requested to kindly send photocopy of your CNIC to your Participant / Investor Account Services or in case of physical shareholding immediately to Company's Share Registrar, M/S CORPLINK (PVT) LIMITED.

6. Dividend Mandate (Optional):

Under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend through his/ her/its bank account. In pursuance of the directions given by the SECP vide Circular Number 18 of 2012 dated June 05, 2012, kindly authorize the company for direct credit of your cash dividend in your bank account (please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice, dividend will be paid to you through dividend warrant at your registered address). If you want to avail the facility of direct credit of dividend amount in your bank account, please provide following information to Company's Share Registrar, M/S CORPLINK (PVT) LIMITED.

Bank Account Details of Shareholder	
Title of Bank Account	
Bank Account Number	
Bank's name	
Branch name and address	
Cell number of shareholder	
Landline number of shareholder, if any	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate to the company and the concerned share registrar. ________________________________ Name, signature, folio # and CNIC number of shareholder	

Notes:
(1) Those shareholders, who hold shares in book entry form in their CDS accounts, will provide the above dividend mandate information directly to their respective Participant / CDC Investor Account Services Department.
(2) If dividend mandate information has already been provided by you, ignore this request.

7. Transmission of Annual Financial Statements Through Email (Optional):

In pursuance of the directions given by the SECP vide SRO 787 (I)/2014 dated Sep 08, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.kel.com.pk and send the said form duly signed by the shareholder along with copy of his/her CNIC to the Company's Share Registrar M/s CorpLink (Pvt) Limited.

The Board of Directors feels pleasure to present the Annual Report together with the audited financial statements of the Company for the financial year ended June 30, 2015

Principal Activities

The principal business objective of the Company is to own, operate and maintain a furnace oil fired power station with a net capacity of 124 MW (gross capacity of 131.44 MW).

Financial Results

We report that during the year 2014-15, total sales revenue of the Company remained at Rs. 11.66 billion compared to Rs. 14.96 billion in the last financial year. Main reason for the decrease in sales revenues is the decline in fuel oil price. The Company posted net profit after tax of Rs. 842 million as against Rs. 1,068 million posted during the last financial year. The net profit demonstrated Earning Per Share of Rs. 4.97 as compared to Rs. 6.31 of the last financial year. We would like to report that lesser benefits on account of fuel saving and increase in depreciation on account of capitalization of retrofit turbo chargers are the main reasons of decrease in profits of the Company. The financial results of the Company for the year ended June 30, 2015, are summarized as follows:

		2015	2014
		(Rupees in thousand)	
Profit before taxation		843,759	1,071,618
Taxation		(1,283)	(3,054)
Profit after taxation		842,476	1,068,564
Other comprehensive income / (loss)		9,901	7,814
Total comprehensive income for the year		852,377	1,076,378
Un-appropriated profit brought forward-Restated		4,806,261	5,636,292
Available for appropriations		5,658,638	6,712,670
3rd Interim Dividend 2012-13 paid during financial year 2013-14		–	(720,199)
Final Dividend 2013-14 @25% (Final Dividend 2012-13 @ 30%) paid during FY 2014-15		(423,647)	(508,376)
1st Interim Dividend 2014-15 @ 20% (1st Interim Dividend 2013-14 @ 20%)		(338,917)	(338,917)
2nd Interim Dividend 2014-15 @ 15% (2nd Interim Dividend 2013-14 @ 20%)		(254,188)	(338,917)
		(1,016,752)	(1,906,409)
Un-appropriated profit carried forward		4,641,886	4,806,261
Earnings per share	Rupees	4.97	6.31

Moreover we would reiterate about the dispute with WAPDA regarding eligibility of indexation on non-escalable component of the capacity purchase price relating to the period subsequent to repayment of foreign currency loan. WAPDA had withheld Rs. 430.517 million from the invoice of April 2010. Both the Company and WAPDA by adopting one of the courses pursuant to the Power Purchase Agreement appointed an Expert for mediation. The Expert has given his decision / recommendation in favor of the Company. However WAPDA has not accepted the decision / recommendation of the Expert. More detail is appearing in note 12.1.1 to theses financial statements. The Management and the legal counsel are of the opinion that the matter will be settled in Company's favor if the dispute is referred to the Arbitration. Therefore, the Company has not provided for Rs. 430.517 million in these financial statements.

We would also like to explain that due to supply of electricity shorter than the demand, WAPDA has invoiced to the Company the liquidated damages (LDs). Up till June 30, 2015, accumulated LDs invoiced by WAPDA are Rs. 402.433 million (2014: 385.83 million). We are of the view that since technically the plant was available to deliver electricity as per WAPDA's demand and the failure to deliver was consequential only to financial constraints caused by nonpayment of dues to the Company on timely basis and which resulted into inability of the Company to make advance payments to the fuel supplier, therefore WAPDA cannot impose and claim the LDs which triggered as a result of its own default. Resultantly we have disputed the said invoices of LDs submitted by WAPDA. Currently WAPDA and the KEL are in the process of the expert appointment under the mechanism given in the Power Purchase Agreement. The ultimate outcome of the matter cannot presently be determined, however recently in case of other IPPs (both 1994 & 2002 power policy), the expert has given his determination on LDs dispute in favour of the IPPs, therefore no provision for such LDs has been made in these financial statements.

Further we would like to inform you that during the current financial year, a sales tax demand of Rs 505.41 million was raised against the Company through order dated August 29, 2014 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from August 2009 to June 2013. Such amount was disallowed on the grounds that the revenue derived by the Company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Company. Against the aforesaid order, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals) ('CIR(A)') who vide its order dated November 6, 2014, upheld the ACIR's order on the issue regarding apportionment of input sales tax with the caveat that tax demand pertaining to period of show cause notice beyond the limitation of five years cannot be sustained and reduced from the tax demand. Subsequently, the Company preferred an appeal before the Appellate Tribunal Inland Revenue ('ATIR'). Additionally, the Company had filed an application with the Lahore High Court seeking a stay in recovery of tax arrears, default surcharge and penalty. The Lahore High Court, in its order dated December 31, 2014, stayed the recovery of the tax demand along with default surcharge and penalty till adjudication by the ATIR, subject to deposit of Rs. 10 million with the Tax Department which the Company duly submitted on January 7, 2015. The ATIR vide its order dated May 4, 2015, upheld the CIR(A)'s order on the issue regarding apportionment of input sales tax. Thereafter, the Company has filed an appeal against the decision of CIR(A) in the Lahore High Court. Hearing of the case has been adjourned by the Lahore High Court at the application of the Company. The date of next hearing has not yet been fixed by the Lahore High Court. Stay of recovery of tax arrears, default surcharge and penalty has been granted till the next hearing before the Lahore High Court.

Credit Rating

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of the Company at "AA" (Double A) and "A1+" (A one plus) respectively. The ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

The ratings reflect robust financial profile of the Company. The ratings recognize the successful management of Operations and Maintenance (O&M) activities in-house and outcome of technically sound management, robust systems and controls and strong management structure of the Company.

Operations

During the financial year under review the power complex operated at 80.73% as compared to last year's 81.89%. Resultantly the Company delivered 876,897 MWHs of electricity to WAPDA while last year this dispatch was 889,521 MWHs of electricity.

During the financial year under review 1 engine reaching at 84000 and 5 engines reaching at 92000 operational hours have been overhauled in line with our 8k major maintenance program. The scheduled and preventive maintenance activities have been carried out in accordance with the budgeted numbers. We report that all of the engines and their auxiliary equipment are in good condition for safe and reliable operations.

We take pleasure to report that the Company has successfully qualified the Annual Dependable Capacity Test (ADC), conducted by WAPDA on June 12, 2015. We are also satisfied with the fact that today even after the lapse of 17 years of operations the whole power complex is in excellent condition. Resultantly it has demonstrated a commendable performance of 129.92 MW capacity which is quite higher than the net contracted capacity of 124 MW.

Dividend Distribution

The Board of Directors pleasurably recommends to the shareholders of the Company for approval in the ensuing AGM, a final dividend at the rate of Rs 2 per share (i.e. @ 20%) which will be paid to those shareholders whose names would appear on members' register on the date as mentioned in the notice of AGM. This final dividend, together with two interim dividends which have already been paid @20% in March 2015 and @15% in May 2015, shall make the cumulative dividend distribution for the financial year 2014-15 to be 55%.

Statements in compliance to the Code of Corporate Governance (CCG)

The Directors state that:

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Company's ability to continue as a going concern
- The key operating and financial data of last six years is attached to the report
- During the financial year under review the Board of Directors met for five times and the attendance of the directors was as follows:

Name of Director	Attendance	Name of Director	Attendance
Mr. M. Naseem Saigol	1/5	Mr. Mikihiro Moriya	1/1
Mr. Tatsuo Hisatomi	5/5	Mr. Muhammad Asad Khan	2/5
Mr. S M Shakeel	5/5	Mr. Hidenori Saito	3/3
Mr. Shinichi Ushijima	2/2	Mr. Yasunori Mizuno	1/4
Mr. Manabu Iida	4/5		

The Board granted leaves of absence to the members who could not attend the meeting(s)

- During the financial year under review the Audit Committee meetings held for five times and the attendance of the members was as follows:

Name of Director	Attendance	Name of Director	Attendance
Mr. Shinichi Ushijima	2/2	Mr. Mikihiro Moriya	1/1
Mr. S M Shakeel	5/5	Mr. Yasunori Mizuno	1/2
Mr. Hidenori Saito	3/3	Mr. Muhammad Asad Khan	1/2
Mr. Manabu Iida	4/5		

- During the financial year under review the HR and Remuneration Committee met for one time. All of the members attended the said meeting.

- The Chief Executive Officer, Directors, Chief Financial Officer, Company Secretary and their spouse and minor children have made no sale/purchase of Company's shares during the year July 01, 2014 to June 30, 2015 except Mr. Shinichi Ushijima and Mr. Mikihiro Moriya after joining the Board, purchased 500 qualification shares each from Mr. Hidenori Saito and Mr. Yasunori Mizuno the outgoing directors, at a price of Rs. 45.50 per share.

- The Company has established Employees Gratuity Fund and registered with the concerned authority. Annual provision has been made on actuarial valuation basis to cover obligation under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period. The value of the investments of Gratuity Fund as on June 30, 2015 was Rs. 178,372,416.

- The Board has formed Audit Committee. It comprises of four members, of whom three are non-executive directors and one is executive director. An independent director is the Chairman of the Committee.

- The Board as required by CCG for reporting on trade in shares of the Company, has defined that the expression 'Executive' shall means the CEO, COO, CFO, Head of Internal Audit, Company Secretary and the Managers / Departmental Heads of the Company by whatever name called.

Changes in the Board

Since the last annual general meeting held on September 16, 2014 Mr. Hidenori Saito and Mr. Yasunori Mizuno have relinquished the offices of Director of the Company and in their places Mr. Shinichi Ushijima and Mr. Mikihiro Moriya have joined the Board of Directors of the Company.

The Board of Directors wishes to record its appreciation for the valuable services rendered by the outgoing director Mr. Saito and Mr. Mizuno and extends its warm welcome to Mr. Ushijima and Mr. Moriya the newly appointed Directors.

Corporate Social Responsibility (CSR)

We pleasurably inform you that supporting to the surrounding community CSR program has remained strategic part of our business approach. We profoundly report that contribution on free medical treatment facility and free education facility for deserving children of the people living in the vicinity of the power plant has remained the focused areas of our CSR program:

a) Medical Facility

The management of your Company paying attention to its social responsibility is providing free medical treatment facility to the deserving people of the vicinity area of the plant. In this regard qualified team of Doctor and its staff is serving the patients relating to the neighboring community of the plant. Its worth to mention that during the financial year 2014-15 totals 13,308 deserving patients have been provided with the medical treatment at a cost of Rs. 5.123 million.

b) Education Facility

Honoring to our commitment in contribution to the society we are also providing education facility to the deserving children of the neighboring community. Our contribution towards this facility includes tuition fees, textbooks, stationery and uniform to all the students for free of cost. Presently total 293 students are studying at KG to Class 9. During the year the FY 2014-15 the Company has contributed Rs. 4.48 million on account of education facility.

Auditors

The present statutory auditors of the Company M/s A.F. Ferguson & Co. Chartered Accountants retire and being eligible, offer themselves for reappointment. The Audit Committee and the Board of Directors of the Company have endorsed their re-appointment for shareholders consideration in the forthcoming AGM.

Pattern of Shareholding

A statement of pattern of shareholding and additional information as at June 30, 2015 is annexed to the Annual Report.

Acknowledgement

We take this opportunity to express thanks to our valued shareholders, WAPDA, financial institutions and the lenders, Wartsila, Pakistan State Oil and other business partners for their trust and consistent support to the Company.

The Board also recognizes the contribution made by the dedicated team of professionals and engineers who are serving KEL with full enthusiasm. We appreciate all of our employees for demonstrating their commitment and responsibility towards the demonstration of smooth and reliable operations of the power complex and we believe that the same spirit of devotion shall remain intact in the future ahead to the Company.

For and on behalf of the Board

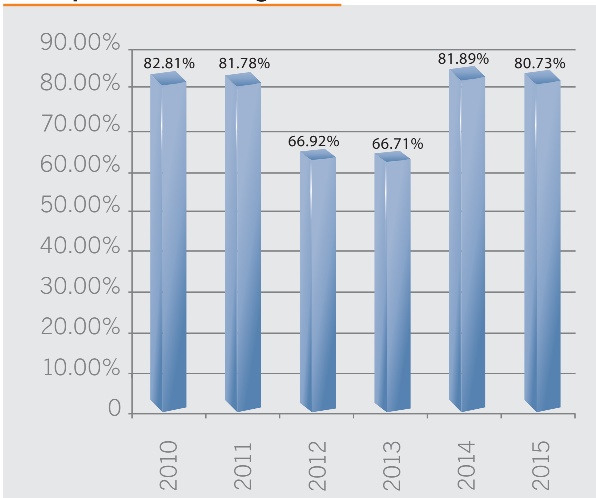
Tatsuo Hisatomi
Chief Executive

Lahore
September 29, 2015

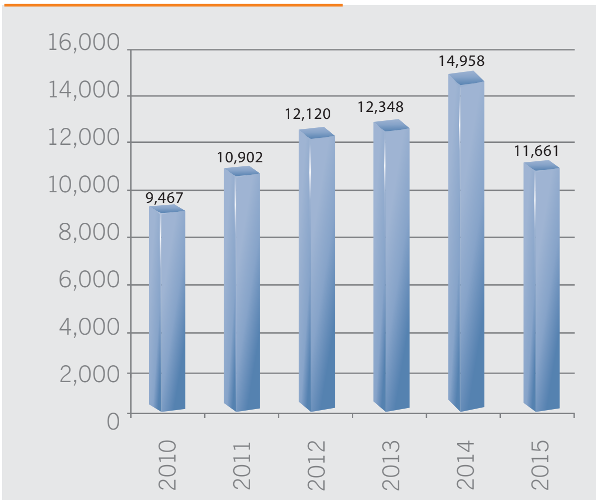
FINANCIAL DATA

	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
DISPATCH LEVEL (%)	**80.73%**	**81.89%**	**66.71%**	**66.92%**	**81.78%**	**82.81%**
DISPATCH (MWH)	**876,897**	**889,521**	**724,652**	**726,872**	**888,287**	**899,545**
REVENUE (Rs. 000)						
ENERGY FEE	10,578,874	13,905,992	11,318,483	11,225,331	10,060,183	8,468,638
CAPACITY FEE	1,082,190	1,052,174	1,029,826	894,583	841,906	998,756
TOTAL REVENUE	11,661,064	14,958,166	12,348,309	12,119,914	10,902,089	9,467,394
COST OF SALES	10,292,710	13,379,179	10,960,657	10,820,646	10,010,742	8,629,255
GROSS PROFIT	1,368,354	1,578,987	1,387,652	1,299,268	891,347	838,139
PROFITABILITY (Rs. 000)						
PROFIT/(LOSS) BEFORE TAX	843,759	1,071,618	868,083	850,487	641,920	707,315
PROVISION FOR INCOME TAX	1,283	3,054	3,264	3,130	12,456	20,023
PROFIT/(LOSS) AFTER TAX	842,476	1,068,564	864,819	847,357	629,464	687,292
FINANCIAL POSITION (Rs. 000)						
NON CURRENT ASSETS	4,141,922	4,324,055	4,069,071	4,076,717	4,151,288	4,167,689
CURRENT ASSETS	4,818,886	5,856,887	3,896,296	6,298,193	4,986,082	3,329,102
LESS CURRENT LIABILITIES	2,593,739	3,490,374	605,832	2,878,507	1,879,839	445,077
NET WORKING CAPITAL	2,225,147	2,366,513	3,290,464	3,419,686	3,106,243	2,884,025
CAPITAL EMPLOYED	6,367,069	6,690,568	7,359,535	7,496,403	7,257,531	7,051,714
LESS LONG TERM LOANS	30,597	189,721	28,657	-	-	-
SHARE HOLDERS EQUITY	6,336,472	6,500,847	7,330,878	7,496,403	7,257,531	7,051,714
REPRESENTED BY (Rs. 000)						
SHARE CAPITAL	1,694,586	1,694,586	1,694,586	1,694,586	1,694,586	1,694,586
UNAPPROPRIATED PROFIT BEFORE APPROPRIATION	5,658,638	6,712,670	6,653,042	6,410,302	5,986,592	5,696,046
APPROPRIATION / DIVIDENDS	1,016,752	1,906,409	1,016,750	593,106	423,647	338,918
EFFECT OF RETROSPECTIVE CHANGE IN ACCOUNTING POLICY				15,379		
UNAPPROPRIATED PROFIT BROUGHT FORWARD	4,641,886	4,806,261	5,636,292	5,801,817	5,562,945	5,357,128
	6,336,472	6,500,847	7,330,878	7,496,403	7,257,531	7,051,714
SHARE PRICES AS ON JUNE 30,	50.50	41.42	37.48	20.62	16.50	26.49
EARNING PER SHARE	4.97	6.31	5.10	5.00	3.71	4.06
RATIOS:						
RETURN ON ASSETS	0.09	0.10	0.11	0.08	0.07	0.09
PRICE EARNING RATIO	10.16	6.57	7.34	4.12	4.44	6.53
BREAK UP VALUE PER SHARE OF Rs. 10 EACH	37.39	38.36	43.26	44.24	42.83	41.61
CURRENT RATIO	1.86	1.68	6.43	2.19	2.65	7.48
NET PROFIT/(LOSS) TO SALES (%AGE)	7.22%	7.14%	7.00%	6.99%	5.77%	7.26%

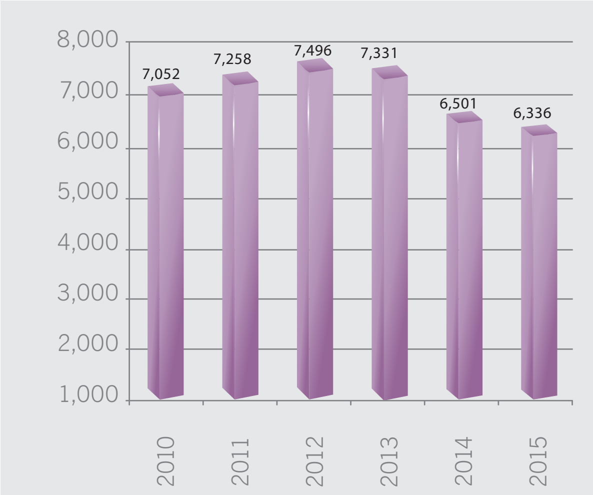
"Despatch Percentage"



"Turnover" (Rupees in Million)

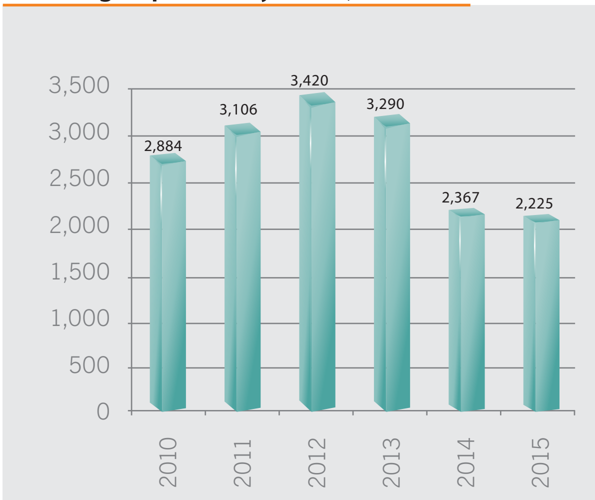


"Shareholders Equity" (Rupees in Million)

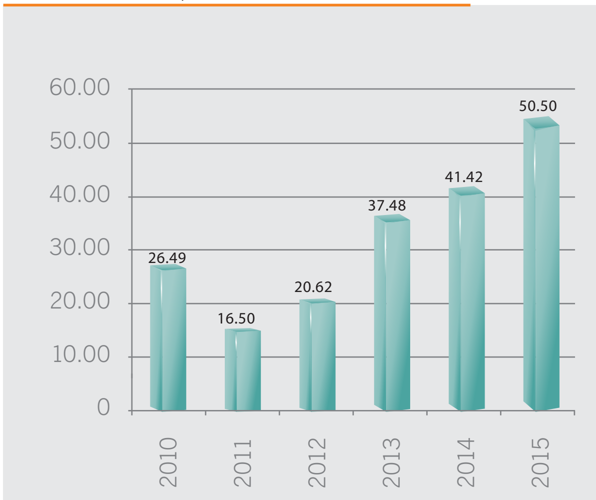


"Earning Per Share" (Rupees per Share)

"Working Capital Anaylsis" (Rupees in Million)



"Share Price" (Rupees)



STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No 35 of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best 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	No. of Directors
Independent Directors	3
Executive Directors	2
Non-Executive Directors	2

2. The directors have confirmed that none of them is serving as a director on 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 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. Two casual vacancies occurring on the board on April 01 & 27 of 2015 were filled up by the board of directors within the same day.

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.

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 appropriately recorded and circulated.

9. The board arranged a training program for its directors 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 directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be is disclosed.

12. The 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 four members, of whom three are non-executive and one is the executive director. The Chairman of the Committee is an independent director.

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 and 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. It comprises of four members, of whom two are non-executive and two are executive directors and the Chairman of the committee is non-executive independent director. Thus the non-executive members of the Committee in terms of voting power are in majority.

18. The board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and is 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 partners 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 the 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 regard.

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 exchanges

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

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

For and on behalf of the Board

Tatsuo Hisatomi
Chief Executive

Lahore
September 29, 2015

REVIEW REPORT

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Kohinoor Energy Limited to comply with the Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges, 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 systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Regulation 35 (x) of the Listing Regulations 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 undertaken 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 June 30, 2015.

A.F. Ferguson & Co.
Chartered Accountants

Amer Raza Mir
Partner

Lahore
September 29, 2015

We have audited the annexed balance sheet of Kohinoor Energy Limited as at June 30, 2015 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 management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

(b) in our opinion:

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

(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, 2015 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

(e) We draw attention to notes 12.1.1 and 12.1.2 to the financial statements, which describes the uncertainty regarding the outcome of certain claims by WAPDA which have been disputed by the company. Our opinion is not qualified in respect of this matter.

A.F. Ferguson & Co.
Chartered Accountants

Lahore
September 29, 2015

Amer Raza Mir
Partner

	Note	2015	2014
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
170,000,000 (June 2014: 170,000,000) ordinary shares of Rs. 10 each		1,700,000	1,700,000
Issued, subscribed and paid up capital			
169,458,614 (June 2014: 169,458,614) ordinary shares of Rs. 10 each	5	1,694,586	1,694,586
Un-appropriated profit		4,641,886	4,806,261
		6,336,472	6,500,847
Long term financing -secured	6	30,597	189,721
CURRENT LIABILITIES			
Staff retirement benefits	7	10,865	41,467
Finances under mark up arrangements - secured	8	2,245,901	3,083,465
Current portion of long term financing	9	128,649	89,078
Trade and other payables	10	195,328	222,617
Accrued finance cost	11	11,664	27,229
Provision for taxation		1,332	26,518
		2,593,739	3,490,374
CONTINGENCIES AND COMMITMENTS	12		
		8,960,808	10,180,942

Chief Executive

	Note	2015	2014
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	4,124,770	4,303,803
Intangible assets	14	2,534	3,020
Long term loans and deposits	15	14,618	17,232
		4,141,922	4,324,055
CURRENT ASSETS			
Stores, spares and loose tools	16	402,034	385,208
Stock in trade	17	237,548	295,464
Trade debts	18	3,551,810	4,598,451
Loans, advances, deposits, prepayments and other receivables	19	485,259	356,071
Cash and bank balances	20	142,235	221,693
		4,818,886	5,856,887
		8,960,808	10,180,942

The annexed notes 1 to 37 form an integral part of these financial statements.

Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
Sales	21	11,661,064	14,958,166
Cost of sales	22	(10,292,710)	(13,379,179)
Gross profit		1,368,354	1,578,987
Administrative expenses	23	(265,258)	(253,114)
Other income	24	3,784	8,985
Profit from operations		1,106,880	1,334,858
Finance costs	25	(263,121)	(263,240)
Profit before taxation		843,759	1,071,618
Taxation	26	(1,283)	(3,054)
Profit for the year		842,476	1,068,564
Earnings per share	33	4.97	6.31

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME

KOHINOOR ENERGY LIMITED

FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
Profit for the year after taxation		842,476	1,068,564
Items that may be reclassified subsequently to profit or loss		–	–
Items that will not be reclassified subsequently to profit or loss:			
Other comprehensive income			
Remeasurement of staff gratutity fund		9,901	7,814
Total comprehensive income for the year		852,377	1,076,378

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive **Director**

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	27	2,387,511	(691,114)
Employee benefits paid		(38,168)	(19,464)
Mark up on borrowings paid		(278,686)	(242,782)
Taxes paid		(26,469)	(41,754)
Net cash (used in) / generated from operating activities		2,044,188	(995,114)
Cash flows from investing activities			
Purchase of property, plant and equipment		(159,165)	(482,702)
Interest/mark-up income received		1,016	5,990
Net decrease in long term loans and deposits		2,614	109
Proceeds from sale of property, plant and equipment		5,305	8,395
Net cash used in investing activities		(150,230)	(468,208)
Cash flows from financing activities			
Dividend paid		(1,016,299)	(1,903,777)
Net long term loans (repaid) / acquired during the year		(119,553)	235,960
Net cash used in financing activities		(1,135,852)	(1,667,817)
Net increase / (decrease) in cash and cash equivalents		758,106	(3,131,139)
Cash and cash equivalents at the beginning of the year		(2,861,772)	269,367
Cash and cash equivalents at the end of the year	28	(2,103,666)	(2,861,772)

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive **Director**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2015

	Share capital	Un-appropriated profit	Total
		(Rupees in thousand)	
Balance as on July 1, 2013	1,694,586	5,636,292	7,330,878
Interim dividend for the year ended June 30, 2013 at the rate of Rs. 4.25 per share	–	(720,199)	(720,199)
Final dividend for the year ended June 30, 2013 at the rate of Rs. 3.00 per share	–	(508,376)	(508,376)
Interim dividend for the year ended June 30, 2014 at the rate of Rs. 2.00 per share	–	(338,917)	(338,917)
Interim dividend for the year ended June 30, 2014 at the rate of Rs. 2.00 per share	–	(338,917)	(338,917)
Total comprehensive income for the year	–	1,076,378	1,076,378
Balance as on June 30, 2014	1,694,586	4,806,261	6,500,847
Final dividend for the year ended June 30, 2014 at the rate of Rs. 2.50 per share	–	(423,647)	(423,647)
Interim dividend for the year ended June 30, 2015 at the rate of Rs. 2.00 per share	–	(338,917)	(338,917)
Interim dividend for the year ended June 30, 2015 at the rate of Rs. 1.50 per share	–	(254,188)	(254,188)
Total comprehensive income for the year	–	852,377	852,377
	1,694,586	4,641,886	6,336,472

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive

Director

1. Legal status and nature of business

Kohinoor Energy Limited (the company) was incorporated in Pakistan on April 26, 1994 as a public limited company under the Companies Ordinance, 1984. The company is listed on the Karachi, Islamabad and Lahore Stock Exchanges. The principal activities of the company are to own, operate and maintain a power plant of 124 MW capacity in Lahore and to sell the electricity produced therefrom to a sole customer, the Pakistan Water and Power Development Authority (WAPDA) under a Power Purchase Agreement (PPA), for a term of 30 years which commenced from June 19, 1997. The registered office of the company is located in Islamabad.

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS or IFAS, the requirements of the Ordinance or the requirements of the said directives shall prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards

2.2.1 Standards, amendments and interpretations to published standards effective in current year and applicable / relevant to the company's operations

Standards or Interpretation	Effective Date (accounting periods beginning on or after)
IAS 32 (Amendment), 'Financial instruments: Presentation' on Offsetting financial assets and financial liabilities.	January 1, 2014
IAS 36 (Amendment), 'Impairment of assets'	January 1, 2014
IAS 24 (Amendment), 'Related parties'	July 1, 2014

2.2.2 Standards, amendments and interpretations to existing standards effective in current year but not applicable / relevant to the Company's operations

Standards or Interpretation	Effective Date (accounting periods beginning on or after)
IFRIC 21, 'Levies'	January 1, 2014
IAS 39 (Amendment), 'Financial Instruments: Recognition and measurement' on novation of derivatives and hedge accounting	January 1, 2014
Annual improvements 2012; IFRS 2, 'Share-based payment'. IFRS 3, 'Business combinations'. IFRS 8, 'Operating segments'. IFRS 13, 'Fair value measurement'. IAS 16, 'Property, plant and equipment'. IAS 38, 'Intangible assets'	July 1, 2014
Annual improvements 2013; IFRS 1, 'First time adoption'. IFRS 3, 'Business combinations'. IFRS 13, 'Fair value measurement'. IAS 40, 'Investment property'	July 1, 2014

2.2.3 Standards, amendments and interpretation to existing standards that are not yet effective but applicable / relevant to the Company's operations

	Effective Date (accounting periods beginning on or after)
IFRS 13, 'Fair Value Measurement'	January 1, 2015
Clarification of Acceptable Methods of Depreciation and Amortization - Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets'	January 1, 2016
Disclosure Initiative - Amendments to IAS 1, 'Presentation of Financial Statements'	January 1, 2016
IFRS 15, 'Revenue from Contracts with Customers'	January 1, 2017
IFRS 9, 'Financial Instruments'	January 1, 2018
Annual Improvements to IFRSs 2012-2014 Cycle: IAS 19, 'Employee Benefits' and IAS 34, 'Interim Financial Reporting'	January 1, 2016

IFRIC 4, 'Determining Whether an Arrangement Contains a Lease' is applicable for periods beginning on or after January 01, 2006, however, Independent Power Producers (IPPs), whose letter of intent has been signed on or before June 30, 2010, have been exempted from its application by the Securities and Exchange Commission of Pakistan (SECP). This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with International Accounting Standard (IAS) 17, 'Leases'.

Consequently, the company is not required to account for a portion of its Power Purchase Agreement (PPA) with Water and Power Development Authority (WAPDA) as a lease under IAS - 17. If the company were to follow IFRIC - 4 and IAS - 17, the effect on the financial statements would be as follows:

	2015	2014
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(3,876,500)	(4,027,998)
Recognition of lease debtor	544,296	579,140
Decrease in un-appropriated profit at the beginning of the year	(3,448,860)	(3,065,274)
(Decrease) / Increase in profit for the year	116,656	(383,584)
Decrease in un-appropriated profit at the end of the year	(3,332,204)	(3,448,858)

2.2.4 Standards, amendments and interpretations to existing standards that are not yet effective and not applicable / relevant to the Company's operations

Standards or Interpretation	Effective Date (accounting periods beginning on or after)
IFRS 10, 'Consolidated Financial Statements'	January 1, 2015
IFRS 11, 'Joint Arrangements'	January 1, 2015
IFRS 12, 'Disclosure of Interests in Other Entities'	January 1, 2015
Agriculture: Bearer Plants - Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 41, 'Agriculture'	January 1, 2016

Equity Method in Separate Financial Statements - Amendments to IAS 27, 'Separate Financial Statements	January 1, 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10, 'Consolidated Financial Statements' and IAS 28, 'Investments in Associates and Joint Ventures'	January 1, 2016
IFRS 11 (Amendment), 'Joint Arrangements'	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, 'Consolidated Financial Statements', IFRS 12, 'Disclosure of Interests in Other Entities' and IAS 28, 'Investments in Associates and Joint Ventures'	January 1, 2016
Annual Improvements to IFRSs 2012-2014 Cycle: IFRS 5, 'Non-Current Assets Held for Sale and Discontinued Operations', IFRS 7, 'Financial Instruments: Disclosures'	January 1, 2016

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention, modified by capitalization of exchange differences in previous years, except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Retirement benefits

The company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.2.

b) Provision for taxation

The company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of a material nature is in accordance with law, the amounts are shown as contingent liabilities.

c) Useful lives and residual values of property, plant and equipment

The company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Taxation

Current

The profits and gains of the company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. However, full provision is made in the profit and loss account on income from sources not covered under the above clause at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred

Deferred tax has not been provided in these financial statements as the company's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

4.2 Employee retirement benefits

The main features of the schemes operated by the company for its employees are as follows:

a) Defined benefit plans

The company operates an approved funded defined benefit gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. The contribution to the fund is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits. The latest actuarial valuation for the scheme was carried out as at June 30, 2015 and the actual return on plan assets during the year was Rs. 24.45 million (2014: Rs. 11.78 million). The actual return on plan assets represents the difference between the fair value of plan assets at beginning of the year and end of the year after adjustments for contributions made by the company as reduced by benefits paid during the year.

Projected Unit Credit (PUC) Actuarial Cost Method, using the following significant assumptions, is used for valuation of this scheme:

- Discount rate	10.50% per annum
- Expected rate of increase in salary level	9.50% per annum

The company accounts for actuarial gains / losses in accordance with IAS-19 "Employee Benefits" (revised).

b) Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain plant and machinery comprises historical cost, exchange differences capitalized in previous years and borrowing cost referred to in note 4.14.

Depreciation on all operating fixed assets is charged to profit on the straight line method so as to write off the cost of an asset over its estimated useful life at the annual rates mentioned in note 13.1 after taking into account their residual values.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if the impact on depreciation is significant. The company's estimate of the residual value of its operating fixed assets as at June 30, 2015 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to operating fixed assets is charged from the month in which the asset is available for use, while no depreciation is charged for the month in which the asset is disposed off.

The net exchange difference relating to an asset, at the end of each year, is amortized in equal installments over its remaining useful life.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.5).

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.4 Intangible assets

Expenditure incurred to acquire intangible assets is stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight line method over its estimated useful life at the annual rate mentioned in note 14.

Amortization on additions to intangible assets is charged from the month in which an asset is available for use while no amortization is charged for the month in which the asset is disposed off.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.5).

4.5 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation / amortization and are tested annually for impairment. Assets that are subject to depreciation / amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.6 Leases

The company is the lessee:

4.6.1 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term.

4.7 Stores, spares and loose tools

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.8 Stock-in-trade

Stock-in-trade except for those in transit and furnace oil are valued principally at lower of moving average cost and net realizable value. Furnace oil is valued at lower of cost based on First in First Out (FIFO) basis and net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

4.9 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

4.10 Financial instruments

4.10.1 Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

All financial assets are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are de-recognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of other income when the company's right to receive payments is established.

The company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. If any such evidence exists, the recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognized as expense in the income statement. Impairment testing of trade debts and other receivable is described in note 4.11.

4.10.2 Financial liabilities

All financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument.

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

4.10.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.11 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

4.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

4.14 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the profit and loss account in the period in which they arise.

4.15 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.16 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.17 Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the company and the revenue can be measured reliably.

Revenue on account of energy is recognized on transmission of electricity to WAPDA, whereas on account of capacity is recognized when due. Profit on deposits with banks is recognized on a time proportion basis by reference to the amounts outstanding and the applicable rates of return.

4.18 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

4.19 Dividend

Dividend distribution to the company's members is recognized as a liability in the period in which the dividends are approved.

5. Issued, subscribed and paid up capital

2015 (Number of shares)	2014 (Number of shares)		2015 (Rupees in thousand)	2014 (Rupees in thousand)
130,352,780	130,352,780	ordinary shares of Rs 10 each fully paid in cash	1,303,528	1,303,528
39,105,834	39,105,834	ordinary shares of Rs 10 each issued as fully paid bonus shares	391,058	391,058
169,458,614	169,458,614		1,694,586	1,694,586

5.1 33,891,722 (2014: 33,891,722) ordinary shares of the company are held by an associated undertaking, Toyota Tsusho Corporation.

6. Long term financing-Secured

		2015 (Rupees in thousand)	2014 (Rupees in thousand)
Islamic finance under musharka agreement	- note 6.1	159,246	278,799
Less: current portion shown under current liabilities	- note 9	(128,649)	(89,078)
		30,597	189,721

6.1

Lender	Mark up Rate	Number of Installments	Repayment start date of earliest tranche	Maturity Date of the final tranche
Al-Baraka Bank Limited	3 month KIBOR + 1.10% per annum	12 quarterly installments for each tranche of loan	15-Jun-13	12-Sep-16

This loan is secured by first pari passu charge over all fixed assets of the company, including Land & Building, to the extent of Rs. 667 million (2014: 667 million).

7. Staff retirement benefits

		2015 (Rupees in thousand)	2014 (Rupees in thousand)
Gratuity	- note 7.1	(130)	32,512
Leave salary		10,995	8,955
		10,865	41,467

	2015	2014
	(Rupees in thousand)	

7.1 This represents staff gratuity and the amounts recognized in the balance sheet are as follows:

	2015	2014
Present value of defined benefit obligation	178,242	160,436
Fair value of plan assets	(178,372)	(127,924)
Net (Asset) / Liability as at June 30	(130)	32,512
Net liability as at July 1	32,512	29,842
Charge to profit and loss account	3,378	17,938
Contribution by the company	(26,119)	(7,454)
Re-measurement chargeable to other comprehensive income	(9,901)	(7,814)
Net (Asset) / Liability as at June 30	(130)	32,512

The movement in the present value of defined benefit obligation is as follows:

	2015	2014
Present value of defined benefit obligation as at July 1	160,436	142,472
Current service cost	15,628	15,196
Past service cost (credit)	(14,876)	-
Interest cost	21,651	14,753
Benefits paid	(119)	(3,939)
Experience loss	(4,478)	(8,046)
Present value of defined benefit obligation as at June 30	178,242	160,436

The movement in fair value of plan assets is as follows:

	2015	2014
Fair value as at July 1,	127,924	112,630
Interest income on plan assets	19,025	12,011
Contribution by the company	26,119	7,454
Benefits paid	(119)	(3,939)
Return on plan assets excluding interest income	5,423	(232)
	178,372	127,924

7.2 Plan Assets of the Fund

	2015 (Rupees in thousand)	2015 %	2014 (Rupees in thousand)	2014 %
The breakup of Plan assets of the Fund is as follows:				
Investment in bonds and term deposits	51,162	29%	85,960	67%
Investment in equity shares of the company	19,619	11%	16,092	12%
Investment in other shares	-	0%	8,369	7%
Investment in units in mutual funds	78,586	44%	16,489	13%
Cash and bank / receivables	29,006	16%	1,014	1%
	178,373	100%	127,924	100%

7.3 Sensitivity Analysis of the Fund

The impact of change in discount rates and salary increases on year end defined benefit obligation is as follows:

	2015 (Rupees in thousand)	2014
Discount rate + 1%	159,472	143,593
Discount rate - 1%	200,141	180,043
Salary increase + 1%	200,482	180,043
Salary increase - 1%	158,853	143,313

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of the gratuity fund are as follows:

	2015	2014	2013 (Rupees in thousand)	2012	2011
As at June 30					
Present value of defined benefit obligation	178,242	160,436	142,472	102,589	81,806
Fair value of plan assets	178,372	127,924	112,630	73,114	59,673
Surplus / (Loss)	130	(32,512)	(29,842)	(29,475)	(22,133)
Experience adjustment arising on obligation losses	(4,478)	(8,046)	20,373	(1,045)	1,634
Experience adjustment arising on plan assets (losses) / gain	5,423	(232)	6,777	(951)	(369)

		2015	2014
		(Rupees in thousand)	

8. Finances under mark up arrangements - secured

Finances under mark up arrangements - secured	- note 8.1	2,245,901	3,083,465

8.1 Short term running finances available from commercial banks under mark up arrangements amount to Rs. 5,110 million (2014: Rs. 4,960 million). The aggregate running finances are secured by a joint pari passu charge on the current assets of the company. The rates of mark up range from 7.05% to 11.42% per annum (2014: 9.55% to 12.38% per annum) on the balances outstanding. The security and other agreements, negotiable instruments and documents to be executed by the company in favour of the bank shall be in the form and substance satisfactory to the bank. The company shall execute or cause to be executed all such instruments, deeds or documents, which the bank may in its sole discretion require.

		2015	2014
		(Rupees in thousand)	

9. Current portion of long term financing

Long term financing secured	- note 6	128,649	89,078

10. Trade and other payables

Trade creditors	- note 10.1	39,265	35,161
Accrued liabilities		3,367	3,766
Withholding tax payable		4,805	4,776
Workers' profit participation fund	- note 10.2	42,188	53,577
Workers' welfare fund	- note 10.3	85,445	68,570
Sales tax and Federal Excise Duty payable		–	37,466
Unclaimed dividend		13,541	13,088
Other payables		6,717	6,213
		195,328	222,617

10.1 Trade creditors include amount due to related parties of Rs. 0.039 million (2014: Rs. 0.142 million).

		2015	2014
		(Rupees in thousand)	

10.2 Movement in workers' profit participation fund is as follows:

Opening balance		53,577	43,354
Provision for the year	- note 19.2	42,188	53,581
		95,765	96,935
Less: Payments made during the year		(53,577)	(43,358)
Closing balance		42,188	53,577

		2015	2014
		(Rupees in thousand)	
10.3 Movement in workers' welfare fund is as follows:			
Opening balance		68,570	47,137
Provision for the year	- note 19.2	16,875	21,433
		85,445	68,570
Less: Payments made during the year		–	–
Closing balance		85,445	68,570

11. Accrued finance cost

	2015	2014
Mark-up accrued on finances under mark-up arrangements and long term financing	11,664	27,229

12. Contingencies and commitments

12.1 Contingencies

12.1.1 During year ended June 30, 2010, WAPDA disputed the eligibility of indexation of non-escalable component (NEC) of the capacity purchase price relating to the period subsequent to the repayment of foreign currency loan taking the stance that under the Power Purchase Agreement (PPA) indexation is allowed until the repayment of foreign currency loan, and since the loan was fully repaid in September, 2008, therefore no indexation was to be allowed from September, 2008 onwards (Dispute 1). WAPDA had earlier paid Rs. 430.517 million relating to the period from September, 2008 to September, 2009 but subsequently withheld this amount in June, 2010 against the invoices of April, 2010 (Dispute 2).

The management of the company is of the view that under the terms of the PPA (i) the company is entitled to the continued indexation of the NEC after repayment of foreign currency loans; and (ii) the invoice receiving party may serve a dispute notice to the other party at any time prior to 180 days of receipt of such invoice. Since the invoices for the period from September 2008 to September 2009 were not disputed within the prescribed period of 180 days therefore WAPDA has waived its right to seek revision of such invoices in terms section of 9.7 (d) of the PPA.

Article XV of PPA requires that if a dispute arises the matter shall be decided by (i) mutual discussions failing which (ii) through mediation by an expert and as a last resort through (iii) arbitration. The company's initial views were to refer the disputed matter to arbitration under the Rules of Arbitration of the International Chamber of Commerce to expedite the resolution of the dispute. However, during the year ended 30 June 2011, the Management of the company referred the matter to the expert. Consequently an expert was engaged with the consent of both the parties. The expert had given his decision / recommendation on December 30, 2011 which states that the adjustment of Rs. 430.517 million is unlawful, therefore, WAPDA is required to pay this amount to the company.

WAPDA had not accepted the decision / recommendation of the Expert (on Dispute 2). The Management of the company and legal advisor is of the opinion that the matter will be settled in company's favour and consequently the company has not provided for Rs. 430.517 million in these financial statements.

12.1.2 WAPDA has imposed liquidated damages (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by the company, which was due to cash flow constraints of the company as a result of default by WAPDA in making timely payments. Up till June 30, 2015, accumulated liquidated damages invoiced by WAPDA are Rs. 402.433 million (2014: 385.83 million).The Company disputes and rejects any claim on account of liquidated damages that is or may be raised by WAPDA on the premise that its failure to dispatch electricity was due to WAPDA's non-payment of dues on a timely basis to the company and consequential inability of the company to make advance payments to its fuel supplier - Pakistan State Oil (PSO), that resulted in inadequate level of electricity production owing to shortage of fuel. According to legal advisors of the company, there are adequate grounds to defend any claim by WAPDA for such liquidated damages since these conditions were imposed on the company by WAPDA due to circumstances beyond its control. During the year ended June 30, 2014, the management of the company decided to join hands with two Independent Power Producers: M/S Lalpir Power Limited and M/S PakGen Power Limited who had already initiated expert mediation with WAPDA on a similar issue. Currently WAPDA and IPPs are in the process of the expert appointment under the mechanism given in the Power Purchase Agreement. The ultimate outcome of the matter cannot presently be determined, and consequently, no provision for such liquidated damages has been made in these financial statements.

12.1.3 During the current financial year, a sales tax demand of Rs 505.41 million was raised against the company through order dated August 29, 2014 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from August 2009 to June 2013. Such amount was disallowed on the grounds that the revenue derived by the company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the company. Against the aforesaid order, the company preferred an appeal before the Commissioner Inland Revenue (Appeals) ('CIR(A)') who vide its order dated November 6, 2014, upheld the ACIR's order on the issue regarding apportionment of input sales tax with the caveat that tax demand pertaining to period of show cause notice beyond the limitation of five years cannot be sustained and reduced from the tax demand. Subsequently, the company preferred an appeal before the Appellate Tribunal Inland Revenue ('ATIR'). Additionally, the company had filed an application with the Lahore High Court seeking a stay in recovery of tax arrears, default surcharge and penalty. The Lahore High Court, in its order dated December 31, 2014, stayed the recovery of the tax demand along with default surcharge and penalty till adjudication by the ATIR, subject to deposit of Rs. 10 million with the Tax Department which the company duly submitted on January 7, 2015. The ATIR vide its order dated May 4, 2015, upheld the CIR(A)'s order on the issue regarding apportionment of input sales tax. Thereafter, the company has filed an appeal against the decision of CIR(A) in the Lahore High Court. Hearing of the case has been adjourned by the Lahore High Court at the application of the company. The date of next hearing has not yet been fixed by the Lahore High Court. Stay of recovery of tax arrears, default surcharge and penalty has been granted till the next hearing before the Lahore High Court.

Based on the advice of the company's legal counsel, management believes that there are meritorious grounds to defend the company's stance in respect of the above mentioned input sales tax claimed by the company. Consequently, no provision has been made in these financial statements.

12.1.4 The company has issued the following guarantees in favour of:

(i) Water and Power Development Authority (WAPDA) on account of liquidated damages, in case the Company fails to make available electricity to WAPDA on its request, amounting to Rs. 180 million (June 30, 2014: Rs. 180 million).

(ii) Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales etc., amounting to Rs 2.15 million (June 30, 2014: Rs 2.15 million).

12.2 Commitments

(i) Letters of credit / Bank contracts other than capital expenditure are Rs. 18.24 million (June 30, 2014: Rs. 12.98 million).

(ii) Letters of credit / Bank contracts for capital expenditure Rs. 42.23 million (June 30, 2014: Nil).

13. Property, plant and equipment

		2015	2014
		(Rupees in thousand)	
Operating fixed assets	- note 13.1	4,079,514	4,222,938
Capital work-in-progress	- note 13.2	45,256	80,865
		4,124,770	4,303,803

13.1 Property, plant and equipment

(Rupees in thousand)

	Freehold land	Buildings on freehold land	Plant and machinery	Office appliances and equipment	Laboratory equipment	Electric appliances and equipment	Computers	Furniture and fixtures	Vehicles	Total
Net carrying value basis (NBV)										
Year ended June 30, 2015										
Opening balance	93,209	273,632	3,802,591	1,570	3,991	12,342	1,093	163	34,347	4,222,938
Additions (at cost)	-	-	181,997	-	1,196	774	767	-	10,040	194,774
Disposals	-	-	-	-	-	-	-	-	(2,432)	(2,432)
Write-offs	-	-	(9,127)	-	-	-	-	-	-	(9,127)
Depreciation charge	-	(21,104)	(294,137)	(397)	(500)	(2,625)	(656)	(43)	(7,177)	(326,639)
Closing balance	93,209	252,528	3,681,324	1,173	4,687	10,491	1,204	120	34,778	4,079,514
Gross carrying value basis										
As at June 30, 2015										
Cost	93,209	623,158	7,936,305	4,814	5,561	24,983	47,543	7,884	66,414	8,809,871
Accumulated depreciation	-	(370,630)	(4,254,981)	(3,641)	(874)	(14,492)	(46,339)	(7,764)	(31,636)	(4,730,357)
Net book value (NBV)	93,209	252,528	3,681,324	1,173	4,687	10,491	1,204	120	34,778	4,079,514
Depreciation rate % per annum	-	4% - 6%	5% -20%	10%	10%	10%	10% - 33%	10%	20%	
Net carrying value basis (NBV)										
Year ended June 30, 2014										
Opening balance	93,209	294,020	3,432,449	1,636	1,180	9,402	334	220	37,817	3,870,267
Transfers	-	-	(602)	-	-	602	-	-	-	-
Additions (at cost)	-	689	640,800	410	3,021	4,196	1,150	-	8,780	659,046
Disposals	-	-	-	(86)	-	-	-	-	(5,317)	(5,403)
Depreciation charge	-	(21,077)	(270,056)	(390)	(210)	(1,858)	(391)	(57)	(6,933)	(300,972)
Closing net balance	93,209	273,632	3,802,591	1,570	3,991	12,342	1,093	163	34,347	4,222,938
Gross carrying value basis										
As at June 30, 2014										
Cost	93,209	623,159	7,772,563	4,813	4,364	24,209	47,400	7,885	63,322	8,640,924
Accumulated depreciation	-	(349,527)	(3,969,972)	(3,243)	(373)	(11,867)	(46,307)	(7,722)	(28,975)	(4,417,986)
Net book value (NBV)	93,209	273,632	3,802,591	1,570	3,991	12,342	1,093	163	34,347	4,222,938
Depreciation rate % per annum	0%	4% - 6%	6% - 10%	10%	10%	10%	10% - 35%	10%	20%	

13.1.1 The cost of fully depreciated assets which are still in use as at June 30,2015 is Rs.273.80 million(2014: Rs.289.54 million).

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

		2015	2014
		(Rupees in thousand)	
Cost of sales	- Note 22	318,839	292,972
Administrative expenses - Depreciation	- Note 23	7,772	7,972
Community expenses	- Note 23	28	28
		326,639	300,972

13.1.3 Disposal of operating fixed assets

Detail of fixed assets sold during the year is as follows:

2015 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposals
Vehicles	**Employees**					
	Mr. Amanullah Qaiser	532	248	284	425	Negotiation
	Mr. Rehmat Ullah	1,839	1,202	637	1,300	-do-
	Mr. Abdul Rauf Irfan	1,458	875	583	1,200	-do-
	M. Waqas Ahmad	1,436	1,149	287	1,250	-do-
	Mr. Zia-Ul-Hassan	735	588	147	636	-do-
	Mr. Sheraz Ul Haq	948	455	493	493	Book Value

Detail of fixed assets sold during the year is as follows:

2014 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposals
Vehicles	**Employees**					
	Mr. Matloob Sajjad	514	254	260	450	Negotiation
	Mr. Barkat Ali	514	254	260	400	-do-
	Mr. Zafar Iqbal	735	588	147	626	-do-
	Mr. Mumtaz Khan	1,457	641	816	1,325	-do-
	Mr. Shaukat Ali	1,835	1,150	685	1,275	-do-
	Outsiders					
	Mr. Iftikhar Iqbal	1,457	700	757	1,320	Negotiation
	Mr. Ijaz Ahmad	1,458	719	739	1,290	-do-
	EFU General Insurance	1,770	118	1,652	1,670	Insurance Claim
Office Appliances & Equipments	Outsiders					
	Professional Documents Solution	266	180	86	39	Negotiation

Net book value of all other assets disposed off during the year was less than Rs. 50,000 each.

			2015	2014
			(Rupees in thousand)	
13.2	**Capital work-in-progress**			
	Advances to suppliers - considered good		–	1,515
	Plant and machinery parts under installation		8,429	–
	Stores held for capitalization	- note 13.3	36,827	79,350
			45,256	80,865

13.3 This amount represents the mechanical store items including cylinder liners, piston crowns and piston skirts which are held for capitalization.

14. Intangible assets

	Computer software	Others	Total
	(Rupees in thousand)		
Net carrying value basis			
Year ended June 30, 2015			
Opening net book value (NBV)	2,298	722	3,020
Additions at cost	–	–	–
Amortization charge	(431)	(55)	(486)
	1,867	667	2,534
Gross carrying value basis			
As at June 30, 2015			
Cost	18,276	1,000	19,276
Accumulated amortization	(16,409)	(333)	(16,742)
Net book value (NBV)	1,867	667	2,534
Amortization rate % per annum	6.25% - 10%	5.56%	
Net carrying value basis			
Year ended June 30, 2014			
Opening net book value (NBV)	2,830	777	3,607
Additions at cost	–	–	–
Amortization charge	(532)	(55)	(587)
Closing net book value (NBV)	2,298	722	3,020
Gross carrying value basis			
As at June 30, 2014			
Cost	18,276	1,000	19,276
Accumulated amortization	(15,978)	(278)	(16,256)
Net book value (NBV)	2,298	722	3,020
Amortization rate % per annum	6.25% - 10%	5.56%	

		2015	2014
		(Rupees in thousand)	

14.1 The amortization charge for the year has been allocated as follows:

		2015	2014
Administrative expenses	- note 23	486	587

14.2 The cost of fully amortized assets which are still in use as at June 30, 2015 is Rs 13.30 million (2014: Rs 13.30 million).

15. Long term loans and deposits

		2015	2014
		(Rupees in thousand)	
Loans to employees - considered good			
- Executives	- note 15.1	22,883	23,491
- Others	- note 15.1	4,798	5,074
		27,681	28,565
Less: Current portion included in current assets			
- Loans to employees - executives	- note 15.1	(11,278)	(9,486)
- Loans to employees - others	- note 15.1	(2,480)	(2,542)
		(13,758)	(12,028)
		13,923	16,537
Security deposits		695	695
		14,618	17,232

15.1 These represent interest free loans to executives and other employees for purchase of residential plot, construction of house, purchase of motor cars, motorcycles etc. and are repayable in monthly instalments over a period of 24 to 60 months. Loans for purchase of residential plots and construction of house are secured against staff retirement benefits of employees. Loans for purchase of motorcars and motorcycles are secured by registration of motorcars in the name of the company and open transfer letters signed by the employees in the case of motorcycles.

15.2 Reconciliation of carrying amount of loans to executives

	2015	2014
	(Rupees in thousand)	
Opening balance	23,491	17,463
Disbursements	10,984	14,163
Employees promoted as executives	1,958	3,717
	36,433	35,343
Less: Repayments	(13,550)	(11,852)
Closing balance	22,883	23,491

15.3 The maximum amount outstanding at the end of any month from executives aggregated Rs. 25.32 million (2014: Rs. 23.49 million).

16. Stores, spares and loose tools

		2015	2014
		(Rupees in thousand)	
Stores		8,117	9,565
Spares (including in transit: Nil (2014: Nil))		407,263	389,110
Loose tools		792	671
		416,172	399,346
Less : Provision for obsolete items	- note 16.1	(14,138)	(14,138)
		402,034	385,208

16.1 Provision for obsolete stores and spares

	2015	2014
Opening balance	14,138	14,189
Reversal for the year	–	(51)
Closing balance	14,138	14,138

17. Stock in trade

	2015	2014
Furnace oil	228,605	279,635
Diesel	641	730
Lubricating oil	8,302	15,099
	237,548	295,464

18. Trade debts

		2015	2014
Trade receivables from WAPDA - secured			
- Considered good		3,551,810	4,598,451
- Considered doubtful		–	–
	- note 18.1	3,551,810	4,598,451
Less: Provision for doubtful debts	- note 18.2	–	–
		3,551,810	4,598,451

18.1 This includes an overdue amount of Rs. 2,443.30 million (2014: Rs. 3,050.37 million) receivable from WAPDA. The trade debts are secured by a guarantee from the Government of Pakistan under the Implementation Agreement. These are in the normal course of business and are interest free, however, a penal mark-up at the rate of Base Rate plus 2% per annum is charged in case the amounts are not paid within due dates, the Base Rate being the State Bank of Pakistan's Reverse Repo Rate. The penal mark-up rate charged during the year ranges from 9% to 12% (2014: 11 % to 12%) per annum.

		2015	2014
		(Rupees in thousand)	

18.2 Provision for doubtful debts

		2015	2014
Opening balance		–	–
Written off during the year		–	–
Closing balance		–	–

19. Loans, advances, deposits, prepayments and other receivables

		2015	2014
Current portion of long term loans to 'employees'	- note 15	13,758	12,028
Advances - considered good			
- To employees	- note 19.1	3,590	1,833
- To suppliers		199,589	214,013
Prepayments		5,427	2,598
Profit receivable on bank deposits		–	105
Claims recoverable from WAPDA for pass through items:			
- Workers' Profit Participation Fund	- note 19.2	95,765	53,577
- Workers' Welfare Fund	- note 19.3	85,445	68,570
Sales tax receivable		11,538	–
Other receivables - considered good		70,147	3,347
		485,259	356,071

19.1 Included in advances to employees are amounts due from executives Rs. 2.68 million (2014: Rs. 0.03 million).

		2015	2014
		(Rupees in thousand)	

19.2 Movement in workers' profit participation fund is as follows:

		2015	2014
Opening balance		53,577	85,721
Provision for the year	- note 10.2	42,188	53,577
		95,765	139,298
Less: Receipts during the year		–	(85,721)
Closing balance	- note 19.4	95,765	53,577

19.3 Movement in workers' welfare fund is as follows:

		2015	2014
Opening balance		68,570	47,137
Provision for the year	- note 10.2	16,875	21,433
		85,445	68,570
Less: Receipts during the year		–	–
Closing balance	- note 19.4	85,445	68,570

19.4 Under section 14.2(a) of Part III of Schedule 6 to the Power Purchase Agreement (PPA) with WAPDA, payments to Workers' Profit Participation Fund and Workers' Welfare Fund are recoverable from WAPDA as a pass through item.

20. Cash and bank balances

		2015	2014
		(Rupees in thousand)	
Balance at banks on:			
Current accounts		37,656	217,164
Special account related to dividend payable		2,599	674
Savings accounts	- note 20.1	100,419	2,312
		140,674	220,150
Cash in hand		1,561	1,543
		142,235	221,693

20.1 The balance in savings bank accounts bear mark-up at rates ranging from 4.50% to 7.00% per annum (2014: 6.00% to 7.50 % per annum).

21. Sales

		2015	2014
		(Rupees in thousand)	
Energy purchase price	- Note 21.1	10,578,874	13,905,992
Capacity purchase price		1,082,190	1,052,174
		11,661,064	14,958,166

21.1 Energy purchase price is exclusive of sales tax of Rs. 1,772.43 million (2014: Rs. 2,341.94 million).

22. Cost of sales

		2015	2014
		(Rupees in thousand)	
Raw material consumed		9,337,869	12,458,361
Salaries, wages and benefits	- note 22.1	165,450	160,002
Fee for Produce of Energy (FPE)		79,697	79,475
Stores and spares consumed		291,476	292,913
Depreciation on operating fixed assets	- note 13.1	318,839	292,972
Fee and subscription		1,898	2,220
Insurance		39,986	49,049
Travelling, conveyance and entertainment		12,347	12,540
Repairs and maintenance		16,699	13,884
Communication charges		1,987	1,704
Electricity consumed in-house		1,083	2,810
Environmental Expenses - Operation & Maintenance		1,593	1,569
Assets written-off		9,127	–
Advances written-off		364	–
Contracted services		9,965	8,570
Miscellaneous		4,330	3,110
		10,292,710	13,379,179

	2015	2014
	(Rupees in thousand)	

22.1 Salaries, wages and other benefits

Salaries, wages and other benefits include following in respect of gratuity:

Current service cost	8,283	7,750
past service cost (credit)	(7,885)	–
Interest cost for the year	11,475	7,524
Expected return on plan assets	(10,083)	(6,125)
	1,790	9,149

In addition to the above, salaries, wages and other benefits include a charge of Rs. 7.05 million (2014: Rs. 6.73 million) in respect of accumulating compensated absences.

23. Administrative expenses

		2015	2014
		(Rupees in thousand)	
Salaries, wages and benefits	- note 23.1	152,204	147,963
Communication charges		2,358	2,471
Depreciation on operating fixed assets	- note 13.1	7,772	7,972
Amortization on intangible assets	- note 14.1	486	587
Insurance		4,171	3,094
Travelling, conveyance and entertainment		32,732	32,363
Repairs and maintenance		8,356	9,592
Legal and professional charges	- note 23.2	5,357	5,302
Community welfare expenses		9,607	8,171
Donations	- note 23.3	2,500	1,516
Rents, rates and taxes		3,975	3,415
Fee and subscription		3,052	2,909
Security Expenses		5,631	4,779
Environmental Expenses		9,602	8,638
Contracted services		8,890	7,514
Miscellaneous	- note 23.4	8,565	6,828
		265,258	253,114

23.1 Salaries, wages and other benefits

Salaries, wages and other benefits include following in respect of gratuity:

Current service cost	7,345	7,446
past service cost (credit)	(6,991)	–
Interest cost for the year	10,176	7,229
Expected return on plan assets	(8,942)	(5,885)
	1,588	8,790

In addition to above, salaries, wages and other benefits include a charge of Rs. 7.05 million (2014: Rs. 6.73 million) in respect of accumulating compensated absences.

	2015	2014
	(Rupees in thousand)	
23.2 Legal and professional charges include the following:		
In respect of auditors' services for:		
- statutory audit	1,300	1,200
- half yearly review and sundry services	416	443
- out of pocket expenses	351	352
	2,067	1,995

23.3 None of the directors and their spouses has any interest in the donee.

23.4 Includes an amount of Rs. 0.22 Million (2014: Rs. 0.22 million) on account of advertisement expenses of Red Communication Arts (Private) Limited, a related party.

	2015	2014
23.5 Employees of the company		
Number of employees	136	136
Average number of employees	136	137

	2015	2014
	(Rupees in thousand)	

24. Other income

	2015	2014
Income on bank deposits	911	5,990
Profit on disposal of property, plant and equipment	2,873	2,995
	3,784	8,985

25. Finance cost

	2015	2014
Mark up on finances under mark up arrangements - secured	261,461	261,158
Bank guarantee and commission	1,102	1,102
Others	558	980
	263,121	263,240

26. Taxation

This represents the provision for current taxation for the year. No provision for taxation on reserves of the company and super tax imposed under Finance Act 2015 has been made since the profits and gains of the company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

	2015	2014
	(Rupees in thousand)	

26.1 Tax charge reconciliation

	2015	2014
Profit before tax	843,759	1,071,618
Tax @ 33% (2014: 34%)	278,440	364,350
Tax effect of exempt income referred to in note 4.1	(277,157)	(361,296)
Tax charge	1,283	3,054

27. Cash generated from operations

	2015	2014
Profit before taxation	843,759	1,071,618
Adjustment for:		
- Depreciation on property, plant and equipment	326,639	300,972
- Amortisation on intangible assets	486	587
- Fixed assets written-off during the period	9,127	–
- Gain on disposal of property, plant and equipment	(2,873)	(2,995)
- Income on bank deposits	(911)	(5,990)
- Charge for employee retirement benefits	17,467	31,384
- Finance cost on borrowings	263,121	261,161
Profit before working capital changes	1,456,815	1,656,737
Effect on cash flow due to working capital changes:		
- Decrease / (Increase) in stores and spares	(16,826)	(121,955)
- Decrease / (Increase) in inventory	57,916	(1,358)
- Decrease / (Increase) in trade debts	1,046,641	(2,440,223)
- (Increase) / Decrease in loans, advances, deposits, prepayments and other receivables	(129,293)	159,513
- (Decrease) / Increase in trade and other payables	(27,742)	56,172
	930,696	(2,347,851)
	2,387,511	(691,114)

28. Cash and cash equivalents

	2015	2014
Cash and bank balances	142,235	221,693
Finances under mark up arrangements	(2,245,901)	(3,083,465)
	(2,103,666)	(2,861,772)

29. Remuneration of Chief Executive, Directors and Executives

29.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working directors including alternate directors and executives of the company is as follows:

	Chief Executive		Executive Directors	Non Executive Directors	Executive Directors	Non Executive Directors	Executives	
	2015	2014	2015		2014		2015	2014
	(Rupees in thousand)							
Managerial remuneration and allowances	10,068	10,068	9,681	12,875	9,681	12,875	58,694	48,114
Housing	4,526	4,526	4,352	5,789	4,352	5,789	26,360	21,598
Retirement benefits	1,500	1,500	1,442	–	1,442	–	9,723	8,061
Medical expenses	15	6	203	–	124	–	2,880	2,366
Bonus	5,477	1,255	6,517	–	6,163	–	30,254	22,223
Utilities	1,006	1,006	967	1,286	967	1,286	5,858	4,800
Club expenses	110	103	76	–	63	–	464	445
Others	7,064	5,739	9,308	6,739	9,219	6,739	33,758	27,400
	29,766	24,203	32,546	26,689	32,011	26,689	167,991	135,007
Number of persons	1	1	1	1	1	1	58	46

The company also provides the Chief Executive with accommodation and some of the Directors and Executives with free transport and residential telephones.

29.2 Remuneration to other directors

Aggregate amount charged in the financial statements for the year for fee to directors is Nil (2014: Nil).

30. Transactions with related parties

The related parties comprise associated undertakings, other related companies, key management personnel and post retirement benefit plan. 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 and remuneration of key management personnel is disclosed in note 29. Other significant transactions with related parties are as follows:

Relationship with company	Nature of transaction	2015	2014
		(Rupees in thousand)	
i) Other related parties	Purchase of services	307	340
	Purchase of goods	45	–
ii) Post retirement benefit plan	Expense charged	3,378	17,938

All transactions with related parties are carried out on mutually agreed terms and conditions.

31. Capacity and production

	2015	2014
	MWH	
Installed capacity (Based on 8,760 hours)	1,086,240	1,086,240
Actual energy delivered	876,897	889,521

Under utilisation of available capacity is due to less demand and delayed Payments by WAPDA.

32. Financial risk management

32.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. The Board of Directors (the Board) exercises oversight of the company's risk management programme.

Risk management is carried out by the finance department under the principles and policies approved by the Board. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies. The finance department prepares monthly and quarterly management accounts. Quarterly management accounts are scrutinized by the Board and variances from the budgets are investigated. Quantitative and qualitative analyses are carried out to measure risk exposures and to develop strategies for managing these risks. These analyses include ratio analysis and trend analysis over financial and non-financial measures of performance.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is exposed to currency risk arising from various currency exposures, primarily with respect to the Euro (EUR). Currently, the company's foreign exchange risk exposure is restricted to the amounts receivable / payable from / to the foreign entities. At the balance sheet date, no amounts were receivable / payable to the foreign entities.

The following significant exchange rates were applied during the year:

	2015	2014
Rupees per Euro		
Average rate	132.82	138.50
Reporting date rate	113.79	134.73

If the functional currency, at reporting date, had fluctuated by 5% against and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Nil (2014: Nil) higher / lower. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to any significant equity price risk since there are no investments in equity securities. The company is also not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

iii) Interest rate risk

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

The company has no significant long-term interest-bearing assets. The company's interest rate risk arises from long term and short term borrowings. Borrowings obtained at variable rates expose the company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the company's interest bearing financial instruments was:

	2015	2014
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - savings accounts	100,419	2,312
Net exposure	100,419	2,312
Floating rate instruments		
Financial assets		
Trade debts - overdue	2,443,304	3,050,369
Financial liabilities		
Long term finance - secured	(159,246)	(278,799)
Finances under mark up arrangements - secured	(2,245,901)	(3,083,465)
Net exposure	38,157	(311,895)

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on finances under mark up arrangements, at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit after tax would have been Rs. 24.05 million (2013: Rs. 33.62 million) higher/lower, mainly as a result of higher/lower interest expense on floating rate finances.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks and other receivables.

i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2015	2014
	(Rupees in thousand)	
Long term loans and deposits	14,618	17,232
Trade debts	3,551,810	4,598,451
Loans, advances, deposits, prepayments and other receivables	276,653	137,627
Balances with banks	140,674	220,150
	3,983,755	4,973,460
The age of trade receivables as at balance sheet date is as follows:		
- Not past due	1,108,506	1,548,082
- Past due 0 - 180 days	1,566,101	2,342,049
- Past due 181 - 365 days	97,900	108,436
- 1 - 2 years	179,420	169,367
- More than 2 years	599,883	430,517
	3,551,810	4,598,451
The movement in provision for impairment of receivables is as follows:		
Opening balance	–	–
Written off during the year	–	–
Closing balance	–	–

The trade debts are secured by a guarantee from the Government of Pakistan under the Implementation Agreement.

ii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Short term	Long term	Rating Agency	2015	2014
				(Rupees in thousand)	
Trade debts					
WAPDA		Not available		3,551,810	4,598,451
Other receivables					
WAPDA		Not available		181,210	122,148
Banks					
Bank Alfalah Limited	A1+	AA	PACRA	50,001	170
Standard Chartered Bank	A1+	AAA	PACRA	36,863	208,286
Faysal Bank Limited	A1+	AA	JCR-VIS	–	194
MCB Bank Limited	A1+	AAA	PACRA	4	4
Askari Commercial Bank	A1+	AA	JCR-VIS	1,223	152
Deutsche Bank	P2	A3	Moody's	–	11
Barclays Bank		Not available		–	157
Meezan Bank	A1+	AA	JCR-VIS	792	96
NIB Bank Limited	A1+	AA-	PACRA	4	–
Habib Bank Limited	A1+	AAA	JCR-VIS	409	920
Al-Baraka Bank	A1	A	PACRA	51,378	10,161
				3,873,694	4,940,750

After giving due consideration to the strong financial standing of the banks and Government guarantee in case of WAPDA, management does not expect non-performance by these counter parties on their obligations to the company. Accordingly, the credit risk is minimal.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2015, the company had Rs. 5,110 million available borrowing limits from financial institutions and Rs. 142.24 million cash and bank balances.

The following are the contractual maturities of financial liabilities as at June 30, 2015:

	Carrying amount	Less than one year	One to five years	More than five years
		(Rupees in thousand)		
Long term finance - secured	159,246	128,649	30,597	–
Finances under mark up arrangements	2,245,901	2,245,901	–	–
Trade and other payables	62,890	62,890	–	–
Accrued finance cost	11,664	11,664	–	–
	2,479,701	2,449,104	30,597	–

The following are the contractual maturities of financial liabilities as at June 30, 2014:

	Carrying amount	Less than one year	One to five years	More than five years
		(Rupees in thousand)		
Long term finance - secured	278,799	89,078	189,721	–
Finances under mark up arrangements	3,083,465	3,083,465	–	–
Trade and other payables	95,694	95,694	–	–
Accrued finance cost	27,229	27,229	–	–
	3,485,187	3,295,466	189,721	–

32.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

32.3 Financial instruments by categories

	At fair value through profit and loss		Loans and receivables		Total	
	2015	2014	2015	2014	2015	2014
			(Rupees in thousand)			
Assets as per balance sheet						
Long term loans and deposits	–	–	14,618	17,232	14,618	17,232
Trade debts	–	–	3,551,810	4,598,451	3,551,810	4,598,451
Loans, advances, deposits, prepayments and other receivables	–	–	276,653	137,627	276,653	137,627
Cash and bank balances	–	–	140,674	220,150	140,674	220,150
	–	–	3,983,755	4,973,460	3,983,755	4,973,460

	Financial liabilities at amortised cost	
	2015	2014
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Long term finance - note 6	159,246	278,799
Finances under mark-up arrangements	2,245,901	3,083,465
Trade and other payables	62,890	95,694
Accrued finance cost	11,664	27,229
	2,479,701	3,485,187

32.4 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the company monitors the capital structure on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings, less cash and bank balances as disclosed in note 20. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The gearing ratio as at June 30, 2015 and June 30, 2014 is as follows:

	2015	2014
	(Rupees in thousand)	
Long term finance - note 6	30,597	189,721
Short term Borrowings including current portion of long term finance - note 8 & note 9	2,374,550	3,172,543
Less: Cash and bank balances - note 20	(142,235)	(221,693)
Net debt	2,262,912	3,140,571
Total equity	6,336,472	6,500,847
Total capital	8,599,384	9,641,418
Gearing ratio %	26.3%	32.6%

33. Earnings per share

33.1 Basic earnings per share

		2015	2014
Net profit for the year	Rupees in thousand	842,476	1,068,564
Weighted average number of ordinary shares	Number	169,458,614	169,458,614
Earnings per share	Rupees	4.97	6.31

33.2 Diluted earnings per share

A diluted earnings per share has not been presented as the company does not have any convertible instruments in issue as at June 30, 2015 and June 30, 2014 which would have any effect on the earnings per share if the option to convert is exercised.

34. Date of authorization for issue

These financial statements were authorised for issue on September 29, 2015 by the Board of Directors of the company.

35. Events after the balance sheet date

The Board of Directors have proposed a final dividend for the year ended June 30, 2015 of Rs. 2.0 (2014: Rs. 2.50) per share, amounting to Rs. 338.917 (2014: Rs. 424 million) at their meeting held on September 29, 2015 for approval of the members at the Annual General Meeting to be held on October 29, 2015. These financial statements do not reflect this dividend payable.

36. Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. However, no significant re-arrangements have been made.

37. General

Figures have been rounded off to the nearest thousand of Rupees unless otherwise specified.

Chief Executive **Director**

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2015

NO. OF SHAREHOLDERS	SHAREHOLDING FROM	SHAREHOLDING TO	TOTAL SHARES HELD
113	1	100	3,126
227	101	500	92,903
222	501	1,000	206,788
374	1,001	5,000	1,154,279
163	5,001	10,000	1,316,301
50	10,001	15,000	658,285
42	15,001	20,000	795,250
25	20,001	25,000	589,782
30	25,001	30,000	846,725
5	30,001	35,000	168,150
14	35,001	40,000	543,213
2	40,001	45,000	86,500
23	45,001	50,000	1,143,000
7	50,001	55,000	367,500
12	55,001	60,000	702,250
8	60,001	65,000	506,600
5	65,001	70,000	345,000
6	70,001	75,000	442,000
2	75,001	80,000	159,000
2	80,001	85,000	165,375
1	85,001	90,000	86,500
2	90,001	95,000	185,500
15	95,001	100,000	1,499,000
2	100,001	105,000	204,382
4	105,001	110,000	432,500
1	115,001	120,000	115,500
1	120,001	125,000	122,000
1	125,001	130,000	127,000
1	135,001	140,000	136,000
3	140,001	145,000	428,000
3	145,001	150,000	450,000
2	150,001	155,000	307,500
2	155,001	160,000	316,000
1	180,001	185,000	184,500
1	185,001	190,000	187,820
3	195,001	200,000	600,000
2	210,001	215,000	428,000
1	220,001	225,000	224,000
1	245,001	250,000	250,000
1	250,001	255,000	255,000
1	255,001	260,000	259,700
1	270,001	275,000	271,500
3	275,001	280,000	832,269
2	295,001	300,000	600,000
1	305,001	310,000	306,029
1	315,001	320,000	317,000
2	345,001	350,000	700,000
1	385,001	390,000	388,500
1	400,001	405,000	400,500
1	480,001	485,000	484,881
1	485,001	490,000	488,000
2	495,001	500,000	1,000,000
1	525,001	530,000	530,000
1	630,001	635,000	632,500
1	650,001	655,000	655,000
1	920,001	925,000	922,257
1	1,175,001	1,180,000	1,175,895
1	1,185,001	1,190,000	1,189,500
1	1,350,001	1,355,000	1,351,501
1	1,495,001	1,500,000	1,500,000
1	1,800,001	1,805,000	1,800,392

1	2,000,001	2,005,000	2,005,000
1	2,210,001	2,215,000	2,210,600
1	2,265,001	2,270,000	2,267,500
1	2,495,001	2,500,000	2,500,000
1	3,385,001	3,390,000	3,389,171
1	4,245,001	4,250,000	4,250,000
1	4,995,001	5,000,000	5,000,000
2	7,900,001	7,905,000	15,805,998
1	10,135,001	10,140,000	10,135,351
2	14,125,001	14,130,000	28,253,241
1	27,110,001	27,115,000	27,113,378
1	33,890,001	33,895,000	33,891,722
1,420			169,458,614

Categories of Shareholders	No. of Shareholder	Share held	Percentage
Directors, Chief Executive Officer and their spouse and minor childern	8	22,032,770	13.0019
*Associated Companies, undertakings and related parties. (parent company)	3	61,393,600	36.229
NIT and ICP		–	–
Banks Development Financial Institutions Non Banking Financial Institutions.	8	10,326,258	6.0937
Insurance Companies	4	2,368,269	1.3976
Modarabas and Mutual Funds	6	2,383,757	1.4067
General Public	1,323	58,940,567	34.7817
Others (to be specified)			
Investment Companies	2	500,187	0.2952
Pension Funds	3	321,782	0.1899
Others Companies	22	3,338,822	1.9703
Joint Stock Companies	34	4,453,051	2.6278
Foreign Companies	7	3,399,551	2.0061
	1,420	169,458,614	100
*Includes Foreign Shareholders holding 10% or more	2	61,005,100	36.0000

Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2015

Sr. No.	Name	No. of Sheres Held	Percentage
	Associated Companies, Undertakings and Related Parties:		
1	TOYOTA TSUSHO CORPORATION	33,891,722	20.0000
2	TOMEN POWER (SINGAPORE) (PVT) LIMITED	27,113,378	16.0000
3	TRUSTEE KOHINOOR ENERGY LTD EMPLOYEES GRATUTITY FUND (CDC)	388,500	0.2293
4	MR. AND MRS. AZAM SAIGOL	22,029,619	13.0000
	Mutual Funds:		
1	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	14,000	0.0083
2	CDC - TRUSTEE AL MEEZAN MUTUAL FUND (CDC)	144,000	0.0850
3	CDC - TRUSTEE MEEZAN BALANCED FUND (CDC)	65,000	0.0384
4	CDC - TRUSTEE MEEZAN ISLAMIC FUND (CDC)	1,189,500	0.7019
5	CDC - TRUSTEE NATIINAL INVSTMENT (UNIT) TRUST (CDC)	922,257	0.5442
	Directors, CEO and their Spouse and Minor Children:		
1	MR. M. NASEEM SAIGOL (CDC)	14,126,621	8.3363
2	MRS. SEHYR SAIGOL W/O MR. M. NASEEM SAIGOL (CDC)	7,902,999	4.6637
3	S M SHAKEEL	650	0.0004
4	MRS. ALIYA SHAKEEL W/O MR. S M SHAKEEL	300	0.1770
5	MR. TATSUO HISATOMI	500	0.0003
6	MR. MANABU IIDA	500	0.0003
7	MR. HIDENORI SAITO	500	0.0003
8	MR. YASUNORI MIZUNO	500	0.0003
9	MR. MUHAMMAD ASAD KHAN	500	0.0003
	Executives:		
	SYED GHAZANFAR ALI ZAIDI	36,500	0.0215
	Public Sector Companies & Corporations:	–	–
	Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	13,065,309	7.7100
	Shareholders holding five percent or more voting intrest in the listed company:		
1	TOYOTA TSUSHO CORPORATION	33,891,722	20.0000
2	TOMEN POWER (SINGAPORE) (PVT) LIMITED.	27,113,378	16.0000
3	MR. M. NASEEM SAIGOL (CDC)	14,126,621	8.3363
4	MR. M. AZAM SAIGOL (CDC)	14,126,620	8.3363
5	NATIONAL BANK OF PAKISTAN. (CDC)	10,135,500	5.9811

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
1	MR. SHINICHI USHIJIMA	–	500
2	MR. MIKIHIRO MORIYA	–	500
3	MR. HIDENORI SAITO	500	–
4	MR. YASUNORI MIZUNO	500	–

PROXY FORM

KOHINOOR ENERGY LIMITED

Ledger Folio/CDC A/C No. ____________ Shares Held ____________

I/We ____

of ______________________ being member(s) of Kohinoor Energy Limited

hereby appoint ____

of ______________________ or failing him ______________________

of ______________________ as my/our Proxy in my/our absence to attend and vote

for me/us and on my/our behalf at the twenty second Annual General Meeting of the Company to be held

on October 29, 2015 at 12:30 pm and/or at any adjournment thereof.

As witness my/our hand(s) this ______________ day of ______________ 2015

signed by ____

in the presence of ____

Signed by the said

____

Witness:
Name ______________

CNIC No. ______________

Address ______________

____

____

Witness:
Name ______________

CNIC No. ______________

Address ______________

____

____

Revenue Stamps

Notes:

A member entitled to attend and vote at this meeting may appoint a proxy. Proxies, in order to be effective, must be received at Head Office of the Company situated at plant site Near Tablighi Ijtima, Raiwind Bypass, Lahore not less than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

For CDC Account 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 NIC or original passport at the time of attending the meeting.

"SAY NO TO CORRUPTION"

KOHINOOR

Contribution to Social Welfare