



**KOHINOOR**  
ENERGY LIMITED

# ENERGY

QUARTERLY REPORT **2015**  
July-September (Un-Audited)

[www.kel.com.pk](http://www.kel.com.pk)

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## Board of Directors

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

## Company Secretary

Mr. Muhammad Asif

## Audit Committee

Mr. Mikihiro Moriya  
Chairman  
Mr. Shinichi Ushijima  
Mr. S M Shakeel  
Mr. Manabu lida

## HR & Remuneration Committee

Mr. Mikihiro Moriya  
Chairman  
Mr. Tatsuo Hisatomi  
Mr. S M Shakeel  
Mr. Manabu lida

## 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](http://www.kel.com.pk)

## DIRECTORS' REVIEW



The Board of Directors takes pleasure to present you the financial and operational review report together with the interim accounts of the Company for the 1st quarter ended September 30, 2015.

The Company owns, operates and maintains a 124 MW furnace oil fired power plant with a gross capacity of 131.44 MW. We report that the power plant by running at 79.88% capacity factor has generated 218,712 MWH of electricity during the 1st quarter of the FY2015-16, ended September 30, 2015 as compared to 229,547 MWH at a capacity factor of 83.84% during the corresponding quarter last year.

We further report that after reaching 92,000 running hours two engines have been overhauled under 8-K running hours maintenance program. The maintenance work has been done as per schedule and budget. We report that the overall condition and performance of the power plant is quite satisfactory.

During the quarter under review total turnover of the Company remained at Rs. 2.257 billion as compared to Rs. 3.766 billion during the corresponding quarter last year. The Company earned a net profit after tax of Rs. 162 million and demonstrated an earning per share (EPS) of Rs. 0.96 as compared to Rs. 218 million with an EPS of Rs. 1.29 posted during the corresponding quarter last year. We would like to report that lesser benefits on account of fuel saving is the main reason of decrease in profits of the Company.

The Board of Directors takes pleasure to acknowledge the support and co-operation extended by our valuable shareholders, financial institutions, WAPDA, Pakistan State Oil, Wartsila and other suppliers of the Company. 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 working shall remain to continue in the future.

Lahore  
October 27, 2015

  
**Tatsuo Hisatomi**  
Chief Executive Officer

# CONDENSED INTERIM BALANCE SHEET



**KOHINOOR**  
ENERGY LIMITED

	Note	September 2015	June 2015
<b>(Rupees in thousand)</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized capital		1,700,000	1,700,000
170,000,000 (June 2015: 170,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid up capital			
169,458,614 (June 2015: 169,458,614) ordinary shares of Rs. 10 each		1,694,586	1,694,586
Unappropriated profit		4,465,091	4,641,886
		6,159,677	6,336,472
Long term financing - secured	4	-	30,597
<b>CURRENT LIABILITIES</b>			
Finances under mark up arrangements - secured		1,725,378	2,245,901
Current portion of long term financing		126,956	128,649
Trade and other payables		150,911	195,328
Accrued finance cost		14,153	11,664
Dividend payable		338,917	-
Staff retirement benefits		14,093	10,865
Provision for taxation		-	1,332
		2,370,408	2,593,739
<b>CONTINGENCIES AND COMMITMENTS</b>	5	-	-
		8,530,085	8,960,808

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

**Chief Executive**

## AS AT SEPTEMBER 30, 2015 (Un-Audited)

	Note	September 2015	June 2015
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	4,083,186	4,124,770
Intangible assets		2,412	2,534
Long term loans, advances and deposits		13,860	14,618
		4,099,458	4,141,922
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		412,175	402,034
Stock-in-trade		222,175	237,548
Trade debts		3,379,359	3,551,810
Loans, advances, deposits, prepayments and other receivables		383,260	485,259
Advance Tax - net		6,184	-
Cash and bank balances		27,474	142,235
		4,430,627	4,818,886
		8,530,085	8,960,808

*English*  
Director

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT



For the Quarter ended September 30, 2015 (Un-Audited)

	Note	July to September	
		2015	2014
		(Rupees in thousand)	
Sales		2,256,672	3,766,289
Cost of sales	7	(1,979,528)	(3,389,946)
<b>Gross profit</b>		277,144	376,343
Administration and general expenses		(74,398)	(76,756)
Other operating income		25	3,276
<b>Profit from operations</b>		202,771	302,863
Finance costs		(40,641)	(83,569)
<b>Profit before tax</b>		162,130	219,294
Taxation		(8)	(1,114)
<b>Profit for the period</b>		162,122	218,180
Earnings per share - basic and diluted	Rupees	0.96	1.29

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, 2015 (Un-Audited)

	Note	July to September	
		2015	2014
Profit for the period		162,122	218,180
Other comprehensive income		-	-
<b>Total comprehensive income for the quarter</b>		<b>162,122</b>	<b>218,180</b>

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, 2015 (Un-Audited)

	Note	July to September	
		2015	2014
<b>Cash flows from operating activities</b>			
Cash generated from operations	9	528,227	310,921
Staff retirement benefits paid		(62)	(17,119)
Finance costs paid		(37,742)	(80,169)
Taxes paid		(7,524)	(6,004)
<b>Net cash from operating activities</b>		<b>482,899</b>	<b>207,628</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(45,853)	(47,997)
Interest/mark-up income received		25	402
Net decrease in long term loans, advances and deposits		760	1,113
Sale proceeds of property, plant and equipment		334	9,496
<b>Net cash used in investing activities</b>		<b>(44,734)</b>	<b>(36,986)</b>
<b>Cash flows from financing activities</b>			
Increase /(Decrease) in short term financing (net)		(520,522)	71,608
Decrease in long term financing		(32,290)	(28,566)
Dividend paid		(112)	(418,553)
<b>Net cash used in financing activities</b>		<b>(552,924)</b>	<b>(375,511)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(114,759)</b>	<b>(204,868)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>142,235</b>	<b>221,693</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>27,476</b>	<b>16,825</b>

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, 2015 (Un-Audited)

	<u>Share capital</u>	<u>Un-appropriated profit</u> (Rupees in thousand)	<u>Total</u>
Balance as on July 1, 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)
Total comprehensive income for the period	–	218,180	218,180
Balance as on September 30, 2014	1,694,586	4,600,794	6,295,380
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 period (Oct-14 to Jun-15)	–	634,197	634,197
Balance as on June 30, 2015	1,694,586	4,641,886	6,336,472
Final dividend for the year ended June 30, 2015 at the rate of Rs 2.00 per share	–	(338,917)	(338,917)
Total comprehensive income for the quarter	–	162,122	162,122
Balance as on September 30, 2015	<u>1,694,586</u>	<u>4,465,091</u>	<u>6,159,677</u>

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



**Chief Executive**



**Director**



For the Quarter ended September 30, 2015 (Un-Audited)

**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**

This condensed interim financial information is un-audited and has been prepared in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 - 'Interim Financial Reporting'. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2015

**3. Significant Accounting Policies**

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2015.

**4. Long term financing - secured**

This represent Islamic finance under musharaka agreement from Al Baraka Bank (Pakistan) Limited which is repayable in 12 equal quarterly installments from the date of disbursement. The pricing is based on 3 months kibar 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, 2015 except the following:

- (i) WAPDA has imposed liquidated damages (LDs) (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 Sep 30, 2015, accumulated liquidated damages invoiced by WAPDA are Rs. 405.256 million (June 30, 2015: 402.433 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. The ultimate outcome of the matter cannot presently be determined, however recently in case of other IPPs (both 1994 and 2002 power policy), the expert has given his determination on LDs dispute in favour of the IPPs, consequently, no provision for such LDs has been made in these financial statements.

(ii) Commitment regarding letter of credit/bank contracts other than capital expenditure Rs. 24 million (June 30, 2015: Rs.18.24 million)

(iii) Commitment regarding letter of credit for capital expenditure Rs.Nil million (June 30, 2015: Rs.42.23 million)

	Note	September 2015 (Rupees in thousand)	June 2015
<b>6. Property, plant and equipment</b>			
Operating fixed assets	6.1	4,024,442	4,079,514
Capital work in progress		1,655	8,429
Stores held for capital expenditures		57,089	36,827
		<u>4,083,186</u>	<u>4,124,770</u>
<b>6.1 Operating fixed assets</b>			
Opening net book value		4,079,514	4,222,938
Additions (At cost)		32,365	194,774
		<u>4,111,879</u>	<u>4,417,712</u>
Disposals ( at NBV)		(334)	(2,432)
Assets Write-offs		-	(9,127)
Depreciation charge		(87,103)	(326,639)
		<u>(87,437)</u>	<u>(338,198)</u>
Closing net book value		<u>4,024,442</u>	<u>4,079,514</u>
		<b>July to September</b>	
		<b>2015</b>	<b>2014</b>
		<b>(Rupees in thousand)</b>	
<b>7. Cost of sales</b>			
Raw material consumed		1,740,473	3,133,377
Salaries, wages and benefits		57,466	52,970
Fee for Produce of Energy (FPE)		17,457	20,481
Stores and spares consumed		56,735	81,860
Depreciation/amortization		85,167	77,765
Insurance		9,646	10,081
Traveling, conveyance and entertainment		2,944	3,103
Repair and maintenance		3,741	4,309
Electricity consumed in-house		248	370
Miscellaneous		5,651	5,628
		<u>1,979,528</u>	<u>3,389,946</u>
<b>8. Related party transactions</b>			
Purchase/ Sale of goods and services		29	59
Key management personnel compensation		38,940	38,324
Expense charged in respect of staff retirement benefit plan		3,290	4,876
		<u>42,259</u>	<u>43,259</u>

	<b>September 2015</b>	<b>June 2015</b>
	<b>(Rupees in thousand)</b>	
<b>Period end balances</b>		
Payable to related parties	41	39

	<b>July to September</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Rupees in thousand)</b>	
<b>9. Cash generated from operations</b>		
Profit before tax	162,130	219,294
Adjustments for:		
Depreciation/amortization	87,224	79,238
Gain on disposal of property, plant and equipment	–	(2,873)
Interest income	(25)	(403)
Provision for retirement benefit	3,290	4,876
Finance cost	40,231	83,182
Profit before working capital changes	292,850	383,314
Effect on cash flow due to working capital changes		
Stores and spares	(10,141)	27,339
Stock in trade	15,373	(116,439)
Trade debts	172,451	132,985
Other receivables	101,999	(131,663)
Creditors, accrued and other liabilities	(44,305)	15,385
	235,377	(72,393)
	528,227	310,921

#### 10. Date of authorization for issue

These financial statements were authorized for issue on October 27, 2015 by the Board of Directors of the company.

#### 11. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However no significant re-arrangements were made during the period.



**Chief Executive**



**Director**

“SAY NO TO CORRUPTION”

# KOHINOOR

Contribution to Social Welfare

