

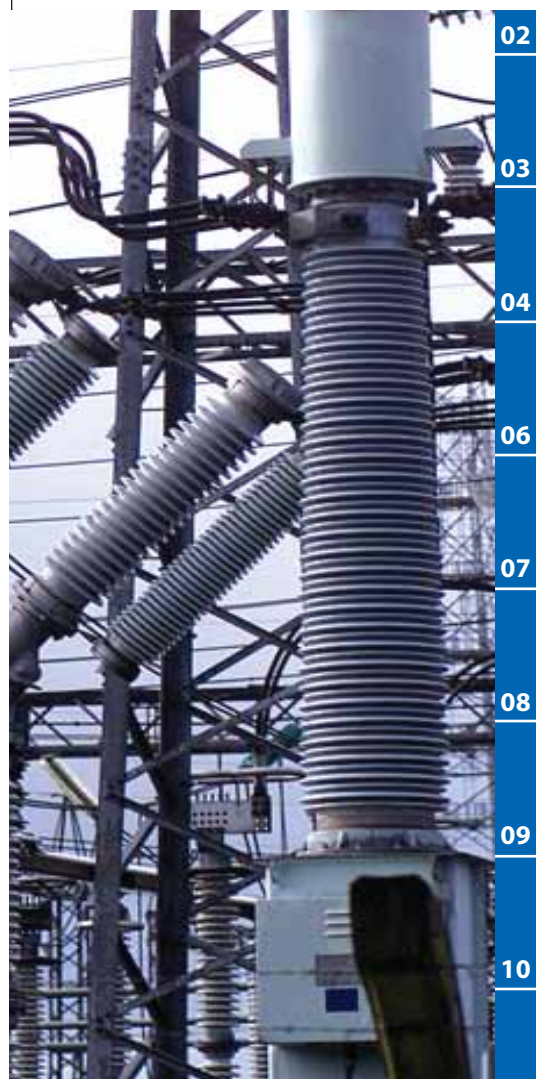
Quarterly Report **2013**

July-September (Un-Audited)



KOHINOOR
ENERGY LIMITED

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Corporate Information

Board of Directors

Mr. M. Naseem Saigol
Chairman
Mr. Tatsuo Hisatomi
Chief Executive Officer
Mr. S M Shakeel
Mr. Manabu Iida
Mr. Hidenori Saito
Mr. Yasunori Mizuno
Mr. Ghazanfar Husain Mirza
Nominee of Wartsila Finland Oy

Company Secretary

Mr. Muhammad Asif

Audit Committee

Mr. Hidenori Saito
Chairman
Mr. S M Shakeel
Mr. Manabu Iida
Mr. Yasunori Mizuno

HR & Remuneration Committee

Mr. Hidenori Saito
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
Faysal Bank Limited
Bank Alfalah Limited
Askari Bank Limited
AL Baraka Bank (Pakistan) Limited
Meezan Bank
Barclays Bank PLC
MCB Bank Limited
Deutsche Bank

Registered Office

1404, 14th 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

Directors' Review

The Board of Directors takes pleasure to present you the review report on financial and operational performance and interim accounts of the Company for the 1st quarter ended September 30, 2013.

The Company, a joint venture between Toyota Tsusho Corporation Japan and Saigols Group of Pakistan, owns, operates and maintains a 124 MW furnace oil fired power plant with a gross capacity of 131.44 MW. We pleurably report that owing to betterment in payment receipts from WAPDA the plant has been operated at higher levels. Resultantly during the quarter under review the power plant by running at 79.86% capacity factor has generated 218,639 MWH of electricity as compared with the generation of 197,092 MWH at a capacity factor of 71.99% during the corresponding quarter of the FY2012-13.

We report that during the 1st quarter under review, total turnover of the Company surged to Rs. 3.55 billion as compared with Rs. 3.26 billion exhibited during the corresponding quarter of the previous FY 2012-2013. Resultantly the Company posted a net profit after tax of Rs. 243.5 million representing an earning per share (EPS) of Rs. 1.44 as compared with Rs. 156 million with an EPS of Rs. 0.92 posted during the corresponding 1st quarter of the FY2012-13. Due to timing difference no major maintenance could fall during the said quarter. Therefore increase in earnings is mainly because of non-occurrence of any major maintenance during the quarter under review.

During the 1st quarter under review as reported above, no engine has gone through the major overhauling whereas during the same period of the FY 2012-2013 two engines were dealt with overhauling as 8k maintenance program. We report that the power plant in overall is in good and reliable condition.

We further report that due to aging factor, the chimneys had been in bad condition. Therefore, keeping in view the safety conditions and the plant's remaining life, all of the 8 chimneys with a cost of Rs.30 million have been replaced with the new ones. The new chimneys shall last with the plant's remaining life.

The Board of Directors pleurably acknowledges the support and co-operation extended by our financial institutions, WAPDA, Pakistan State Oil, and as well as our valued shareholders. The Board also appreciates the enthusiasm and determination of KEL team for demonstrating safe, reliable and efficient plant operations and expects that the same spirit of hard work shall remain continued in future.

for and on behalf of the Board

Tokyo
October 25, 2013


Hidenori Saito
Director

Condensed Interim Balance Sheet

	Note	September 2013	June 2013
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital		1,700,000	1,700,000
170,000,000 (June 2013: 170,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid up capital			
169,458,614 (June 2013: 169,458,614) ordinary shares of Rs. 10 each		1,694,586	1,694,586
Unappropriated profit		4,679,829	5,664,900
		6,374,415	7,359,486
Long term financing - secured	4	350,020	28,657
CURRENT LIABILITIES			
Finances under mark up arrangements - secured		1,884,770	316,408
Trade and other payables		105,247	162,110
Accrued finance cost		21,958	8,853
Current portion of long term financing		10,770	14,178
Dividend payable		518,900	10,457
Provision for taxation		43,909	65,218
		2,585,554	577,224
CONTINGENCIES AND COMMITMENTS			
	5		
		9,309,990	7,965,367

The annexed notes 1 to 11 form an integral part of these financial statements.



Chief Executive

As At September 30, 2013 (Un-Audited)

	Note	September 2013	June 2013
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	4,235,917	3,956,137
Intangible assets		3,435	3,608
Long term loans, advances and deposits		16,636	17,341
		<u>4,255,988</u>	<u>3,977,086</u>
CURRENT ASSETS			
Stores, spares and loose tools		461,517	434,588
Stock-in-trade		587,518	294,106
Trade debts		3,374,138	2,158,228
Loans, advances, deposits, prepayments and other receivables		325,443	515,584
Cash and bank balances		305,386	585,775
		<u>5,054,002</u>	<u>3,988,281</u>
		<u><u>9,309,990</u></u>	<u><u>7,965,367</u></u>



Director

Condensed Interim Profit And Loss Account

For the Quarter ended September 30, 2013 (Un-Audited)

	Note	July to September	
		2013	2012
		(Rupees in thousand)	
Sales		3,549,176	3,261,184
Cost of sales	7	(3,201,656)	(2,961,294)
Gross profit		347,520	299,890
Administration and general expenses		(68,410)	(68,900)
Other operating income		5,188	3,972
Profit from operations		284,298	234,962
Finance costs		(39,451)	(77,309)
Profit before tax		244,847	157,653
Taxation		(1,343)	(1,390)
Profit for the period		243,504	156,263
Earnings per share - basic and diluted	Rupees	1.44	0.92

The annexed notes 1 to 11 form an integral part of these financial statements.


Chief Executive


Director

Condensed Interim Statement Of Comprehensive Income

For the Quarter ended September 30, 2013 (Un-Audited)

	Note	July to September	
		2013	2012
		(Rupees in thousand)	
Profit for the period		243,504	156,263
Other comprehensive income		—	—
Total comprehensive income for the quarter		243,504	156,263

The annexed notes 1 to 11 form an integral part of these financial statements.


Chief Executive

Director

Condensed Interim Cash Flow Statement

For the Quarter ended September 30, 2013 (Un-Audited)

	Note	July to September	
		2013	2012
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	9	(1,276,452)	(366,077)
Staff retirement benefits paid		(297)	(5,176)
Finance costs paid		(25,803)	(53,166)
Taxes paid		(22,652)	(5,400)
Net cash from operating activities		(1,325,204)	(429,819)
Cash flows from investing activities			
Purchase of property, plant and equipment		(130,928)	(3,437)
Interest/mark-up income received		2,167	1,299
Net decrease/(increase) in long term loans, advances and deposits		705	(1,793)
Sale proceeds of property, plant and equipment		6,686	6,308
Net cash used in investing activities		(121,370)	2,377
Cash flows from financing activities			
Increase /(Decrease) in short term financing (net)		1,568,362	381,784
Increase in long term financing (net)		317,956	-
Dividend paid		(720,132)	(202)
Net cash used in financing activities		1,166,186	381,582
Net increase/(decrease) in cash and cash equivalents		(280,389)	(45,860)
Cash and cash equivalents at beginning of the period		585,775	138,697
Cash and cash equivalents at the end of the period		305,386	92,837

The annexed notes 1 to 11 form an integral part of these financial statements.



Chief Executive



Director

Condensed Interim Statement Of Changes In Equity

For the Quarter ended September 30, 2013 (Un-Audited)

	Share capital	Un-appropriated profit	Total
	(Rupees in thousand)		
Balance as on July 1, 2012	1,694,586	5,817,196	7,511,782
Final dividend for the year ended June 30, 2012 at the rate of Rs 1.50 per share		(254,188)	(254,188)
Net Profit for the quarter	–	156,263	156,263
Balance as on October 1, 2012	1,694,586	5,719,271	7,413,857
Interim dividend for the year ended June 30, 2013 at the rate of Rs 2.00 per share	–	(338,917)	(338,917)
Interim dividend for the year ended June 30, 2013 at the rate of Rs 2.50 per share	–	(423,645)	(423,645)
Net Profit for the period (Oct-12 to Jun-13)	–	708,191	708,191
Balance as on June 30, 2013	1,694,586	5,664,900	7,359,486
Interim dividend for the year ended June 30, 2013 at the rate of Rs 4.50 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)
Net Profit for the quarter	–	243,504	243,504
Balance as on September 30, 2013	1,694,586	4,679,829	6,374,415

The annexed notes 1 to 11 form an integral part of these financial statements.


Chief Executive

Director

Selected Notes To The Condensed Interim Financial Information

For the Quarter ended September 30, 2013 (Un-Audited)

1. These financial statements are un-audited and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.
2. The accounting policies adopted for the preparation of these quarterly financial statements are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2013.
3. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting'.

4. Long term financing - secured

This represent Islamic finance under musharaka agreement from Al Baraka Bank which is repayable in 12 equal quarterly installments from the date of disbursement. The loan carries mark up a the rate of 3 months kibor plus 1.1% and is secured by first pari passu charge over all fixed assets including Land and Building to the extent of Rs.667 million.

5. Contingencies and commitments

There is no change in contingencies from the preceding annual published financial statements of the company for the year ended June 30,2013 except the following:

- (i) WAPDA have 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. Currently, liquidated damages invoiced by WAPDA is Rs. 385.329 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 nonpayment of dues on timely basis to the Company and consequential inability of the Company to make advance payments to its fuel supplier (PSO) that resulted in inadequate level of electricity production owing to shortage of fuel. According to legal advice available with 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. 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.
- (ii) Commitment regarding letter of credit/bank contracts other than capital expenditure Rs. 55.085 million (June 30, 2013: Rs.11.721 million)
- (iii) Commitment regarding letter of credit for capital expenditure Rs.NIL million (June 30, 2013: Rs.309.089 million)

	Note	September 2013	June 2013
(Rupees in thousand)			
6. Property, plant and equipment			
Operating fixed assets	6.1	3,990,972	3,870,266
Capital work in progress		22,780	85,871
Stores held for capital expenditures		222,165	–
		<u>4,235,917</u>	<u>3,956,137</u>
6.1 Operating fixed assets			
Opening net book value		3,870,266	4,036,054
Additions (At cost)		194,020	113,340
		<u>4,064,286</u>	<u>4,149,394</u>
Disposals (at NBV)		(3,665)	(9,755)
Depreciation charge		(69,649)	(269,373)
		<u>(73,314)</u>	<u>(279,128)</u>
Closing net book value		<u>3,990,972</u>	<u>3,870,266</u>
July to September			
		2013	2012
(Rupees in thousand)			
7. Cost of sales			
Raw material consumed		3,004,080	2,697,509
Salaries, wages and benefits		50,999	49,522
Fee for Produce of Energy (FPE)		20,170	16,203
Stores and spares consumed		34,695	109,620
Depreciation/amortization		67,565	65,250
Insurance		12,064	14,179
Traveling, conveyance and entertainment		3,552	2,160
Repair and maintenance		3,361	2,751
Electricity consumed in-house		440	394
Miscellaneous		4,731	3,706
		<u>3,201,656</u>	<u>2,961,294</u>

	July to September	
	2013	2012
	(Rupees in thousand)	

8. Related party transactions

Purchase/ Sale of goods and services	3,084	53
Key management personnel compensation	32,424	31,552
Expense charged in respect of staff retirement benefit plan	4,685	4,125
	<u>40,193</u>	<u>35,730</u>

9. Cash generated from operations

Profit before tax	244,847	157,653
Adjustments for:		
Depreciation/amortization	69,821	66,923
Gain on disposal of property, plant and equipment	(3,021)	(2,847)
Interest income	(2,167)	(1,125)
Provision for gratuity	4,685	4,125
Finance cost	38,909	76,779
Profit before working capital changes	<u>353,073</u>	<u>301,508</u>

Effect on cash flow due to working capital changes		
Increase in stores and spares	(249,094)	(6,696)
(Increase)/decrease in stock in trade	(293,412)	42,878
Increase in trade debts	(1,215,910)	(736,402)
(Increase)/decrease in other receivables	190,141	(227)
(Decrease)/increase in creditors, accrued and other liabilities	(61,250)	32,862
	<u>(1,629,526)</u>	<u>(667,585)</u>
	<u>(1,276,452)</u>	<u>(366,077)</u>

10. Date of authorization for issue

These financial statements were authorized for issue on October 25, 2013 by the Board of Directors of the company.

11. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison.


Chief Executive


Director

Contribution to CSR



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