KOHINOOR
POWER COMPANY LIMITED

ANNUAL REPORT 2017

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Chairman/Non-Executive
Mr. M. Azam Saigol	Chief Executive Officer/Executive
Rana Asad Iqbal	Executive
Mr. M. Omer Farooq	Non-Executive
Mr. Muhammad Athar Rafiq	Non-Executive
Mr. Muhammad Shamil	Non-Executive
Mr. Rashid Ahmad Javaid	Independent

AUDIT COMMITTEE

Mr. Rashid Ahmad Javaid	Chairman/Member
Mr. M. Omer Farooq	Member
Mr. Muhammad Athar Rafiq	Member
Mr. Muhammad Shamil	Member

HR & REMUNERATION COMMITTEE

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

COMPANY SECRETARY
Mr. Liaquat Ali

CHIEF FINANCIAL OFFICER
Mr. Asif Ali Mughal

AUDITORS
M/s Mudassar Ehtisham & Co.
Chartered Accountants

REGISTRATION NUMBER
0025880

NTN
1351003-7

WEBSITE
www.kpcl.com.pk

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

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

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

SHARE REGISTRAR
M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel: 35916714-19, 35839182 Fax: 35869037
E-mail: shares@corplink.com.pk

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of Shareholders of **Kohinoor Power Company Limited** will be held on Tuesday, October 31, 2017 at 12:00 Noon at17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company to transact the following business:-

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on October 31, 2017.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2017 alongwith Directors' and Auditors' Reports thereon.
3. To appoint Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.
4. Any other business with the permission of the Chair.

Special Business

1. To get approval/consent from shareholders, as per SRO No. 470(1)/2016 dated May 31, 2016 issued by Securities and Exchange Commission of Pakistan (SECP), for the transmission of the annual audited accounts through CD/DVD/USB instead of transmitting the said accounts in hard copies.

2. To consider and, if thought fit, pass the following resolutions as Special Resolution, with or without modification, to amend the Articles of Association of the Company:-

SPECIAL RESOLUTION

RESOLVED THAT, subject to obtaining the requisite approvals, Articles of Association of the Company be and are hereby amended as following:-

Article 38 be and is hereby amended as following:

38. At least ten (10) Members entitled and present in person and representing not less than twenty-five percent (25%) of the total voting power either on their own account or as proxies shall be the quorum for a General Meeting, and no business shall be transacted at any General Meeting unless the quorum requisite is present at the commencement of the business.

After Article 52, the following new Article 52-A be inserted:

52-A A member may opt for e-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016 (including any statutory modification thereof), as amended from time to time. In the case of e-voting, both Members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through e-mail. The Company will arrange for e-voting if the Company receives demand for poll from at least five (5) members or by any member having not less than one tenth of the voting power.

After Article 56, the following new Article 56-A be inserted:

56-A An instrument of proxy in relation to e-voting shall be in the following form:

I/We, _______ of _________ , being a member of _______, holder of _______ Shares as per Register Folio No. _____ hereby opt for e-voting through Intermediary and hereby consent to the appointment of Execution officer ______ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

May Secure e-mail address is ________________________, please send login details, password and electronic signature through e-mail.

Signature of member

(Signature should agree with specimen signature registered with the Company)

Signed in the presence of:

____________________ ____________________

Signature of Witness Signature of Witness

The proxy e-voting form shall be required to be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

After Article 84, the following new Article 84-A be inserted:

84-A The Directors of the Company may participate in the Board of Directors' meetings, whether in Pakistan or abroad, through tele/video conferencing. The draft minutes of the meeting shall be sent to those Director(s) who had participated in the proceedings of the meeting through tele/video conference, for his/their confirmation. Thereafter, the minutes shall be signed by the Chairman of the meeting.

After Article 104, the following new Article 104-A be inserted:

104-A The Company may, after obtaining prior written consent from members, circulate notices of general meeting and the annual balance sheet and profit and loss account, auditors' report and directors' report (annual audited accounts) to its members through e-mail. Further, subject to the consent of the Members obtained in general meeting, circulate the annual balance sheet and profit and loss account, auditors' report and directors' report (annual audited accounts) to its Members through CD/DVD/USB at their registered addresses. However, if a Member prefers to receive hard copies for all the future annual audited accounts then such preference of the Member shall be given to the Company in writing and thereafter the Company shall provide hard copies of all the future annual audited accounts to such Member.

FURTHER RESOLVED That the Company secretary be and is hereby authorized to take or cause to be taken any and all actions necessary and incidental for the purposes of altering the Articles of Association of the Company and make necessary filings and complete legal formalities as may be required to implement the aforesaid resolution.

By Order of the Board

Lahore : October 09, 2017

Company Secretary

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on October 31, 2017 pertaining to E-voting and circulation of Annual Reports through CD/DVD/USB.

E-Voting

Pursuant to SECP S.R.O. No. 43(1)/2016 dated January 22, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Company on the appointment of Execution Officer by the Intermediary as a Proxy.

Circulation of Annual Reports through CD/DVD/USB

Pursuant to SECP S.R.O. No. 470(1)/2016 dated May 31, 2016, The Company may, after obtaining prior written consent from members, circulate notices of general meeting and the annual audited accounts to its members through CD/DVD/USB or e-mail at their registered addresses. However, if a Member prefers to receive hard copies for all the future annual audited accounts then such preference of the Member shall be given to the Company in writing and thereafter the Company shall provide hard copies of all the future annual audited accounts to such Member.

Notes:

1. Share Transfer Books of the Company will remain closed from **October 25, 2017 to October 31, 2017 (both days inclusive)**. Physical transfers/CDS transactions ID's received in order at "Company Registrar office M/s Corplink (Pvt.) Limited", wings arcade, 1-K, Commercial Model Town, Lahore on or before **October 24, 2017** will be treated in time.

2. A member entitled to attend and vote at this Meeting may appoint another Member as his/her proxy. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company not later than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

1. Members whose shares are deposited with Central Depository System are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.

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

3. Annual Audited Financial Statements of the Company for the Financial Year ended June 30, 2017 have been placed on the Company's website i.e. www.kpcl.com.pk

1. **SUBMISSION OF COPY OF CNIC/NTN DETAILS (MANDATORY)**

   Pursuant to the directives of the Securities and Exchange Commission of Pakistan CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2017, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as : for filers of Income Tax return 15.00% and Non filers of Income Tax return 20.00%.

2. DIVIDEND MANDATE

In terms of Section 242 of the Companies Act 2017 in case of a listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. In this regard please provide the following information to Company's Share Registrar, M/s Corplink (Pvt) Limited, 1-K, Commercial Model Town, Lahore:

Bank Account Details of Shareholder	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch name and address	
Cell number of Shareholder	
E-mail address 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.

1. ZAKAT DECLARATIONS (CZ-50)

The Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the shares (Rs. 10/- each) under Zakat and Ushr Laws and will be deposited within the prescribed period with the relevant authority, Please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company Ltd. (in case the shares are held in Investor Account Services on the CDC) or to our Registrars, M/s Corplink Private Limited, 1-K, Commercial Model Town, Lahore (in case the shares are held in paper certificate form). The shareholders while sending the Zakat Declarations, as the case may be must quote company name and respective folio numbers.

Director's Report:

The Directors of the Company presented before the shareholders the 26th Annual Report alongwith audited Financial Statements of the Company for the year ended June 30, 2017.

During the period under review the company leased out its engine to Saritow Spinning Mills Limited. In addition to this, the Company also invested in the equity market and rented its building. As a result Company earned revenue of Rs. 16.07 million as compared to 4.64 in the corresponding period last year. The Company suffered loss of Rs. 6.04 million as compared to loss of Rs. 10.33 million in the corresponding period last year.

We are hopeful that by opting different business avenues, the Company will be able to generate additional revenues in the coming years which have positive impact on the Company's financials.

These accounts are prepared on going concern basis as Company's resources are sufficient to meet its obligations. Further, the Company is almost debt free and its assets are available to meet its obligation if any.

For and on behalf of the Board

Lahore:
October 09, 2017

M. AZAM SAIGOL
Chief Executive

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز نے حصہ داران کے سامنے کمپنی کے 26واں سالانہ آڈٹ شدہ مالیاتی نتائج برائے دورانیہ 30 جون 2017 پیش کیے۔

زیرِ نظر مدت کے دوران کمپنی نے اپنے انجن ساریٹو سپننگ ملز لمیٹڈ کو کرائے پر دیئے ہوئے ہیں۔اس کے علاوہ کمپنی نے Equity مارکیٹ میں سرمایہ لگایا ہوا ہے اور اپنی عمارت کرائے پر دی ہے۔اس کے نتیجہ میں کمپنی نے 16.07 ملین کا منافع کمایا ہے جو گزشتہ سال 4.64 ملین روپے تھا۔کمپنی 6.04 ملین روپے نقصان میں رہی جو گزشتہ سال 10.33 روپے تھا۔

ہم امید رکھتے ہیں کہ دوسری کاروباری راہیں اختیار کرنے سے کمپنی آنے والے سالوں میں مزید منافع پیدا کرے گی جو کمپنی کے مالیاتی معاملات میں مثبت اثرات پیدا کرے گا۔

یہ حسابات (Going Concerns) کی بنیاد پر تیار کیے گئے ہیں۔کمپنی کے وسائل اپنی ضروریات پوری کرنے کے لیے کافی ہیں۔مزید براں کمپنی تقریباً قرض سے پاک ہے اور (اگر ضرورت پڑی تو) اس کے اثاثہ جات اپنی ضروریات پورا کرنے کے لیے کافی ہیں۔

بورڈ آف ڈائریکٹر کی جانب سے

ایم اعظم سہگل
چیف ایگزیکٹیو

لاہور:
09، اکتوبر 2017

STATEMENT IN COMPLIANCE OF THE CODE OF CORPORATE GOVERNANCE

The Directors state that:-

a) The Financial Statements, prepared by the management, present a true and fair state of affairs of the company, the results of its operations, cash flows and changes in equity.
b) Proper books of accounts have been maintained.
c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of Financial Statements.
e) The system of internal control is sound in design and has been effectively implemented and monitored.
f) There are no significant doubts upon the Company's ability to continue as a going concern.
g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
h) Significant deviation from last year in operating results of the Company and reasons thereof have been explained.
i) The Key Operating and Financial Data of last six years are annexed.
j) There are no outstanding statutory payments on account of taxes, duties, levies and charges except as shown in notes to the accounts.
k) There are no significant plans for corporate restructuring, business expansion and discontinuation of operations except for improvement in the normal business activities to increase the business.
l) The Company is operating an unfunded Gratuity Fund which was not invested and was retained for business of the Company.
m) Directors' Meetings of the Board of Directors of the Company during the year under review were Four held on October 08, 2016, October 31, 2016, February 28, 2017 and April 29, 2017.

Following was the attendance of the Directors: -

NAME OF DIRECTORS	NO. OF MEETINGS ATTENDED
Mr. M. Naseem Saigol	3
Mr. M. Azam Saigol	2
Rana Asad Iqbal	4
Mr. M. Omer Farooq	4
Mr. Muhammad Athar Rafiq	4
Mr. Muhammad Shamil	3
Mr. Rashid Ahmad Javaid	4

n) During the period under review no Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children sell, buy or take any position in the shares of the Company except as mentioned in Categories of Shareholding required under Code of Corporate Governance.

Pattern of Shareholding
A statement showing pattern of shareholding as on June 30, 2017 is annexed.

Acknowledgment
The Directors of your company take this opportunity to thank the entire stakeholders for their continued support. Your directors also placed on record their appreciation for the contribution made by the employees at all levels.

For and on behalf of the Board

M. NASEEM SAIGOL
Chairman

Lahore: October 09, 2017

STATEMENT WITH COMPLIANCE OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Clause 5.19 under Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best of practices of corporate governance.

Kohinoor Power Company Limited ("The Company") has applied the principles contained in the Code of Corporate Governance (CCG) in the following manner:

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

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

The independent director meets the criteria of independence under clause 5.19.1 (b) of the CCG.

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

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

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

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

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

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

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

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

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

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

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

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

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

15. The Board has formed an audit committee. It comprises of 4 members, of whom 3 are non- executive directors and 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 as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

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

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

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

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

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

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

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

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

For and on behalf of the Board

Lahore:

October 09, 2017

CHIEF EXECUTIVE

SIX YEARS AT A GLANCE

(Rupees in '000)

PARTICULARS	2016-17	2015-16	2014-2015	2013-2014	2012-2013	2011-2012
Financial Position						
Paid up capital	126,000	126,000	126,000	126,000	126,000	126,000
Reserves	269,500	269,500	269,500	269,500	269,500	269,500
Fixed asset at cost	316,842	316,842	343,781	554,188	564,977	554,188
Accumulated depreciation	203,864	197,453	226,712	343,509	343,248	322,586
Investment Property	5,523	6,137				
Current assets	65,725	65,455	83,261	61,429	90,344	214,264
Current Liabilities	3,442	4,442	3,590	15,872	8,879	21,704
Income						
Sales / Revenue	16,075	4,605	-	-	-	810,549
Other Income	1,841	202	5,349	766	1,324	1,008
Other Operating Expenses	-	1,246	-	-	3,174	-
Gross profit	1,944	1,916	-	-	-	20,361
Pre tax profit / (Loss)	(6,850)	(8,875)	(55,850)	(44,218)	(54,236)	5,176
Taxation	(808)	1,228	1,184	-	-	2
Profit / (Loss) after taxation	(6,042)	(10,103)	(57,034)	(44,218)	(54,236)	5,174
Unappropriated profit / (Loss)	(215,721)	(209,782)	(199,679)	(142,645)	(98,426)	18,696
STATISTICS AND RATIOS						
Gross profit to sales %	12.09%	41.61%	0.00%	0.00%	0.00%	2.51%
Pre tax profit / (Loss) to capital %	(4.80)%	(8.01)%	(4.43)%	(3.51)%	(4.16)%	4.11%
Current ratio	19.09	14.74	23.19	3.87	10.18	9.87
Paid up value per share (Rs.)	10	10	10	10	10	10
Earning after tax per share (Rs.)	(0.48)	(0.82)	(4.53)	(3.51)	(4.16)	0.41
Cash dividend %	-	-	-	-	-	-

FORM 34

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

1. Incorporation Number **0025880**

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

3. Pattern of holding of the shares held by the shareholders as at **30-06-2017**

	------Shareholding------		
4. No. of Shareholders	**From**	**To**	**Total Shares Held**
305	1	100	7,404
261	101	500	80,302
280	501	1,000	230,862
333	1,001	5,000	868,287
85	5,001	10,000	688,384
34	10,001	15,000	440,580
21	15,001	20,000	400,480
10	20,001	25,000	237,025
11	25,001	30,000	307,528
6	30,001	35,000	200,070
4	35,001	40,000	155,500
1	40,001	45,000	43,500
8	45,001	50,000	400,000
1	55,001	60,000	60,000
5	65,001	70,000	338,750
1	70,001	75,000	74,000
2	75,001	80,000	155,000
1	95,001	100,000	99,000
2	100,001	105,000	210,000
1	105,001	110,000	109,500
1	115,001	120,000	120,000
1	130,001	135,000	135,000
1	140,001	145,000	140,500
1	145,001	150,000	150,000
1	185,001	190,000	186,000
1	420,001	425,000	424,717
1	590,001	595,000	592,011
1	2,830,001	2,835,000	2,835,000
1	2,910,001	2,915,000	2,910,600
1381			**12,600,000**

KOHINOOR POWER COMPANY LIMITED
Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2017

Sr. No.	Name	No. of Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties:		
1	KOHINOOR INDUSTRIES LIMITED (CDC)	2,835,000	22.5000
2	PAK ELEKTRON LIMITD (CDC)	2,910,600	23.1000
	Mutual Funds:		
1	SAFEWAY MUTUAL FUND LIMITED	945	0.0075
	Directors and their Spouse and Minor Chidren:		
1	MR. M. NASEEM SAIGOL	1,312	0.0104
2	MR. M. AZAM SAIGOL	1,575	0.0125
3	RANA ASAD IQBAL	542	0.0043
4	MR. MUHAMMAD ATHAR RAFIQ	525	0.0042
5	MR. MUHAMMAD OMAR FAROOQ	525	0.0042
6	MR. RASHID AHMAD JAVAID	525	0.0042
7	MR. MUHAMMAD SHAMIL	500	0.0040
	Executives:	-	-
	Public Sector Companies & Corporations:	-	-
	Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Modarabas and Pension Funds:	699,265	5.5497
	Shareholders holding five percent or more voting interest in the listed company		
1	KOHINOOR INDUSTRIES LIMITED (CDC)	2,835,000	22.5000
2	PAK ELEKTRON LIMITD (CDC)	2,910,600	23.1000

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

S. No.	NAME	SALE	PURCHASE
	NIL		

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	7	5,504	0.0437
Associated Companies, undertakings and related party	2	5,745,600	45.6000
NIT and ICP	1	200	0.0016
Banks Development Financial Institutions Non Banking Financial Institution	6	80,726	0.6407
Insurance Companies	1	592,011	4.6985
Modarabas and Mutual Funds	1	945	0.0075
General Public	1338	5,569,229	44.2002
Others (to be specified)			
Pension Funds	1	26,528	0.2105
Other Companies	2	135,931	1.0788
Joint Stock Companies	18	435,274	3.4546
Foreign Companies	4	8,052	0.0639
	1381	12,600,000	100.0000

پیٹرن آف شیئر ہولڈنگ

30جون2017

نمبر شمار	کیٹگری آف شیئر ہولڈرز	تعداد حصص داران	تعداد حصص	فیصد
1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔		5,504	0.0437
2	ایسوسی ایٹڈ کمپنیز، انڈرٹیکنز اور متعلقہ پارٹی۔		5,745,600	45.6000
3	این آئی ٹی اور آئی سی پی		200	0.0016
4	بینک، ڈیویلپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز		80,726	0.6407
5	انشورنس کمپنیز		592,011	4.6985
6	مداربہ اور میوچل فنڈز		945	0.0075
7	عام عوام	1338	5,569,229	44.2002
8	دوسرے (مخصوص کیا جائے گا)			
	پینشن فنڈز		26,528	0.2105
	دوسری کمپنیز		135,931	1.0788
	جوائنٹ سٹاک کمپنیز	18	435,274	3.4546
	غیر ملکی کمپنیز		8,052	0.0639
	کل تعداد	**1,381**	**12,600,000**	**100.0000**

	تعداد حصص
ایسوسی ایٹڈ کمپنیز، انڈرٹیکنز اور متعلقہ پارٹی۔	5,745,600
میوچل فنڈز	945
ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	5,504
ایگزیکٹوز	-
پبلک سیکٹر کمپنیز اور کارپوریشنز	-
بینک، ڈیویلپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز، انشورنس کمپنیز، مداربہ اور پنشن فنڈز	699,265
پانچ فیصد یا اس سے زیادہ کے حصص داران	5,745,600

لسٹڈ کمپنیز میں ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ان کی بیویاں اور چھوٹے بچوں کے حصص کی خرید و فروخت

نمبر شمار	نام	فروخت	خرید	رائٹ
	کوئی نہیں			

Review Report to the Members

On Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **KOHINOOR POWER COMPANY LIMITED** ("the Company") for the year ended June 30, 2017 to comply with the requirements of Listing Regulation No. 5.19.24 (b) of the Rule Book of Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the company to place before the audit committee and upon recommendation of Audit Committee, places before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of 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, except for the observation expressed in our audit report if any affecting the compliance with the Code of Corporate Governances, 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, 2017.

Mudassar Ehtisham & Co.

Lahore: Chartered Accountants

October 09, 2017 Engagement Partner: (Mudassar Raza)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Kohinoor Power Company Limited** ("the Company") as at 30 June 2017 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 qualified 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 accordance with accounting policies consistently applied, however these are in agreement with the books of account;

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 30 June 2017 and of the loss, its comprehensive loss, 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.

We draw attention to the matter that during the year ended 30 June 2017, the Company has incurred loss before tax of Rs. 6.84 million and its current assets exceeded its current liabilities by Rs. 62.28 million, and its accumulated losses stood at Rs. 215.72 million. These conditions, along with other matters as set forth in note 2.2 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements have however been prepared on a going concern basis for the reasons more fully explained in note 2.2 to the financial statements. Our opinion is not qualified in respect of this matter.

Mudassar Ehtisham & Co.

Lahore: Chartered Accountants

October 09, 2017 Engagement Partner: (Mudassar Raza)

BALANCE SHEET AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees Restated
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 2016: 20,000,000)			
ordinary shares of Rs. 10/- each		200,000,000	200,000,000
Issued, subscribed and paid-up capital	4	126,000,000	126,000,000
Reserves	5	269,500,000	269,500,000
Accumulated (loss) / profit		(215,720,842)	(210,009,579)
		179,779,158	185,490,421
NON-CURRENT LIABILITIES			
Deferred liabilities	6	1,004,833	1,048,200
CURRENT LIABILITIES			
Trade and other payables	7	3,222,473	2,029,680
Provision for taxation		219,669	2,412,633
		3,442,142	4,442,313
		184,226,133	190,980,934
CONTINGENCIES AND COMMITMENTS	8	-	-
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	112,977,887	119,388,469
INVESTMENT PROPERTY	10	5,523,308	6,137,009
CURRENT ASSETS			
Trade Debts	11	1,877,812	1,108,570
Short term investments	12	28,475,272	34,200,618
Other receivables		9,408,282	3,114,815
Stores and spare parts	13	1,771,304	2,378,211
Loans and advances	14	152,000	164,000
Tax refunds due from Government	15	23,138,443	24,070,436
Cash and bank balances	16	901,825	418,806
		65,724,938	65,455,456
		184,226,133	190,980,934

The annexed notes from 1 to 33 form an integral part of these financial statements.

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

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30TH JUNE, 2017

	Note	2017 Rupees	2016 Rupees Restated
Revenue	17	16,074,568	4,643,421
Cost of sales	18	(14,130,565)	(2,891,430)
Gross profit		**1,944,003**	**1,751,991**
Operating expenses:			
Administrative expenses	19	(10,612,981)	(9,765,968)
Other Operating Income	20	1,841,164	164,025
Operating (loss)		(6,827,814)	(7,849,952)
Finance cost	21	(21,992)	(6,744)
Other operating expenses	22	-	(1,245,897)
(Loss) before taxation		**(6,849,806)**	**(9,102,593)**
Taxation			
Current year taxation		(219,669)	(1,228,185)
Prior year taxation		(1,385,328)	-
Prior year reversal		2,412,633	-
		807,636	(1,228,185)
(Loss) after taxation		**(6,042,170)**	**(10,330,778)**
Earnings per share - basic and diluted	23	**(0.48)**	**(0.82)**

The annexed notes from 1 to 33 form an integral part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE, 2017

	2017	2016
	Rupees	Rupees
		Restated
(Loss) / profit for the period	(6,042,170)	(10,330,778)
Other comprehensive income		
Items that will not be reclassified to profit and loss acount		
Remeasurement of defined benefit liability	330,907	-
Total comprehensive (loss) / income for the period	(5,711,263)	(10,330,778)

The annexed notes from 1 to 33 form an integral part of these financial statements.

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE, 2017

	Note	2017 Rupees	2016 Rupees Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(6,849,806)	(9,102,593)
Adjustments for :			
Depreciation		7,024,283	7,005,566
Gratuity provision		287,540	128,481
Unrealised (loss) / gain on listed securities		(1,822,820)	1,464,567
Financial charges		21,992	6,744
		(1,338,811)	(497,235)
Operating loss before working capital changes			
(Increase) / decrease in stores and spares		606,907	1,738,646
(Increase) / decrease in other receivable		(6,293,467)	(3,114,815)
(Increase) / decrease in trade debts		(769,242)	(1,108,570)
(Increase) / decrease in loans and advances		12,000	7,998,438
(Increase) / decrease in refunds due from government		1,306,499	(391,009)
Increase / (decrease) in trade and other payables		(192,535)	(375,414)
		(5,329,838)	4,747,276
Cash (used in) / from operations		(6,668,649)	4,250,041
Gratuity paid		-	-
Financial charges paid		(21,992)	(6,744)
Income tax paid		(374,506)	(391,009)
		(396,498)	(397,753)
Net cash (used in) / from operating activities		(7,065,147)	3,852,288
CASH FLOW FROM INVESTING ACTIVITIES			
Addition in fixed assets		-	(15,461,812)
Short term investment		7,548,166	(35,665,185)
		-	-
Net cash from / (used in) investing activities		7,548,166	(51,126,997)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of finance lease		-	-
Net cash (used in) from financing activities		-	-
Net decrease in cash and cash equivalents		483,019	(47,274,709)
Cash and cash equivalents - At the beginning of the year		418,806	47,693,515
Cash and cash equivalents - At the end of the half year	**(16)**	901,825	418,806

The annexed notes from 1 to 33 form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017

	Share Capital	Reserves			Total (Rupees)
		Capital	Revenue		
		Share premium	General	Accumulated profit/(loss)	
Balance as at 30th June 2015	**126,000,000**	**34,000,000**	**235,500,000**	**(199,678,801)**	**195,821,199**
Total Comprehensive (loss)/ profit for the year (Restated)	-	-	-	(10,330,778)	(10,330,778)
Balance as at 30th June, 2016	**126,000,000**	**34,000,000**	**235,500,000**	**(210,009,579)**	**185,490,421**
Total Comprehensive (loss)/ profit for the year	-	-	-	(5,711,263)	(5,711,263)
Balance as at 30th June, 2017	**126,000,000**	**34,000,000**	**235,500,000**	**(215,720,842)**	**179,779,158**

The annexed notes from 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2017

1. STATUS AND NATURE OF BUSINESS

Kohinoor Power Company Limited was incorporated in Pakistan on December 8, 1991 as a Private Limited Company and subsequently converted into Public Limited Company on May 10, 1992. Its shares are quoted on Pakistan Stock Exchange. The registered office of the company is situated at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore, Pakistan. The principal activity of the company is to generate and sell electric power.The Company has inducted new objects of the company along with existing vide special resolution dated March 01, 2016. These objects include primarily leasing of building, plant & machinery, investment in equity stocks and running & management of educational institutions.

2. BASIS OF PREPRATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

During the year on 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the Companies Ordinance, 1984 (the repealed Ordinance). However, the Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 23 of 2017 dated 04 October 2017 has advised the Companies whose financial year closes on or before 31 December 2017 to prepare their financial statements in accordance with the provisions of the repealed Ordinance.

2.2 Signifacant matter

The company incurred loss before tax of Rs. 6.84 million during the year ended 30 june 2017 and as of date the Company's current assets exceeds current liabilities by Rs. 62.28 million. The company has started new business line of leasing of building, plant & machinery, investment in equity stocks and running & management of educational institutions. The management of the company is confident that the above actions shall ensure the company attract sufficient revenue to improve liquidity. Further, the directors of the company have offered full support to the company to meet its working capital needs. However, there is a material uncertainity relating to the events which may cause significant doubts on the company's ability to continue as a going concern and therefore the company may be unable realise its assets and discharge its liabilities in normal course of business.

2.3 New Companies Act, 2017 and new and revised approved accounting standards, interpretations and amendments thereto

2.4 The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures.

2.5 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity- settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

  The above amendments are not likely to have an impact on Company's financial statements.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments measured at fair value and / or amortized cost, employees retirement benefits under defined benefit plan at present value and certain items of property, plant and equipment measured at revalued amounts. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.4.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available.

2.4.2 Recoverable amount of assets / cash generating units and impairment

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication of impairment.

2.4.3 Taxation

The management of the Company takes into account the current income tax law and decisions taken by appellate authorities while estimating its tax liabilities. For recognition of deferred tax assets, estimates of the Company's future taxable profits against which carry forward tax losses can be used are taken into account.

2.4.4 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.4.5 Stores, spares, loose tools and stock-in-trade

The Company reviews the stores, spares, loose tools and stock-in-trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spares and loose tools and stock-in-trade with a corresponding effect on the provision.

2.4.6 Fair values of financial instruments with no active market

Fair values of financial assets and financial liabilities with no active market are determined by discounting estimated future cash flows at effective interest rate; the rate that exactly discounts estimated future receipts / payments through expected life of the financial assets / liabilities or, when appropriate, a shorter period, to the net carrying amount of the financial assets / liabilities.

Other areas where estimates and judgments are involved have been disclosed in the respective notes to the financial statements.

2.5 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below.

3.1 Property plant and equipment

Owned

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction including expenditures on material, labour and overheads directly relating to construction, erection and installation of operating fixed assets. Expenditure incurred on capital work in progress are transferred to operating fixed assets when related items become available for use.

Borrowing costs pertaining to the construction and erection are capitalized up to the date of completion. Depreciation on property, plant & equipment is charged to income on reducing balance method at the rates specified in note No. 4 to the accounts to write off the cost cover their estimated useful lives.

Depreciation on addition and deletion is charged on the basis of number of days the asset remains in use of the company. Assets' residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate at each balance sheet date. Normal repair and maintenance is charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income / other charges" in profit and loss account.

3.2 Staff retirement benefits

3.2.1 Post-employment benefits

Define benefit plan

The Company operates an un-funded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service. This year company has hired the actuarial consultant for the valuation of defined benefit plan for employees as at June 30, 2016. Based upon this valuation the company accounts for the provision and current service cost. The standard permits to adopt any systematic method that can result in faster recognition of accumulated actuarial gains and losses.

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

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

	2016	**2015**
Discount rate	**7.75%**	**10.5%**
Expected rate of salary increase in future years	**6.75%**	**9.5%**
Average expected remaining working life time of employees	**12 years**	**12 years**
Actuarial valuation method	Projected unit Credit Method	Projected unit Credit Method

3.3 Investments

All purchases and sale of investments are recognised using settlement date accounting. Settlement date is the date on which investments are delivered to or be the company. All investments are derecognised when the right to receive economic benefits from the investments has expired or has been transferred and the company has transferred substantially all the risks and reward of ownership

a) **Investments Held to Maturity**

Investments with fixed or determinable payments and fixed maturity and where the company has positive intent and ability to hold investments to maturity are classified as investments held to maturity. These are initially recognised at cost inclusive of transaction cost and are subsequently carried at amortised cost using the effective interest rate method, Less any impairment losses

b) **Investments at Fair Value through Profit or Loss**

An Investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the company's investment strategy. All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investments are measured at fair value, determined on the basis of prevailing market prices, with any resulting gain or loss recognised directly in the profit and loss account.

3.4 Inventories

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Stores & Spares	At Weighted average cost.
Raw material	At Weighted average cost
Work in Process	At weighted average manufacturing cost
Finished Goods	At weighted average manufacturing cost

Net realizable value represents selling price in the ordinary course of business less selling expenses incidental to sales.

3.5 Trade Debts

Trade debts are recognized and carried at original invoice amount less an allowance for any uncollectible amount. An estimated provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

3.6 Other Receivables

Other receivables are recognized at nominal amount which is the fair value of the consideration to be received less an allowance for any uncollectible amounts.

3.7 Trade and other Payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

3.8 Taxation

a) Current

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination; and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.9 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for that sale of goods in the ordinary course of the Company's activities.

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred or to be incurred, can be measured reliably and when specific criteria have been met for each of the Company's activities as described below:

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

Interest income on bank deposits is accounted for on the time proportion basis using the applicable rate of return.

Scrap sales and miscellaneous receipts are recognized on realized amounts. Dividend income from investments is recognized when the Company's rights to receive payments has been established.

Capital gain is recognised when profit/(loss) on buying and selling of shares of listed securities is realised

3.10 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for:

- use in production or supply of goods or services or for administrative purposes; and
- sale in the ordinary course of business

Investment property comprises of land only and it is initially measured at cost, being the fair value of the consideration given. Subsequent to the initial recognition, the investment property is measured using the cost model as provided in International Accounting Standard 40 – Investment Property. The cost model requires to measure the investment property at each balance sheet date at its cost less any accumulated impairment losses. The Company assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.Any gain or loss on disposal of an investment property calculated as the difference between the net proceedsfrom disposal and the carrying amount of the investment property is recognized in profit or loss account.

3.11 Borrowing Costs

Mark-up, interest and other charges on borrowings which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs i.e. mark-up, interest and other charges are charged to the profit and loss account in the period in which they are incurred.

3.12 Provisions

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

3.13 Cash and Cash Equivalent

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand and deposits in banks that are readily convertible to known amounts of cash.

3.14 Contingencies and commitments

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

3.15 Financial Assets

Financial assets represent investments in shares of listed companies and are classified as available for sale investments. These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to other comprehensive income until disposal at which time these are recycled to profit and loss account.

3.16 Impairment

a) Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non- Financial Assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.17 Financial Instruments

3.17.1 *Financial assets*

The Company classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, available for sale and held to maturity. 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.

3.17.1(a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and 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.

3.17.1(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.

3.17.1(c) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or are not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available-for-sale financial assets are classified as short term investments in the balance sheet.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised directly in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available for sale securities calculated using effective interest method is recognised in the profit and loss account. Dividends on available for sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

3.17.1(d) Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortised cost.

3.17.1(e) All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

'Loans and receivables' and 'held to maturity' investments are carried at amortised cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

3.17.2 Financial liabilities

Non-derivative financial liabilities that are not financial liabilities at fair value through profit and loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities. The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

3.17.3 Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently.

Financial assets represent investments in shares of listed companies and are classified as available for sale investments. These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to other comprehensive income until disposal at which time these are recycled to profit and loss account.

a) Trade & Other Payables

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

b) Trade & Other Receivables

Trade and other receivables are recognized and carried at original invoice amount / cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the reliability of these receivables, appropriate amount of provision is made.

c) Off Setting Of Financial Assets and Financial Liabilities

A financial asset and a financial liability is off set and the net amount is reported in the balance sheet if the company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.18 Dividend & Appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves is recognized in the financial statements in the period in which these are approved.

3.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.20 Contingent Liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability.

3.21 Foreign currency transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction. Exchange differences are included in profit and loss account for the year.

3.22 Related party transactions

All transactions between company and related party are accounted for at arm's length price in accordance with "Comparable Uncontrolled Price Method".

3.23 Dividend distribution

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

3.24 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2017

			Note	2017 Rupees	2016 Rupees
4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL					
2017	**2016**				
8,000,000	8,000,000	ordinary shares of Rs.10 each issued for cash		80,000,000	80,000,000
4,600,000	4,600,000	bonus shares of Rs.10 each		46,000,000	46,000,000
12,600,000	12,600,000			126,000,000	126,000,000

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

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

5. RESERVES

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

6. DEFERRED LIABILITIES

	Note	2017	2016
Staff gratuity	**(6.1)**	1,004,833	1,048,200
		1,004,833	1,048,200

6.1 RECONCILIATION OF PAYABLE TO DEFINED BENEFIT PLAN

	Note	2017	2016
Present value of obligation	**(6.2)**	1,004,833	1,180,941
Unrecognised actuarial (loss)		-	(132,741)
		1,004,833	1,048,200

6.2 MOVEMENT IN NET LIABILITY RECOGNISED IN THE BALANCE SHEET

	Note	2017	2016
Balance sheet liability as at July, 01		1,048,200	1,052,460
Expense recognised during the year	**(6.3)**	287,540	128,481
Benefit paid during the year		-	-
Remeasurements:			
Actuarial (gains) losses from changes in financial positions		134,963	-
Experience adjustments		(465,870)	-
		1,004,833	1,180,941

6.3 EXPENSE RECOGNISED DURING THE YEAR

	2017	2016
Current service cost	44,738	43,675
Interest cost recognised during the year	110,061	84,806
Total amount chargeable to profit and loss account	154,799	128,481
Prior year cost	132,741	-
	287,540	128,481

		2017	2016
		Rupees	Rupees

7. TRADE AND OTHER PAYABLES

	2017	2016
Creditors for expenses	1,121,846	1,202,562
Advances from Customers	1,138,824	-
Income tax payable	88,557	-
Accrued expenses	343,325	296,612
Un-claimed dividend	529,921	530,506
	3,222,473	2,029,680

8. CONTINGENCIES AND COMMITMENTS

8.1 Appeal against levy of sales tax Rs. 3.471 million was rejected by Federal Excise and Sales Tax Appellate Tribunal vide appellate order dated January 20, 2011. The company is directed to pay sales tax liability along with penalty and additional tax. The matter agitated in reference in Honorable Lahore High Court. Estimated additional tax and penalty is amounting to Rs. 6.661 million. Taxes and penalties aggregating to Rs. 10.132 million are not provided in these accounts for favorable expected decision. As per legal adviser communication dated 05-10-2017, the subject reference is still pending before the Honorable Lahore High Court Lahore.

8.2 Commitment under irrecoverable letter of credit as at June 30, 2017 Rs. Nil (2016: Rs. Nil).

9. FIXED ASSETS

	Note:	2017	2016
Property, plant and equipment	(9.1)	112,977,887	119,388,469
		112,977,887	119,388,469

9.1 Depreciation has been allocated to administrative expenses.

10 INVESTMENT PROPERTY

Transfer from fixed assets - building:

	2017	2016
Opening balance (WDV)	6,137,009	6,364,306
Addition/(Deletion)	-	-
	6,137,009	6,364,306
Less: Depreciation	(613,701)	(227,297)
	5,523,308	6,137,009

10.1 This represents company building transferred from fixed assets at book value. Whereas the fair value of the building valued by an independent valuer as at June 30, 2017 amounts to Rs. 15,165,625 (2016: Rs. 15,156,983)

11 TRADE DEBTS

	2017	2016
Trade debts - unsecured considered good	1,877,812	1,108,570
	1,877,812	1,108,570

12 SHORT TERM INVESTMENT

Held For Trading

COMPANY NAME	NO.OF SHARES	RATE	2017	2016
AGRIAUTO IND	37,700	193	-	7,291,180
AISHA STEEL	36,500	8	-	287,255
BYCO PETROLEUM	77,500	20	-	1,582,550
CRES.STEEL	2,600	114	-	296,868
ENGRO FERTI. LT	92,500	65	-	5,991,225
PAK.REFINERY	171,000	41	-	7,091,370
SINGER PAK	344,000	33	-	11,214,400
TRG PAKISTAN	13,000	34	-	445,770
THE BANK OF PUNJAB	150,000	12	1,767,000	-
BYCO PETROLEUM	167,500	19	3,199,250	-
GLAXO SMITH	9,500	197	1,870,740	-
HABIB BANK LTD	19,000	269	5,113,660	-
HASEEB WAQAS SUGER MILLS	76,500	12	900,405	-
K-ELECTRIC LTD	300,000	7	2,070,000	-
MCB BANK LTD	39,400	210	8,290,942	-
NISHAT CHUNIAN POWER	66,500	45	2,962,575	-
POWER CEMENT LTD	5,000	13	66,900	-
SUI NORTHERN GAS PIPELINE	15,000	149	2,233,800	-
			28,475,272	34,200,618

			2017	2016
			Rupees	Rupees
13	**STORE AND SPARES PARTS**			
	Stores		374,608	401,152
	Spare parts		2,642,593	3,222,956
	Impairment loss		(1,245,897)	(1,245,897)
			1,771,304	2,378,211
14	**LOANS AND ADVANCES**			
	Advances - considered good			
	- Employees	**(14.1)**	152,000	164,000
			152,000	164,000

14.1 Maximum aggregate amount due from the employees at any month-end during the year was Rs. 163,000 (2016: Rs. 173,000).

			2017	2016
15	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax refundable		17,675,873	17,675,873
	Advance income tax		5,462,570	8,694,563
	Less: Provision for tax on bonus shares		-	(2,300,000)
			5,462,570	6,394,563
			23,138,443	24,070,436

15.1 The matter of recovery of sales tax refundable was taken up by the Company with Honourable Federal Tax Ombudsman who vide his judgment dated 3rd June 2011 directed the tax department to decide the pending refund claims. The filed complaint was disposed of with the direction to finalize the claim after due verification of documents. The Assistant Commission (IR) partially accepted and partially deferred some portion of refund. The learned authority issued the order in this respect. The Company has lodged an appeal at the office of Commissioner inland Revenue (Appeals). The Commissioner appeal (IR) up held the Order. The legal advisor filed appeal against that order of Commissioner appeal (IR) at Honorable Appellate Tribunal Lahore. During the year As per the order issued on 17-11-2016, The Commissioner appeal (IR) has passed order in favour of the company thereafter the company has filed a subsequent application request for recovery of the said amount.

15.2 **Advance tax comprises of following:**

		2017	2016
Opening Balance at the beginning of the year		8,694,563	8,303,554
Less: Write off tax receivable on bonus shares	15.2.1	(2,300,000)	
Less: Adjusted against prior year taxation during the year		(1,306,499)	-
Add: Deducted during the year		374,506	391,009
		5,462,570	8,694,563

15.2.1 As per legal adviser communication dated 06-10-2017, Appeal against levy of tax of Rs. 2.3 million on Bonus shares is withdrawn.

			2017	2016
16.	**CASH AND BANK BALANCES**			
	Cash in hand		108,544	84,464
	Cash at banks			
	- Current accounts		212,170	211,901
	- Saving accounts	**16.1**	581,111	122,441
	Cash and cash equivalents		901,825	418,806

16.1 These carry return at 3.25% to 5.1% (2016: 2.50% to 6.65%) per annum.

		2017	2016
17.	**REVENUE**		
	Building rent	2,132,900	605,000
	Generator rent	12,000,000	4,000,000
	Dividend Income	463,900	-
	Generator income	12,708	38,421
	Capital gain	1,465,060	-
		16,074,568	4,643,421
18.	**COST OF SALES**		
	Operating Cost of Generator	8,538,161	2,891,430
	Store Consumed	1,822,404	-
	Repair & Maintenance	3,770,000	-
		14,130,565	2,891,430

		2017 Rupees	2016 Rupees Restated
19. ADMINISTRATIVE EXPENSES			
Salaries & benefits	**(19.1)**	1,997,721	1,346,911
Fees and subscription		553,098	330,681
Travelling and conveyance		64,090	-
Printing and stationery		129,465	46,095
Postage and telegram		23,175	7,100
Entertainment		40,249	32,030
Professional and legal charges		280,000	360,000
Telecommunication		85,600	82,935
Auditor's remuneration	**(19.2)**	300,000	275,000
Depreciation	**(9.1)**	7,024,283	7,005,566
Advertisement		109,300	279,650
Miscellaneous expenses		6,000	-
		10,612,981	9,765,968

19.1 Salaries, wages and benefits include provision for gratuity for the year Rs. 0.287 million (2016: Rs. 0.128 million).

19.2 Auditor's Remuneration

	2017	2016
Annual audit	250,000	250,000
Half yearly review	50,000	25,000
	300,000	275,000

20. OTHER OPERATING INCOME

	2017	2016
From financial assets:		
Interest income	18,344	1,628,592
From non-financial assets:		
Unrealised (loss) / gain on listed securities	1,822,820	(1,464,567)
	1,841,164	164,025

21. FINANCE COST

Financial charges during the year amounts to PKR 21,992 (2016: PKR 6,744)

22. OTHER OPERATING EXPENSES

	2017	2016
Impairment loss on stores and spare parts	-	1,245,897
	-	1,245,897

23. EARNING PER SHARE - basic and diluted

		2017	2016
(Loss) after taxation	Rupees	(6,042,170)	(10,330,778)
		Number of Shares	
Weighted average number of ordinary shares issued and subscribed at the end of the year		12,600,000	12,600,000
Loss per share	Rupees	(0.48)	(0.82)

A diluted earning per share has not been presented as the company does not have any convertible instruments in issue as at June 30, 2017 and 2016 which would have any effect on the earning per share if the option to convert is exercised.

24. TAXATION

24.1 Deferred tax asset amounting Rs. 37.40 million (2016:Rs. 36.17 million) is not recognized in these accounts as the company is sustaining heavy losses and is assessed under the deeming sections of the enactment referred to at sub Para (2) of this note. Major timing differences are not expected to reverse for a foreseeable future and there is no assurance that future taxable income would be sufficient to realize the benefit of brought forward losses. Losses available for carry forward are Rs. 218.14 million.

25. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Undertakings, directors and executive. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Remunerations of directors and executive is disclosed in note No. 26. Aggregate transactions with Associated Undertakings are as follows:

		2017 Rupees	2016 Rupees
25.1	Transactions with related parties		
25.1.1	***Other related parties***		
	Saritow Spinning Mills Limited		
	Rental Income (Generator Rent)	12,000,000	4,000,000
	Pak Electron Limited		
	Rental Income (Building rent)	2,132,900	605,000
	Red Communication Art (Private) Limited		
	Advertising expenses	109,300	279,650
25.1.2	***Associate***		
	Kohinoor Industries Limited		
	Share of (loss) to Associate	(1,285,034)	(2,273,283)
25.2	Balances with related parties		
25.2.1	***Other related parties***		
	Saritow Spinning Mills Limited	954,912	1,108,570
	Pak Electron Limited	(215,924)	-
	Red Communication Art (Private) Limited	(415,250)	(505,950)
25.2.2	***Associate***		
	Kohinoor Industries Limited	(20,128,500)	(20,383,650)

25.3 All related party transactions are approved by the audit committee and the Board of directors of the Company.

26. REMUNERATION OF DIRECTORS AND EXECUTIVE

Particulars	Chief Executive		Directors		Executive	
	2017	2016	**2017**	**2016**	**2017**	**2016**
Number of persons	**1**	**1**	**6**	**6**	**0**	**0**

There was no remuneration paid during the year to Chief Executive, Directors and Executives of the company (2016: Rs. Nil)

26.1 No meeting fee was paid to the directors and chief executive during the year (2016: Nil).

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

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

27.1 Financial Instruments by category

	2017 Rupees	2016 Rupees
Financial Assets		
Loans and advances	152,000	164,000
Tax refunds due from Government	23,138,443	24,070,436
Cash and bank balances	901,825	418,806
	24,192,268	24,653,242
Financial Liabilities		
Gratuity - Defined benefit plan	1,004,833	1,048,200
Trade and other payables	3,222,473	2,029,680
	4,227,306	3,077,880

27.2 Fair Values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the transaction is not based on market terms, or if a market price cannot be readily determined, then an estimate of future cash payments or receipts, discounted using the current market interest rate for a similar financial instrument, is used to approximate the fair value. As at June 30, 2017 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

27.3 Financial Risk Factors

The Company has exposures to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

27.3.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from long term security deposits, loans and advances, deposits, trade debts, other receivables, bank balances and investments.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors.

Loans and advances		152,000	164,000
Tax refunds due from Government		23,138,443	24,070,436
Cash and bank balances	**(16.)**	901,825	418,806
		24,192,268	24,653,242

The company assesses the credit quality of the counter parties as satisfactory. Bank balances are held only with reputable banks with high quality credit ratings. Loans and advances are not exposed to any material credit risk. Geographically there is no concentration of credit risk.

27.3.1.2 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or historical information about the counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies and other regulatory authorities. Credit quality of customer is assessed by reference to historical default rates and present ages.

Counterparties with external credit ratings

These include banking companies, which are counterparties to cash deposits, and margin deposits. These are neither past due nor impaired. Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Banks	Rating		Rating	2017	2016
	Long term	Short term	Agency	Rupees	Rupees
Bank balances					
Bank Alfalah Limited	AA+	A1+	PACRA	7,222	7,222
NIB Bank Limited	AAA	A1+	PACRA	36,297	11,696
Sindh Bank Limited	AA	A-1+	PACRA	581,111	122,441
				624,630	141,359

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

The management does not expect any losses from non-performance by these counterparties.

27.3.2 Liquidity Risk

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

Non derivative financial liabilities

	Carrying amount	Contractual cash flows	Less than six months	Six to twelve months	One to Five years
Gratuity - Defined benefit plan	1,004,833	1,004,833	-	1,004,833	-
Trade and other payables	3,222,473	3,222,473	-	3,222,473	-
	4,227,306	4,227,306	-	4,227,306	-

	Carrying amount	Carrying amount	Less than six months	Six to twelve months	One to Five years
Gratuity - Defined benefit plan	1,048,200	1,048,200	-	1,048,200	-
Trade and other payables	2,029,680	2,029,680	-	2,029,680	-
	3,077,880	3,077,880	-	3,077,880	-

27.3.3 Market Risk

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

a) Currency risk

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

b) Interest Rate Risk

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

The company's interest rate risk arises from borrowings which include liabilities against assets subject to finance leases, short term finances under mark-up arrangements. he company analysis its interest rates exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into accounts various other financing options available. The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect the profit and loss account.

At June 30, 2017, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, profit after taxation for the year would have been higher/lower by Rs. Nil (2016:Rs. Nil)

c) Other price risk

Other price risk is 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). Equity price risk arises from available for sale equity securities held. The investment in available for sale equity securities is not material and company is not expose to significant price risk.

27.4 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 30 June 2017	----- Rupees -----						
Financial assets - not measured at fair value							
Loans and advances	**152,000**	-	**152,000**	-	-	-	-
Tax refunds due from Government	**23,138,443**	-	**23,138,443**	-	-	-	-
Cash and bank balances	**901,825**	-	**901,825**	-	-	-	-
	24,192,268	**-**	**24,192,268**	**-**	**-**	**-**	**-**
Financial liabilities - not measured at fair value							
Gratuity - Defined benefit plan	-	**1,004,833**	**1,004,833**				
Trade and other payables	- 0	**3,222,473**	**3,222,473**	**-**	**-**	**-**	**-**
	-	**4,227,306**	**4,227,306**	**-**	**-**	**-**	**-**
As at 30 June 2016-							
Financial assets - not measured at fair value							
Loans and advances	164,000	-	164,000	-	-	-	-
Tax refunds due from Government	24,070,436	-	24,070,436	-	-	-	-
Cash and bank balances	418,806	-	418,806	-	-	-	-
	24,653,242	-	24,653,242	-	-	-	-
Financial liabilities - not measured at fair value							
Gratuity - Defined benefit plan	-	1,048,200	1,048,200	-	-	-	-
Trade and other payables	-	2,029,680	2,029,680	-	-	-	-
	-	3,077,880	3,077,880	**-**	**-**	**-**	**-**

27.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

9.1 Property, plant and equipment

YEAR ENDED 30 JUNE 2017

PARTICULARS	COST					DEPRECIATION						NET BOOK VALUE AS AT 30 June, 2017
	As at 01 July, 2016	Additions	Disposals	Transfers	As at 30 June, 2017	Rate %	As at 01 July, 2016	For the year	On disposals	Transfers	As at 30 June, 2017	
Owned:												
Plant and machinery	305,176,853	-	-	-	305,176,853	5	188,851,954	5,816,245	-	-	194,668,199	110,508,654
Furniture and fixtures	55,792	-	-	-	55,792	10	46,574	922	-	-	47,496	8,296
Office equipment	725,014	-	-	-	725,014	10	550,455	17,456	-	-	567,911	157,103
Vehicles	10,883,935	-	-	-	10,883,935	20	8,004,142	575,959	-	-	8,580,101	2,303,834
	316,841,594	-	-	-	316,841,594		197,453,125	6,410,582	-	-	203,863,707	112,977,887

9.1 Property, plant and equipment

YEAR ENDED 30 JUNE 2016

PARTICULARS	COST					DEPRECIATION						NET BOOK VALUE AS AT 30 June, 2016
	As at 01 July, 2015	Additions	Disposals	Transfers	As at 30 June, 2016	Rate %	As at 01 July, 2015	For the year	On disposals	Transfers	As at 30 June, 2016	
Owned:												
Buildings on lease hold land	42,401,089	-	-	(42,401,089)	-	10	35,582,190	454,593	-	(36,036,783)	-	-
Plant and machinery	289,715,041	15,461,812	-	-	305,176,853	5	183,268,645	#REF!	-	-	#REF!	#REF!
Furniture and fixtures	55,792	-	-	-	55,792	10	45,550	1,024	-	-	46,574	9,218
Office equipment	725,014	-	-	-	725,014	10	531,060	19,395	-	-	550,455	174,559
Vehicles	10,883,935	-	-	-	10,883,935	20	7,284,194	719,948	-	-	8,004,142	2,879,793
	343,780,871	15,461,812	-	(42,401,089)	316,841,594		226,711,639	#REF!	-	(36,036,783)	#REF!	#REF!

28. CAPITAL RISK MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The company's objective when managing capital are to safe guard the company's ability to continue as a going concern and to maintain an optimum capital structure to reduce the cost of capital.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The company is not subject to externally imposed capital requirements.

29. NUMBER OF EMPLOYEES

	Number	
	2017	**2016**
Total number of employees at the year-end	2	1
Average number of employees at the year-end	1	1

30. PLANT CAPACITY AND ACTUAL GENERATION

Normal plant capacity on the basis of three shifts	MW	40,843	40,843
Actual production	MW	-	-

30.1 As mentioned in note no.1, company has leased out its plant and machinery and so no production was made during the year.

31. CORRESPODING FIGURES

Corresponding figures have been re-arranged, where necessary, for the purpose of comparison and better presentation.

32. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October 09, 2017 by the Board of Directors of the Company.

33. GENERAL

Figures have been rounded off to the nearest rupee.

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

Form of Proxy

26th Annual General Meeting

LEDGER FOLIO **SHARES HELD**

I / We ____

of ____

appoint ____

(or of ____

failing him) ____

(being a member of the Company) as my / or proxy to attend and vote for me / us and on my / our behalf at the 26th Annual General Meeting of the Company to be held on October 31, 2017 at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore at 1 2:00 NOON. and at every adjournment thereof, if any.

A witness my / our hand (s) this ______day of ____________ 2017.

Signed by the said

____

REVENUE STAMP

Witnesses:

1) Name ________________________
Address ________________________
____
CNIC No. ________________________

2) Name ________________________
Address ________________________
____
CNIC No. ________________________

Notes:

1. A member entitled to attend and vote at this Meeting may appoint proxy. Proxies in order to be effective, must be received at 17 -Aziz Avenue, Canal Bank Gublerg -V, Lahore, the Registered Office of the Comp any not later than forty eight hours before the time of holding the meeting and must be duly stamped, signed and witnessed.

2. For CDC Account Holders/ Corporate Entities in addition to the above the following requirements have to be met.

   (i) Attested copies of CNIC or the passport of the Beneficial Owners and the Proxy shall be provided with the proxy form.

   (ii) In came of a Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

   (ii) The Proxy shall produce his original CNIC or original passport at the time of the meeting.

پراکسی فارم

26 واں سالانہ عمومی اجلاس عام۔

لیجر فولیو | موجودہ حصص

میں/ہم-------------------کا/کے بحیثیت ممبران کوہِ نور پاور کمپنی لمیٹڈ اور حامل عام حصص محترم/محترمہ------------------------- یا ان کے حاضر نہ ہونے کی صورت میں---------------کو اپنے / ہمارے ایماء پر کمپنی کے 31 اکتوبر 2017ء بروز منگل 12:00 بجے دوپہر کمپنی کے رجسٹرڈ آفس 17-عزیز ایونیو کینال بنک گلبرگ-V، لاہور میں منعقد ہونے والے 26 واں سالانہ عمومی اجلاس عام میں شرکت کرنے حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور نمائندہ (پراکسی) مقرر کرتا/ کرتے ہیں۔

بطور گواہ آج بتاریخ-------اکتوبر 2017 میرے/ ہمارے دستخط ہوئے۔

گواہان:

(1) نام---------------------------------- (2) نام--

پتہ:-- پتہ:---

قومی شناختی کارڈ نمبر---------------------------- قومی شناختی کارڈ نمبر------------------------------------

اہم نکات:

1- کوئی رکن جو اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کا حقدار ہے، پراکسی کا تقرر کر سکتا ہے۔ پراکسیاں اسی صورت موثر ہیں جو اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس (17-عزیز ایونیو کینال بنک گلبرگ-V، لاہور) میں موصول ہونا ضروری ہیں۔ پراکسیوں پر رسیدی ٹکٹ رکن کے دستخط اور گواہاں کے دستخط ہونا ضروری ہیں۔

2- سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے کے لیے

مزید برآں درج ذیل شرائط کا پورا کرنا لازمی ہے۔

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل بھی فراہم کی جائے گی۔

(ii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔

(iii) پراکسی کو میٹنگ کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ دکھانا ہوگا۔


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