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CORPORATE INFORMATION

Board of Directors

Mr. M. Naseem Saigol
Chairman
Mr. Muneki Udaka
Chief Executive Officer
Mr. Hiroshige Uga
Mr. Shinichi Ushijima
Sheikh Muhammad Shakeel
Mr. Ghazanfar Ali Zaidi
Nominee of
Tomen Power (Singapore) Pvt. Limited
Mr. Ghazanfar Ali Khan
Nominee of Wartsila Finland Oy

Company Secretary

Mr. Muhammad Asif

Audit Committee

Mr. Hiroshige Uga
Chairman
Sheikh Muhammad Shakeel
Mr. Ghazanfar Ali Khan

Management

Mr. Muneki Udaka
Chief Executive Officer
Sheikh Muhammad Shakeel
Chief Operating Officer
Mr. Ghazanfar Ali Zaidi
General Manager Technical
Mr. Muhammad Ashraf
Chief Financial Officer

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Bankers

On Shore Trustee
Standard Chartered Bank [Pakistan] Limited
Others
Faysal Bank Limited
Royal Bank of Scotland
Bank Alfalah Limited
Deutsche Bank
MCB Bank Limited

Registered Office

1404, 14th Floor, Green Trust Tower,
Blue Area
Islamabad, Pakistan.
Tel : +92-51-2828941
Fax : +92-51-2273858

Project/Head Office

Near Tablighi Ijtima,
Raiwind Bypass,
Lahore, Pakistan.
UAN : +92-42-111-111-535
Tel : +92-42-35392317
Fax : +92-42-35393415-7

Shares Registrar

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

Lahore Office

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

Website

www.kel.com.pk

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixteenth Annual General Meeting of shareholders of Kohinoor Energy Limited will be held on October 29, 2009 (Thursday) at 11:00 A.M. at 17-Aziz Avenue, Gulberg-V Lahore to transact the following business:

1. To confirm minutes of the Annual General Meeting held on October 31, 2008.

2. To receive and adopt the Annual Audited Accounts of the Company for the financial year ended June 30, 2009 alongwith Directors' and Auditors' Reports thereon.

3. To approve final dividend @ 10% i.e. Re. 1.00 per share as recommended by the Board of Directors in addition to the two interim dividends already paid @20% i.e. Rs. 2.00 per share and @15% i.e. Rs. 1.50 per share making a total dividend @45% i.e. Rs. 4.50 per share for the financial year 2008-2009.

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

5. To elect seven directors as fixed by the Board under Sections 178 and 180 of the Companies Ordinance, 1984 for a period of three years commencing from October 30, 2009. The retiring Directors are:

    1. Mr. M. Naseem Saigol
    2. Mr. Muneki Udaka
    3. Mr. Hiroshige Uga
    4. Mr. Shinichi Ushijima
    5. Sheikh Muhammad Shakeel
    6. Mr. Ghazanfar Ali Zaidi (Nominee of Tomen Power (Singapore) (Pte) Ltd
    7. Mr. Ghazanfar Ali Khan (Nominee of Wartsila Finland Oy)

6. Any other business with the permission of the Chair

By order of the Board

Lahore:
September 15, 2009

(Muhammad Asif)
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from October 21, 2009 to October 29, 2009 (both days inclusive). Transfers received at our Share Registrar Office situated at CORPLINK (PVT) LIMITED Wings Arcade, 1-K, Commercial, Model Town, Lahore upto the close of business hours on October 20, 2009 will be treated in time for the purpose of entitlement of cash dividend to the transferees and for determination of entitlement to attend and vote at the meeting.

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

3. A member entitled to attend and vote at this meeting may appoint a proxy. Proxies in order to be effective, must be received at Head Office of the Company as mentioned in Note No. 2, not less than forty-eight hours before the time of the meeting and must be duly stamped, signed and witnessed.

4. The Central Depository Company's Account Holders/Corporate Entities shall also meet the following requirements:

   (i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

   (ii) In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company

   (iii) The proxy shall produce his original CNIC or original passport together with the Account No. and Participant's Id at the time of attending the meeting.

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

DIRECTORS' REPORT

The Directors are pleased to present the Annual Report together with the audited financial statements of Kohinoor Energy Limited for the financial year ended June 30, 2009.

Principal Activities

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

Financial Results

We report that because of the high dispatch levels during the year, total sales revenue of the Company has been increased to Rs. 8.33 billion as compared Rs. 7.39 billion recorded in the last financial year. The Company earned a profit after tax of Rs. 905 million as against Rs. 655 million earned in the last financial year. The financial results have demonstrated the Earning Per Share of Rs. 5.34 against Rs. 3.86 in the previous year. The increase in profit for the year mainly attributes to increase in capacity payment because of appreciation of US Dollar rate, reduced financial charges as a result of retirement of long term debts and savings in certain administration and general expenses. The financial results of the Company for the year ended June 30, 2009, are as follows:

		2009	**2008**
		(Rupees in thousand)	
Profit before taxation		918,241	659,693
Taxation		(13,185)	(5,000)
Profit after taxation		905,056	654,693
Un-appropriated profit brought forward		4,866,263	4,635,217
Available for appropriations		5,771,319	5,289,910
Final Dividend 2007-08 @ 10% (Final Dividend paid during 2007-08 @ 15%)		169,459	254,188
1st Interim Dividend 2008-09 @ 20% (Interim Dividend paid during 2007-08 @ 10%)		338,918	169,459
2nd Interim Dividend 2008-09 @ 15%		254,188	-
Un-appropriated profit carried forward		5,008,754	4,866,263
Earnings per share	**Rupees**	5.34	3.86

Operations

You shall appreciate that in the present circumstances where the country is facing severe shortage of power supply we are constantly performing at high dispatch levels. The power plant responding to load demand of WAPDA, in overall dispatched 872,630 MWH of electricity as compared to 881,894 MWH dispatched during the previous financial year. The overall capacity factor of the power complex remained at 80.33% as against 81.19% of the last financial year.

During the financial year under review seven engines reaching at 52,000 running hours have been overhauled under major maintenance program. We report that all of the engines are in good condition and fully contributing to the power complex.

It is our pleasure to report that in compliance to annual obligation the power complex had successfully qualified the Annual Dependable Capacity Test conducted in October 2008. The complex had demonstrated the net capacity of 129.44 MW as against the contractual net capacity of 124 MW. This additional output is an evidence of the excellent health of the power plant and good performance of its technical people.

Further we report that recently we have entered into a new agreement with Wartsila Pakistan for major maintenance of the power plant. It is a matter of pleasure to inform you that after having earned a good experience and being confident on our people now the more maintenance work shall be performed by our own technical team resultantly there shall be more saving on maintenance cost.

Dividend Distribution

The directors take immense pleasure to recommend, subject to the approval of shareholders of the Company in their ensuing Annual General Meeting, a final dividend at the rate of Re. 1.00 per ordinary share of Rs. 10/- each (i.e. @10%) which will be paid to those shareholders whose names would appear on members' register on the date as mentioned in the notice of AGM. This final dividend, together with the two interim dividends which have already been paid @20% and @15% in February 2009 and April 2009 respectively, shall make the cumulative dividend distribution for the financial year 2008-2009 at the rate of 45%.

Statements in compliance to the Code of Corporate Governance

The Directors state that:

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

Name of Director	No. of Meetings Attended	Name of Director	No. of Meetings Attended
Mr. M. Naseem Saigol	3	Mr. Shinichi Ushijima	1
Mr. Muneki Udaka	7	Mr. Ghazanfar Ali Zaidi	5
Mr. Sheikh Muhammad Shakeel	7	Mr. Ghazanfar Ali Khan	7
Mr. Hiroshige Uga	5		

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

- o The Chief Executive Officer, Directors, Chief Financial Officer, Company Secretary and their spouse and minor children have made no sale/purchase of Company's shares during the year July 01, 2008 to June 30, 2009
- o The Company has established an Employees Gratuity Fund and has got registered with the concerned authority. Annual provision has been made on the basis of actuarial valuation to cover obligation under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period
- o The Board has formed an audit committee. It comprises of three members, of whom two are non-executive directors. A non-executive director is the Chairman of the committee

Environment Health and Safety

Since inception the management is committed for protecting the environment and enhancing the health and safety of its employees. A Quality and EHS department has been established for looking after the environmental related issues and to recommend for the continuous improvement. We have deployed a medical team under the supervision of a qualified doctor at medical centre established at power plant who takes care of all the employees and the contractor staff. Every year a complete medical check up of the employees is carried out and where required a full concentration is paid for any required medical treatment. The Company consistently maintains the safer work place for all of the employees. 'ANZEN First' (Safety First) is among the highest priorities of KEL management.

Social Responsibility and Community Welfare

We take pleasure to report that as a part of our business strategy and being the socially responsible, the Company is contributing to the society through Community Welfare programs focusing on two areas that is free medical treatment facility, and free education for children of the people living in the vicinity of the power plant.

Medical Facility

The Company is serving the neighboring community of the power plant by providing medical treatment facility for free of cost through two medical centers. A qualified doctor along with his experienced medical staff is taking care of the facility. We are pleased to inform you that during the year 27,749 patients have been

provided with the medical treatment at a cost of Rs. 3.97 million.

Education

The other community welfare program comprises of free education facility for the deserving children of the vicinity area of the power plant. The free education facility including textbooks, stationary and uniform, all is being provided for free to the student children at school. After promoting to next classes every academic year we take 50 students in nursery class. Presently total 200 students are studying in nursery, class 1, 2 and 3. Initially for admission to new class the age group and low-income level of the parents is considered while thereafter the candidates are selected on the basis of written test and interview. We believe that by providing quality education, we inspire individuals to become caring, competent, and responsible citizen, who value education as a road to success. Our mission is 'To Raise the Community by Putting Our Share in Value Based Education'.

Auditors

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

Pattern of Shareholding

A statement of pattern of shareholding and additional information as at June 30, 2009 is annexed to the Annual Report.

Acknowledgement

The Board of Directors expresses its sincere gratitude to our valued shareholders, WAPDA, PPIB, International Finance Corporation, financial institutions and lenders, Wartsila, Pakistan State Oil and other business partners for their trust and continued support to the Company.

The Board also acknowledges the contribution made by a very talented team of professionals and engineers who made KEL a success story. We appreciate our employees for working cohesively with responsibility and we believe that future is bright and the efforts of our team at all levels of the organization will continue to achieve successful results for the Company and its shareholders.

For and on behalf of the Board

Lahore
September 15, 2009

Muneki Udaka
Chief Executive

FINANCIAL DATA

	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
DISPATCH LEVEL (%)	**80.33%**	**81.19%**	**74.16%**	**66.35%**	**41.86%**	**32.25%**
DISPATCH (MWH)	**872,630**	**881,894**	**805,527**	**707,974**	**440,051**	**339,024**
REVENUE (Rs. 000)						
ENERGY FEE	6,950,971	6,260,816	4,118,646	3,584,841	1,519,156	994,583
CAPACITY FEE	1,383,370	1,127,041	1,214,460	1,399,367	1,399,427	1,340,893
TOTAL REVENUE	**8,334,341**	**7,387,857**	**5,333,106**	**4,984,208**	**2,918,583**	**2,335,476**
COST OF SALES	7,239,966	6,432,159	4,180,586	3,749,585	1,879,009	1,264,170
GROSS PROFIT	**1,094,375**	**955,698**	**1,152,520**	**1,234,623**	**1,039,574**	**1,071,306**
PROFITABILITY (Rs. 000)						
PROFIT/(LOSS) BEFORE TAX	918,241	659,693	843,782	1,023,059	813,309	828,021
PROVISION FOR INCOME TAX	13,185	5,000	7,100	9,800	7,900	6,292
PROFIT/(LOSS) AFTER TAX	**905,056**	**654,693**	**836,682**	**1,013,259**	**805,409**	**821,729**
FINANCIAL POSITION (Rs. 000)						
NON CURRENT ASSETS	4,376,297	4,608,052	4,800,977	4,686,883	4,827,978	4,992,485
CURRENT ASSETS	2,544,811	2,745,322	2,391,987	2,045,877	1,943,522	1,862,058
LESS CURRENT LIABILITIES	208,096	783,730	763,080	949,688	1,143,316	984,070
NET WORKING CAPITAL	2,336,715	1,961,592	1,628,907	1,096,189	800,206	877,988
CAPITAL EMPLOYED	6,713,012	6,569,644	6,429,884	5,783,072	5,628,184	5,870,473
LESS LONG TERM LOANS & DEFFERED LIABILITIES	9,672	8,795	100,081	289,951	809,404	1,433,456
SHARE HOLDERS EQUITY	6,703,340	6,560,849	6,329,803	5,493,121	4,818,780	4,437,017
REPRESENTED BY (Rs. 000)						
SHARE CAPITAL	1,694,586	1,694,586	1,694,586	1,694,586	1,694,586	1,694,586
UNAPPROPRIATED PROFIT BEFORE APPROPRIATION	5,771,319	5,289,910	4,635,217	4,137,453	3,547,840	3,166,078
APPROPRIATION / DIVIDENDS	762,565	423,647	-	338,918	423,646	423,647
UNAPPROPRIATED PROFIT BROUGHT FORWARD	5,008,754	4,866,263	4,635,217	3,798,535	3,124,194	2,742,431
	6,703,340	6,560,849	6,329,803	5,493,121	4,818,780	4,437,017
SHARE PRICES AS ON JUNE 30,	29.00	27.15	37.50	25.85	26.00	34.80
EARNING PER SHARE	5.34	3.86	4.94	5.98	4.75	4.85
RATIOS:						
RETURN ON ASSETS	0.13	0.09	0.12	0.15	0.12	0.12
PRICE EARNING RATIO	5.43	7.03	7.60	4.32	5.47	7.18
BREAK UP VALUE PER SHARE OF Rs. 10 EACH	39.56	38.72	37.35	32.42	28.44	26.18
CURRENT RATIO	12.23	3.50	3.13	2.15	1.70	1.89
NET PROFIT/(LOSS) TO SALES (%AGE)	10.86%	8.86%	15.69%	20.33%	27.60%	35.18%

STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35, 35 and 36 of listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges respectively, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. The Board of the Company comprises of three non-executive and four executive directors. At present there is no representation of independent non-executive director and director representing minority shareholders.

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

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

4. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

5. 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.

6. 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 Chief Executive Officer and other executive directors, have been taken by the Board.

7. 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.

8. The directors were apprised of their duties and responsibilities through orientation course.

9. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer.

10. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

11. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

12. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

13. The Company has complied with all the corporate and financial reporting requirements of the Code.

14. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors. A non-executive director is the Chairman of the committee.

15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

16. The Board has set-up an effective internal audit function, members of which are considered suitably qualified and experienced for the purpose and are conversant with the policies and the procedures of the Company. The internal audit function is being headed by the Company Secretary.

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

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

19. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Lahore
September 15, 2009

Muneki Udaka
Chief Executive

REVIEW REPORT

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Kohinoor Energy Limited ('the company') to comply with the Listing Regulation No. 35, 35 and 36 of the Karachi, Lahore and Islamabad Stock Exchanges respectively, where the company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's 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.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee.

We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2009.

Lahore
September 15, 2009

A.F. Ferguson & Co.
Chartered Accountants

Muhammad Masood
Partner

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Kohinoor Energy Limited ('the company') as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

b) in our opinion:

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

    (ii) the expenditure incurred during the year was for the purpose of the company's business; and

    (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2009 and of the profit, 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.

Lahore
September 15, 2009

A.F. Ferguson & Co.
Chartered Accountants

Muhammad Masood
Partner

BALANCE SHEET

	Note	2009	2008
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
170,000,000 (2008: 170,000,000) ordinary shares of Rs 10 each		1,700,000	1,700,000
Issued, subscribed and paid up capital			
169,458,614 (2008: 169,458,614) ordinary shares of Rs 10 each	5	1,694,586	1,694,586
Unappropriated profit		5,008,754	4,866,263
		6,703,340	6,560,849
NON-CURRENT LIABILITIES			
Long term loans	6	-	-
Deferred liabilities	7	9,672	8,795
		9,672	8,795
CURRENT LIABILITIES			
Finances under mark up arrangements - secured	8	-	470,608
Current portion of long term loans	9	-	108,097
Trade and other payables	10	107,098	94,224
Accrued finance cost	11	69	13,531
Provision for taxation		100,929	97,270
		208,096	783,730
CONTINGENCIES AND COMMITMENTS	12		
		6,921,108	7,353,374

Chief Executive

AS AT JUNE 30, 2009

	Note	2009	2008
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	4,363,430	4,593,147
Intangible assets	14	3,658	4,545
Long term loans and deposits	15	9,209	10,360
		4,376,297	4,608,052
CURRENT ASSETS			
Stores, spares and loose tools	16	366,072	382,892
Stock-in-trade	17	311,234	85,560
Trade debts	18	963,309	1,939,815
Loans, advances, deposits, prepayments and other receivables	19	240,122	197,757
Cash and bank balances	20	664,074	139,298
		2,544,811	2,745,322
		6,921,108	7,353,374

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

Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rupees in thousand)	
Sales	21	8,334,341	7,387,857
Cost of sales	22	(7,239,966)	(6,432,159)
Gross profit		1,094,375	955,698
Administrative expenses	23	(182,523)	(232,198)
Other operating income	24	54,185	20,500
Profit from operations		966,037	744,000
Finance cost	25	(47,796)	(84,307)
Profit before taxation		918,241	659,693
Taxation	26	(13,185)	(5,000)
Profit for the year		905,056	654,693
Earnings per share	33	5.34	3.86

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

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

Chief Executive **Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	27	1,936,033	387,219
Retirement benefits paid		(19,301)	(9,090)
Finance cost paid		(52,461)	(89,581)
Taxes paid		(9,526)	(4,980)
Net cash inflow from operating activities		1,854,745	283,568
Cash flows from investing activities			
Purchase of property, plant and equipment		(20,426)	(51,253)
Interest/mark-up income received		35,022	16,388
Net decrease/(increase) in long term loans and deposits		1,151	(5,529)
Proceeds from sale of property, plant and equipment		4,611	4,780
Net cash inflow/(outflow) from investing activities		20,358	(35,614)
Cash flows from financing activities			
Repayment of long term loans (net)		(118,222)	(194,258)
Dividend paid		(761,497)	(422,958)
Net cash outflow from financing activities		(879,719)	(617,216)
Net increase/(decrease) in cash and cash equivalents		995,384	(369,262)
Cash and cash equivalents at the beginning of the year		(331,310)	37,952
Cash and cash equivalents at the end of the year	28	664,074	(331,310)

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

Chief Executive **Director**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2009

	Share capital	Un-appropriated profit	Total
		(Rupees in thousand)	
Balance as on June 30, 2007	1,694,586	4,635,217	6,329,803
Final dividend for the year ended June 30, 2007 at the rate of Rs 1.50 per share	-	(254,188)	(254,188)
Interim dividend for the year ended June 30, 2008 at the rate of Rs 1.00 per share	-	(169,459)	(169,459)
Net profit for the year	-	654,693	654,693
Balance as on June 30, 2008	1,694,586	4,866,263	6,560,849
Final dividend for the year ended June 30, 2008 at the rate of Rs 1.00 per share	-	(169,459)	(169,459)
Interim dividend for the year ended June 30, 2009 at the rate of Rs 2.00 per share	-	(338,918)	(338,918)
Interim dividend for the year ended June 30, 2009 at the rate of Rs 1.50 per share		(254,188)	(254,188)
Net profit for the year	-	905,056	905,056
Balance as on June 30, 2009	1,694,586	5,008,754	6,703,340

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

Chief Executive **Director**

NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1. Legal status and nature of business

Kohinoor Energy Limited ('the company') was incorporated in Pakistan on April 26, 1994 as a public limited company under the Companies Ordinance, 1984. The company is listed on the Karachi, Islamabad and Lahore Stock Exchanges. The principal activities of the company are to own, operate and maintain a power station of 124 MW capacity in Lahore. The registered office of the company is located in Islamabad.

2. Basis of preparation

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

2.2 Standards, interpretations and amendments to published approved accounting standards

2.2.1 Amendments and interpretations to published standards effective in current year

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

- IAS 29 'Financial Reporting in Hyperinflationary Economies' is effective from July 01, 2008. The company does not have any operations in hyperinflationary economies and therefore, the application of this standard has no effect on the company's financial statements.

- IFRS 7 'Financial Instruments: Disclosures' is effective from July 01, 2008 and supersedes the disclosure requirements of IAS 32 'Financial Instruments: Presentation'. It introduces new disclosures relating to financial instruments which have been set out in note 32 to these financial statements. Its adoption does not have any impact on the classification and valuation of the company's financial instruments.

- IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction' is effective from July 01, 2008. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The company has applied IFRIC 14 from July 01, 2008, but it has no significant impact on the company's financial statements.

2.2.2 Amendments and interpretations to published standards applicable to the company not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

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

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

	2009	2008
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(4,145,185)	(4,314,350)
Recognition of lease debtor	885,788	1,154,584
Decrease in unappropriated profit at the beginning of the year	(3,159,766)	(3,111,309)
Decrease in profit for the year	(99,631)	(48,457)
Decrease in unappropriated profit at the end of the year	(3,259,397)	(3,159,766)

- IAS 1 (Presentation of Financial Statements – Revised), is effective for accounting periods beginning on or after January 01, 2009. The revised standard aims to enhance the usefulness of information presented in the financial statements including the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with 'Other comprehensive income'. The application of the revised standard will not affect the results or net assets of the company as it is only concerned with presentation and disclosures.

- Certain amendments to IAS 23 'Borrowing Costs' have been published that are effective for accounting periods beginning on or after January 01, 2009. Adoption of these amendments would require the company to capitalise the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately

expensing these borrowing costs will be removed. Its adoption will not have any impact on the company's financial statements.

2.2.3 Amendments and interpretations to published standards effective in the current year not applicable to the company

The following amendments and interpretations to existing standards have been published that are effective in the current year but are not applicable to the company's financial statements:

- IFRIC 12, 'Service Concession Arrangements' is effective from July 01, 2008. IFRIC 12 provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private concession arrangements.

- IFRIC 13, 'Customer Loyalty Programmes' is effective from July 01, 2008. IFRIC 13 addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services.

2.2.4 Amendments and interpretations to existing standards that are not applicable to the company and not yet effective

Standards and Interpretations		**Effective date (accounting periods beginning on or after)**
IFRS 4	-Insurance Contracts	January 01, 2009
IFRS 8	-Operating Segments	January 01, 2009
IFRIC 15	-Accounting for agreements for the construction of real estate	January 01, 2009
IFRIC 16	-Hedge of net investment in a foreign operation	October 01, 2008
IFRIC 17	-Distributions of non-cash assets to owners	July 01, 2009
IFRIC 18	-Transfers of Assets from Customers	July 01, 2009

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention, modified by capitalisation of exchange differences referred to in note 4.19, except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers

critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Retirement benefits

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

b) Provision for taxation

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

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

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

4. Significant accounting policies

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

4.1 Taxation

Current

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

Deferred

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

4.2 Employee retirement benefits

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

Defined benefit plans

a) The company operates an approved funded defined benefit gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. The contribution to the fund is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period. The latest actuarial valuation for the scheme was carried out as at June 30, 2009 and the actual return on plan assets during the year was Rs 5.829 million. The actual return on plan assets represents the difference between the fair value of plan assets at beginning of the year and end of the year after adjustments for contributions made by the company as reduced by benefits paid during the year.

Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

- Discount rate 12 percent per annum.
- Expected rate of increase in salary level 11 percent per annum.
- Expected rate of return 12 percent per annum.

The company's policy with regard to actuarial gains/losses is to follow minimum recommended approach under IAS 19 'Employee Benefits'.

b) Accumulating compensated absences

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

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain plant and machinery comprises historical cost, exchange differences referred to in note 4.19 and interest referred to in note 4.14.

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

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if the impact on depreciation is significant. The company's estimate of the residual value of its operating fixed assets as at June 30, 2009 has not required any adjustment as its impact is considered insignificant.

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

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

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

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

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

4.3.2 Capital work-in-progress

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

4.4 Intangible assets

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

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

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

4.5 Impairment of non-financial assets

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

4.6 Leases

The company is the lessee:

4.6.1 Operating leases

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

4.7 Stores, spares and loose tools

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

4.8 Stock-in-trade

Stock-in-trade except for those in transit and furnace oil are valued principally at lower of moving average cost and net realisable value. Furnace oil is valued at lower of cost based on FIFO and net realisable value.
Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

4.9 Financial instruments

4.9.1 Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or 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.

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or 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.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortised cost.

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 on trade-date – 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 or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. 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 the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

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

Changes in the fair value of securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised 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 the 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.

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

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.10.

4.9.2 Financial liabilities

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

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

4.9.3 Offsetting of financial assets and financial liabilities

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

4.10 Trade debts and other receivables

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

4.11 Cash and cash equivalents

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

4.12 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

4.13 Borrowings

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

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.14 Borrowing costs

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

4.15 Trade and other payables

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

4.16 Provisions

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

4.17 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivative instruments are recognised immediately in the profit and loss account.

4.18 Revenue recognition

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

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

4.19 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the

functional currency). The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account, except for exchange differences on loans utilised for the acquisition of plant and machinery which are capitalised.

4.20 Dividend

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

5. Issued, subscribed and paid up capital

2009	2008		2009	2008
(Number of shares)			(Rupees in thousand)	
130,352,780	130,352,780	ordinary shares of Rs 10 each fully paid in cash	1,303,528	1,303,528
39,105,834	39,105,834	ordinary shares of Rs 10 each issued as fully paid bonus shares	391,058	391,058
169,458,614	169,458,614		1,694,586	1,694,586

5.1 33,891,722 (2008: 33,891,722) ordinary shares of the company are held by an associated undertaking, Toyota Tsusho Corporation.

6. Long term loans

		2009	2008
		(Rupees in thousand)	
Secured	- note 6.1	-	-
Unsecured	- note 6.2	-	-

6.1 Secured

This represents loan from:

Lender	Currency	Foreign currency balance 2009	Foreign currency balance 2008	Rupees equivalent 2009	Rupees equivalent 2008	Rate of interest per annum	Number of equal half yearly instalments outstanding	Interest payable
		(Amount in thousand)		(Rupees in thousand)				
International Finance Corporation -Loan A	US $	-	1,250	-	85,250	11.25%	Nil	Half yearly
		-	1,250	-	85,250			
Less: Current maturity		-	1,250	-	85,250			
		-	-	-	-			

Security

This loan is secured by a registered mortgage on the company's freehold land and building, a first charge on present and future moveable assets including plant and machinery, equipment and motor vehicles and a floating charge on the company's present and future current assets including inventories, stores and spares, trade debts and other receivables.

This loan has been fully repaid during the year.

6.2 Unsecured

This represents a loan of US $ 6.7 million, availed for meeting loan repayments.

Lender	Currency	Foreign currency balance 2009	Foreign currency balance 2008	Rupees equivalent 2009	Rupees equivalent 2008	Rate of interest per annum	Number of equal half yearly instalments outstanding	Interest payable
		(Amount in thousand)		(Rupees in thousand)				
Toyota Tsusho Corporation, Japan - related party	US $	-	335	-	22,847	LIBOR + 5%	Nil	Half yearly
Less: Current maturity		-	335	-	22,847			
		-	-	-	-			

This loan has been fully repaid during the year.

		2009	2008
		(Rupees in thousand)	

7. Deferred liabilities

		2009	2008
Gratuity	- note 7.1	1,699	4,226
Leave salary		7,973	4,569
		9,672	8,795

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

	2009	2008
Fair value of plan assets	(37,512)	(28,634)
Present value of defined benefit obligation	54,265	51,059
Unrecognised actuarial losses	(15,054)	(18,199)
Liability as at June 30	1,699	4,226
Net liability as at July 1	4,226	4,030
Charge to profit and loss account	11,790	9,286
Contribution by the company	(14,317)	(9,090)
Liability as at June 30	1,699	4,226

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

	2009	2008
Present value of defined benefit obligation as at July 1	51,059	44,283
Current service cost	8,164	6,730
Interest cost	6,127	4,428
Benefits paid	(11,268)	(6,161)
Experience loss	183	1,779
Present value of defined benefit obligation as at June 30	54,265	51,059

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

	2009	2008
Fair value as at July 1	28,634	25,561
Expected return on plan assets	3,436	2,556
Contribution by the company	14,317	9,090
Benefits paid	(11,268)	(6,161)
Experience gain / (loss)	2,393	(2,412)
Fair value as at June 30	37,512	28,634

Plan assets comprise of cash and bank balances.

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

	2009	2008	2007	2006	2005
			(Rupees in thousand)		
As at June 30					
Present value of defined benefit obligation	54,265	51,059	44,283	36,315	28,204
Fair value of plan assets	37,512	28,634	25,561	23,607	19,059
Loss	16,753	22,425	18,722	12,708	9,145
Experience adjustment arising on plan liabilities (gain) / losses	183	1,779	6,806	2,324	1,996
Experience adjustment arising on plan assets gain / (losses)	2,393	(2,412)	1,430	(1,972)	-

8. Finances under mark up arrangements - secured

Short term running finances available from commercial banks under mark up arrangements amount to Rs 1,528 million (2008: Rs 551.5 million). The rates of mark-up range from Re 0.3589 to Re 0.5055 per Rs 1,000 per diem or part thereof on the balances outstanding. The aggregate running finances are secured by a second charge over the fixed assets and by a second hypothecation charge over stores, spares, stock-in-trade and trade debts. In addition, the bank shall have a banker's lien on all deposits, accounts and properties of the company held with the bank. The security and other agreements, negotiable instruments and documents to be executed by the company in favour of the bank shall be in the form and substance satisfactory to the bank. The company shall execute or cause to be executed all such instruments, deeds or documents, which the bank may in its sole discretion require.

		2009	2008
		(Rupees in thousand)	
9. Current portion of long term loans			
Secured	- note 6.1	-	85,250
Unsecured	- note 6.2	-	22,847
		-	108,097

		2009	2008
		(Rupees in thousand)	

10. Trade and other payables

Trade creditors		32,279	44,963
Accrued liabilities	- note 10.1	1,276	3,637
Withholding tax payable		1,385	1,614
Workers' profit participation fund	- note 10.2	45,912	33,020
Workers' welfare fund	- note 10.2	18,365	-
Sales tax payable		-	5,958
Unclaimed dividend		5,186	4,118
Other payables		2,695	914
		107,098	94,224

10.1 Included in accrued liabilities is an amount due to gratuity fund of Rs Nil (2008: Rs 1.5 million).

10.2 Workers' Profit Participation Fund (WPPF) and Workers' Welfare Fund (WWF)

		2009	2008	2009	2008
		(Rupees in thousand)			
		WPPF		WWF	
Opening balance		33,020	42,199	-	16,876
Provision for the year	- note 19.2	45,912	32,985	18,365	(16,876)
Interest for the year	- note 25	547	63	-	-
		79,479	75,247	18,365	-
Less: Payments made during the year		33,567	42,227	-	-
Closing balance		45,912	33,020	18,365	-

	2009	2008
	(Rupees in thousand)	

11. Accrued finance cost

Accrued mark up on:		
- Long term loan - secured	-	3,197
- Long term loan - unsecured	-	784
- Finances under mark up arrangements - secured	69	9,550
	69	13,531

12. Contingencies and commitments

12.1 Contingencies

The company has issued the following guarantees in favour of:

(i) WAPDA on account of liquidated damages, in case, the company fails to make available electricity to WAPDA on its request, amounting to Rs 215 million (2008: Rs 230 million).

(ii) Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales etc., amounting to Rs 4.25 million (2008: Rs 4.25 million).

(iii) U.S. Bank Trust National Association in order to meet the foreign reserve requirements, as referred to in note 20.1, amounting to USD Nil (2008: USD 1.32 million), equivalent to Rs Nil (2008: Rs 90.16 million).

12.2 Commitments

(i) Letters of credit other than capital expenditure Rs 5.66 million (2008: Rs 40.85 million).

(ii) The amount of future payments under non-cancellable operating leases and the period in which these payments will become due are as follows:

	2009	2008
	(Rupees in thousand)	
Not later than one year	1,538	3,023
Later than one year and not later than five years	-	983
	1,538	4,006

13. Property, plant and equipment

Operating fixed assets	- note 13.1	4,357,803	4,537,937
Capital work-in-progress	- note 13.2	5,627	55,210
		4,363,430	4,593,147

13.1 Operating fixed assets

(Rupees in thousand)

	Freehold land	Buildings on freehold land	Plant and machinery	Office appliances and equipment	Laboratory equipment	Electric appliances and equipment	Computers	Furniture and fixtures	Vehicles	Total
COST										
Balance as at July 01, 2007	78,837	599,219	6,470,307	6,056	2,576	11,758	47,675	9,153	46,509	7,272,090
Additions during the year	20,753	31,916	12,852	570	-	2,993	425	-	5,181	74,690
Disposals during the year	-	-	-	(65)	-	-	-	-	(8,687)	(8,752)
Balance as at June 30, 2008	99,590	631,135	6,483,159	6,561	2,576	14,751	48,100	9,153	43,003	7,338,028
Balance as at July 01, 2008	99,590	631,135	6,483,159	6,561	2,576	14,751	48,100	9,153	43,003	7,338,028
Additions during the year	-	2,089	68,260	61	-	1,348	654	-	7,722	80,134
Disposals during the year	-	-	-	-	-	-	-	-	(5,774)	(5,774)
Balance as at June 30, 2009	99,590	633,224	6,551,419	6,622	2,576	16,099	48,754	9,153	44,951	7,412,388
DEPRECIATION										
Balance as at July 01, 2007	-	202,570	2,290,265	2,209	1,882	7,089	32,159	5,773	7,997	2,549,944
Charge for the year	-	20,726	216,451	617	255	1,105	4,449	798	7,827	252,228
Depreciation on disposals	-	-	-	(11)	-	-	-	-	(2,070)	(2,081)
Balance as at June 30, 2008	-	223,296	2,506,716	2,815	2,137	8,194	36,608	6,571	13,754	2,800,091
Balance as at July 01, 2008	-	223,296	2,506,716	2,815	2,137	8,194	36,608	6,571	13,754	2,800,091
Charge for the year	-	21,876	220,315	617	242	1,184	4,344	795	7,134	256,507
Depreciation on disposals	-	-	-	-	-	-	-	-	(2,013)	(2,013)
Balance as at June 30, 2009	-	245,172	2,727,031	3,432	2,379	9,378	40,952	7,366	18,875	3,054,585
Book value as at June 30, 2008	99,590	407,839	3,976,443	3,746	439	6,557	11,492	2,582	29,249	4,537,937
Book value as at June 30, 2009	99,590	388,052	3,824,388	3,190	197	6,721	7,802	1,787	26,076	4,357,803
Annual depreciation rate %	-	4.00 - 6.00	4.55 - 18.18	10	10	10	10 - 35	10	20	

13.1.1 Additions to buildings on freehold land and plant and machinery include exchange loss on foreign currency loans amounting to Rs 0.705 million (2008: Rs 1.221 million) and Rs 9.419 million (2008: Rs 12.854 million)

13.1.2 The cost of fully depreciated assets which are still in use as at June 30, 2009 is Rs 17.562 million (2008: Rs 14.986 million)

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

		2009	2008
		(Rupees in thousand)	
Cost of sales	- note 22	246,260	240,671
Administrative expenses - Depreciation	- note 23	9,830	11,246
Administrative expenses - Miscellaneous expenses (Community welfare)		417	310
		256,507	252,228

13.1.4 Disposal of operating fixed assets

(Rupees in thousand)

2009

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

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposals
Vehicles	**Outsiders**					
	Muhammad Yousaf Iqbal	1,360	559	801	830	Negotiation
	Shahid Mehmood	1,001	334	667	951	-do-
	Fazal Karim	1,018	244	774	1,030	-do-
	M/s Panthers	1,017	176	841	900	-do-
		4,396	1,313	3,083	3,711	
	Employee					
	Muhammad Ashraf	1,378	700	678	900	Negotiation
		5,774	2,013	3,761	4,611	

2008

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

		Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposals
Vehicles	**Outsiders**					
	Mian Altamash Azar Saleem	5,181	484	4,697	3,700	Negotiation
	Nasir Ahmed Malik	3,427	1,555	1,872	1,000	-do-
	M/s EFU General Insurance Company Limited	79	31	48	60	Insurance claim
Office appliances and equipment	M/s Panthers	65	11	54	20	Trade in
		8,752	2,081	6,671	4,780	

		2009	2008
		(Rupees in thousand)	

13.2 Capital work-in-progress

	2009	2008
Plant and machinery	-	55,210
Advances to suppliers - considered good	5,627	-
	5,627	55,210

14. Intangible assets

Cost	
Balance as at July 01, 2007	16,502
Balance as at June 30, 2008	16,502
Balance as at July 01, 2008	16,502
Balance as at June 30, 2009	16,502
Amortisation	
Balance as at July 01, 2007	10,461
Charge for the year	1,496
Balance as at June 30, 2008	11,957
Balance as at July 01, 2008	11,957
Charge for the year	887
Balance as at June 30, 2009	12,844
Book value as at June 30, 2008	4,545
Book value as at June 30, 2009	3,658
Annual amortisation rate %	10

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

		2009	2008
		(Rupees in thousand)	
Cost of sales	- note 22	365	974
Administrative expenses	- note 23	522	522
		887	1,496

14.2 The cost of fully amortised assets which are still in use as at June 30, 2009 is Rs 4.1 million (2008: Rs Nil)

15. Long term loans and deposits

		2009	2008
		(Rupees in thousand)	
Loans to employees - considered good			
-Executives	- note 15.1	4,982	4,953
-Others	- note 15.1	8,693	9,670
Loan to others-secured	- note 15.1.1	2,020	2,800
		15,695	17,423
Less: Current portion included in current assets			
-Loans to employees-executives	- note 15.1	1,979	1,891
-Loans to employees-others	- note 15.1	4,209	4,874
-Loan to others-secured	- note 15.1.1	720	720
		6,908	7,485
		8,787	9,938
Security deposits		422	422
		9,209	10,360

15.1 These represent interest free loans to executives and other employees for purchase of motor cars, motor cycles etc. and are repayable in monthly instalments over a period of 36 to 60 months.

15.1.1 This represents an interest free loan issued to a contractor of the company for improvements at his residential house. This loan is secured by a general power of attorney given to the Chief Executive Officer of the company to deal in all affairs of the residential property uptil the settlement of the loan.

15.2 Reconciliation of carrying amount of loans to executives

	2009	2008
	(Rupees in thousand)	
Opening balance	4,953	2,674
Disbursements	4,592	480
Transfer from gratuity fund	-	3,581
	9,545	6,735
Less: Repayments	4,563	1,782
Closing balance	4,982	4,953

15.3 Loans aggregating Rs 5.191 million (2008: Rs 4.270 million) are secured by registration of motor cars in the name of the company and open transfer letters signed by the employees in the case of motor cycles.

15.4 The maximum amount outstanding at the end of any month from executives aggregated Rs 5.901 million (2008: Rs 8.165 million).

		2009	2008
		(Rupees in thousand)	
16. Stores, spares and loose tools			
Stores		7,210	16,848
Spares including in transit Rs 8.762 million (2008: Rs 7.941 million)		367,486	365,158
Loose tools		640	886
		375,336	382,892
Less : Provision for obsolete items	- note 16.2	9,264	-
		366,072	382,892

16.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	2009	2008
	(Rupees in thousand)	
16.2 Provision for obsolete stores and spares		
Opening balance	-	-
Provision for the year	9,264	-
Closing balance	9,264	-

		2009	2008
17. Stock-in-trade			
Furnace oil		306,227	77,169
Diesel		357	511
Lubricating oil		4,650	7,880
		311,234	85,560
18. Trade debts			
Trade receivables from WAPDA - secured			
-Considered good		963,309	1,939,815
-Considered doubtful		6,966	2,685
	- note 18.1	970,275	1,942,500
Less: Provision for doubtful debts	- note 18.2	6,966	2,685
		963,309	1,939,815

18.1 This includes an overdue amount of Rs 325.879 million (2008: Rs 1,161.192 million) receivable from WAPDA. The trade debts are secured by a guarantee from the Government of Pakistan under the Implementation Agreement. These are in the normal course of business and interest free, however, a penal mark-up at the rate of six months treasury bill plus 2% is charged in case the amounts are not paid within due dates. The effective rate of penal mark-up charged during the year ranges from 14% to 17 %.

18.2 Provision for doubtful debts

		2009	2008
		(Rupees in thousand)	
Opening balance		2,685	-
Provision for the year	- note 23	4,281	2,685
Closing balance		6,966	2,685

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

		2009	2008
Current portion of long term loans to 'employees'	- note 15	6,188	6,765
Current portion of long term loans to 'others'	- note 15	720	720
Advances - considered good			
-To employees	- note 19.1	1,633	1,126
-To suppliers		108,173	133,511
Prepayments		35,682	21,515
Sales tax recoverable		9,250	-
Profit receivable on bank deposits		2,753	105
Claims recoverable from WAPDA for pass through items:			
-Workers' Profit Participation Fund	- note 19.2	45,912	32,985
-Workers' Welfare Fund	- note 19.2	18,365	-
Other receivables - considered good		11,446	1,030
		240,122	197,757

19.1 Included in advances to employees are amounts due from executives Rs 0.003 million (2008: Rs 0.039 million).

19.2 Workers' Profit Participation Fund (WPPF) and Workers' Welfare Fund (WWF)

	2009	2008	2009	2008
		(Rupees in thousand)		
		WPPF		WWF
Opening balance	32,985	42,188	-	16,876
Provision/(write back) for the year - note 10.2	45,912	32,985	18,365	(16,876)
	78,897	75,173	18,365	-
Less: Receipts during the year	32,985	42,188	-	-
Closing balance	45,912	32,985	18,365	-

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

20. Cash and bank balances

		2009	2008
		(Rupees in thousand)	
Balance at banks on:			
Current accounts	- note 20.1		
-Off shore - US $ Nil (2008: US $ 1,052,074)		-	71,751
-On shore		279	19,718
Special account related to dividend payable		1,398	1,725
Deposit accounts	- note 20.3	475,000	-
Savings accounts - on shore	- note 20.2 & 20.3	186,911	45,474
		663,588	138,668
Cash in hand		486	630
		664,074	139,298

20.1 These bank accounts are governed by the Trust and Retention Agreement with lenders, whereby, the company is required to keep its entire funds with the Trustees in Offshore and Onshore Escrow accounts in foreign and local currencies respectively. These funds are released by the Trustees out of Escrow accounts in accordance with annual budgets approved by the lenders. Special permission for operating and maintaining these accounts has been obtained from the State Bank of Pakistan.

20.2 Included in these are restricted funds of Rs Nil (2008: Rs 21.5 million) held by banks under lien as margin against guarantee.

20.3 The balances in deposit and savings bank accounts bear mark-up at rates ranging from 5.00% to 10.50% per annum.

21. Sales

	2009	2008
	(Rupees in thousand)	
Energy purchase price	6,950,971	6,260,816
Capacity purchase price	1,383,370	1,127,041
	8,334,341	7,387,857

Energy purchase price is exclusive of sales tax of Rs 1,105.485 million (2008: Rs 930.258 million).

22. Cost of sales

		2009	2008
		(Rupees in thousand)	
Raw material consumed		6,392,309	5,729,344
Salaries, wages and benefits	- note 22.1	77,257	65,298
Fee for Produce of Energy (FPE)		93,871	74,873
Stores and spares consumed		340,151	245,141
Depreciation on operating fixed assets	- note 13.1.3	246,260	240,671
Amortisation on intangible assets	- note 14.1	365	974
Insurance		39,663	38,975
Travelling, conveyance and entertainment		7,687	6,362
Repairs and maintenance		29,330	19,808
Communication charges		2,485	1,993
Electricity consumed in-house		1,606	1,323
Rent, rate and taxes		554	500
Miscellaneous		8,428	6,897
		7,239,966	6,432,159

22.1 Salaries, wages and other benefits

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

	2009	2008
Current service cost	3,894	3,001
Interest cost for the year	2,923	1,975
Expected return on plan assets	(1,639)	(1,140)
Recognition of loss	446	305
	5,624	4,141

In addition to the above, salaries, wages and other benefits include Rs 4.383 million (2008: Rs 7.2 million) in respect of accumulating compensated absences.

		2009	2008
		(Rupees in thousand)	

23. Administrative expenses

Salaries, wages and benefits	- note 23.1	81,254	81,798
Printing and stationery		299	238
Communication charges		2,500	3,455
Depreciation on operating fixed assets	- note 13.1.3	9,830	11,246
Amortisation on intangible assets	- note 14.1	522	522
Insurance		2,378	2,832
Travelling, conveyance and entertainment		21,874	27,297
Repairs and maintenance		6,224	5,975
Legal and professional charges	- note 23.2	7,398	41,853
Donations	- note 23.3	5,722	628
Rents, rates and taxes		3,030	2,744
Fee and subscription		1,935	9,011
Loss on disposal of fixed assets		-	1,891
Provision for doubtful debts	- note 18.2	4,281	2,685
Provision for obsolete stores and spares	- note 16.2	9,264	-
Advances written off		286	1,875
Miscellaneous	- note 23.4	25,726	38,148
		182,523	232,198

23.1 Salaries, wages and other benefits

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

Current service cost	4,269	3,729
Interest cost for the year	3,204	2,454
Expected return on plan assets	(1,797)	(1,416)
Recognition of loss	490	378
	6,166	5,145

In addition to above, salaries, wages and other benefits include Rs 4.005 million (2008: Rs 5.191 million) in respect of accumulating compensated absences.

	2009	2008
	(Rupees in thousand)	

23.2 Legal and professional charges

Legal and professional charges include the following in respect of auditors' services for:

Statutory audit	745	620
Half yearly review	215	180
Foreign reporting and sundry services	100	170
Out of pocket expenses	119	87
	1,179	1,057

23.3 The spouse of the Chairman of the Board of Directors of the company is the trustee of Hum Pakistani to which donation of Rs 5 million was made.

23.4 Includes an amount of Rs 0.309 million (2008: Rs 0.176 million) on account of advertisement expense to Red Communication Arts (Private) Limited, a related party.

		2009	2008
		(Rupees in thousand)	

24. Other operating income

Income from financial assets:			
Income on bank deposits			
-On shore		37,516	14,114
-Off shore		154	-
		37,670	14,114
Income from non-financial assets:			
Scrap sales		11,328	5,623
Profit on disposal of property, plant and equipment		850	-
		12,178	5,623
Exchange gain		2,837	-
Liability no longer payable written back		1,500	-
Others		-	763
		54,185	20,500

25. Finance cost

Interest on long term loans:			
-secured		1,808	16,066
-unsecured		167	3,985
Interest on finances under mark up arrangements - secured		37,024	50,325
Lender's consultancy charges		3,747	437
Loan administration fee		385	2,042
Bank guarantee and commission		3,812	4,348
Interest on Workers' Profit Participation Fund	- note 10.3	547	63
Exchange loss		-	6,774
Others		306	267
		47,796	84,307

26. Taxation

This represents the provision for current taxation for the year.

	2009	2008
	(Rupees in thousand)	
26.1 Tax charge reconciliation		
Profit before tax	918,241	659,693
Tax @ 35% (2008: 35%)	321,384	230,892
Tax effect of exempt income referred to in note 4.1	(308,199)	(225,892)
Tax charge	13,185	5,000

27. Cash generated from operations

	2009	2008
Profit before taxation	918,241	659,693
Adjustment for:		
-Depreciation on property, plant and equipment	256,507	252,228
-Amortisation on intangible assets	887	1,496
-(Gain) / loss on disposal of property, plant and equipment	(850)	1,891
-Income on bank deposits	(37,670)	(14,877)
-Employee retirement benefits accrued	20,178	9,286
-Finance cost	38,999	77,533
-Liability no longer payable written back	(1,500)	-
-Advances written off	286	-
-Provision for doubtful debts	4,281	-
-Provision for obsolete stores and spares	9,264	-
-Exchange loss	-	6,774
Profit before working capital changes	1,208,623	994,024
Effect on cash flow due to working capital changes		
-Decrease / (increase) in stores and spares	7,556	(75,664)
-(Increase) / decrease in inventory	(225,674)	123,856
-Decrease / (increase) in trade debts	972,225	(784,421)
-(Increase) / decrease in loans, advances, deposits, prepayments and other receivables	(40,003)	122,729
-Increase in trade and other payables	13,306	6,695
	727,410	(606,805)
	1,936,033	387,219

28. Cash and cash equivalents

	2009	2008
Cash and bank balances	664,074	139,298
Finances under mark up arrangements	-	(470,608)
	664,074	(331,310)

29. Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Directors		Executives	
	2009	2008	2009	2008	2009	2008
Managerial remuneration and allowances	5,346	5,158	17,411	12,860	8,676	9,220
Housing	2,401	2,055	7,656	5,329	3,716	3,529
Retirement benefits	796	681	1,846	929	1,334	1,783
Medical expenses	-	1	47	19	285	402
Bonus	1,622	1,387	4,174	2,845	2,325	1,944
Utilities	534	457	1,701	1,188	826	784
Club expenses	77	33	127	49	52	40
Others	3,961	2,006	8,925	4,968	3,707	2,931
	14,737	11,778	41,887	28,187	20,921	20,633
Number of persons	1	1	3	3	9	10

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

29.2 Remuneration to other directors

Aggregate amount charged in the financial statements for the year for fee to 3 directors is Rs 0.110 million (2008: Rs 0.070 million).

30. Transactions with related parties

The related parties comprise associated undertakings, other related companies, key management personnel and post retirement benefit plan. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of key management personnel is disclosed in note 29. Other significant transactions with related parties are as follows:

Description		**2009**	**2008**
		(Rupees in thousand)	
Relationship with the company	**Nature of transaction**		
i. Associated undertaking	Loan repayments	25,795	40,920
	Interest expense	167	5,454
ii. Other related party	Purchase of services	404	177
iii. Post retirement benefit plan	Expense charged	11,790	9,286

All transactions with related parties are carried out on commercial terms and conditions. Interest is charged between related parties on the basis of mutually agreed terms.

31. Capacity and production

	2009 MWH	2008 MWH
Installed capacity (Based on 8,760 hours)	1,086,240	1,086,240
Actual energy delivered	872,630	881,894

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

32. Financial risk management

32.1 Financial risk factors

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

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

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

The company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro and Swiss Francs (CHF). Currently, the company's foreign exchange risk exposure is restricted to bank balances, the amounts receivable / payable from / to the foreign entities. The company's exposure to currency risk is as follows:

	2009	2008
	(Rupees in thousand)	
Cash at banks - USD	-	1,052,074
Long term loans - USD	-	(1,585,000)
Trade and other payables - USD	(9,621)	(58,364)
Net exposure - USD	(9,621)	(591,290)
Trade and other payables - Euro	(3,223)	(101,350)
Net exposure - Euro	(3,223)	(101,350)
Trade and other payables - CHF	(45,985)	(227,131)
Net exposure - CHF	(45,985)	(227,131)

	2009	2008
	(Rupees in thousand)	
The following significant exchange rates were applied during the year:		
Rupees per USD		
Average rate	78.89	62.76
Reporting date rate	81.30	68.18
Rupees per Euro		
Average rate	107.99	93.32
Reporting date rate	114.82	107.62
Rupees per CHF		
Average rate	72.83	59.27
Reporting date rate	75.26	66.91

If the functional currency, at reporting date, had fluctuated by 5% against the USD , Euro and CHF with all other variables held constant, the impact on profit after taxation for the year would have been Rs 0.230 million (2008: Rs 3.32 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

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

(iii) Interest rate risk

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

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

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

	2009	2008
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - deposit accounts	475,000	-
Bank balances - savings accounts	186,911	45,474
Financial liabilities		
Long term loans	-	(85,250)
Net exposure	661,911	(39,776)
Floating rate instruments		
Financial assets		
Trade debts - overdue	325,879	1,161,192
Financial liabilities		
Long term loans	-	(22,847)
Finances under mark up arrangements - secured	-	(470,608)
Net exposure	325,879	667,737

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

The company does not have any variable rate instruments at the reporting date. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the company.

(b) Credit risk

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

(i) Exposure to credit risk

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

	2009	2008
	(Rupees in thousand)	
Long term loans and deposits	9,209	10,360
Trade debts	970,275	1,942,500
Loans, advances, deposits, prepayments and other receivables	85,384	41,605
Cash and bank balances	663,588	138,668
	1,728,456	2,133,133

The age of trade receivables and related impairment loss at balance sheet date is as follows:

The age of trade receivables

	2009	2008
	(Rupees in thousand)	
- Not past due	644,396	781,308
- Past due 0 - 180 days	318,913	1,158,507
- Past due 181 - 365 days	-	-
- 1 - 2 years	4,281	2,685
- More than 2 years	2,685	-
	970,275	1,942,500

The age of impairment loss against trade receivables

	2009	2008
	(Rupees in thousand)	
- Not past due	-	-
- Past due 0 - 180 days	-	-
- Past due 181 - 365 days	-	-
- 1 - 2 years	4,281	2,685
- More than 2 years	2,685	-
	6,966	2,685

The movement in provision for impairment of receivables is as follows:

Opening balance	2,685	-
Provision for the year	4,281	2,685
Closing balance	6,966	2,685

(ii) Credit quality of major financial assets

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

	Rating Short term	Rating Long term	Rating Agency	2009	2008
				(Rupees in thousand)	
WAPDA	Not Available			1,034,552	1,975,484
US Bank	F1+	AA -	Fitch	-	71,751
Bank Alfalah Limited	A-1	AA	PACRA	9,445	14,955
Standard Chartered Bank	A1+	AAA	PACRA	308,118	28,913
Royal Bank of Scotland	A1+	AA	PACRA	236	229
Faysal Bank Limited	A1+	AA	PACRA	180,687	22,818
MCB Bank Limited	A1+	AA+	PACRA	164,443	-
Deutsche Bank	A-1	A+	Standard and Poors	659	-
				1,698,140	2,114,150

Due to the company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.
The company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2009, the company had Rs 1,528 million available borrowing limits from financial institutions and Rs 663.588 million cash and bank balances.

The following are the contractual maturities of financial liabilities as at June 30, 2009:

	Carrying amount	Less than one year	One to five years	More than five years
		(Rupees in thousand)		
Trade and other payables	41,436	41,436	-	-
Accrued finance cost	69	69	-	-
	41,505	41,505	-	-

The following are the contractual maturities of financial liabilities as at June 30, 2008:

	Carrying amount	Less than one year	One to five years	More than five years
		(Rupees in thousand)		
Long term loans	108,097	108,097	-	-
Trade and other payables	53,632	53,632	-	-
Accrued finance cost	13,531	13,531	-	-
	175,260	175,260	-	-

32.2 Fair values of financial assets and liabilities

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

32.3 Financial instruments by categories

	Loans and receivables	
	2009	2008
	(Rupees in thousand)	
Assets as per balance sheet		
Long term loans and deposits	9,209	10,360
Trade debts	970,275	1,942,500
Loans, advances, deposits, prepayments and other receivables	85,384	41,605
Cash and bank balances	663,588	138,668
	1,728,456	2,133,133

	Financial liabilities at amortised cost	
	2009	2008
	(Rupees in thousand)	
Liabilities as per balance sheet		
Long term loans	-	108,097
Trade and other payables	41,436	53,632
Accrued finance cost	69	13,531
	41,505	175,260

32.4 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt.Consistent with others in the industry and the requirements of the lenders, the company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings, as disclosed in note 6, less cash and cash equivalents as disclosed in note 28.Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The company's strategy, which was unchanged from last year, was to maintain a gearing ratio of 30% debt and 70% equity.The gearing ratio as at June 30, 2009 and June 30, 2008 is as follows:

		2009	2008
		(Rupees in thousand)	
Borrowings - note 6		-	108,097
Less: Cash and cash equivalents - note 28		664,074	(331,310)
Net debt		(664,074)	439,407
Total equity		6,703,340	6,560,849
Total capital		6,039,266	7,000,256
Gearing ratio	Percentage	-	6%

33. Earnings per share

33.1 Basic earnings per share

		2009	2008
Net profit for the year	**Rupees in thousand**	905,056	654,693
Weighted average number of ordinary shares	**Number**	169,458,614	169,458,614
Earnings per share	**Rupees**	5.34	3.86

33.2 Diluted earnings per share

A diluted earnings per share has not been presented as the company does not have any convertible instruments in issue as at June 30, 2009 and June 30, 2008 which would have any effect on the earnings per share if the option to convert is exercised.

34. Date of authorization for issue

These financial statements were authorised for issue on September 15, 2009 by the Board of Directors of the company.

35. Events after the balance sheet date

The Board of Directors have proposed a final dividend for the year ended June 30, 2009 of Re. 1.0 (2008: Re. 1.0) per share, amounting to Rs. 169.459 million (2008: Rs. 169.459 million) at their meeting held on September 15, 2009 for approval of the members at the Annual General Meeting to be held on October 29, 2009. These financial statements do not reflect this dividend payable.

36. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. Significant re-arrangements made are as follows:

	Rupees in thousand
Accrued finance cost previously classified under trade and other payables now separately reported	13,531
Capital work-in-progress previously reported separately now reclassified and disclosed under property, plant and equipment.	55,210

37. General

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

Chief Executive **Director**

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2009

NO. OF SHAREHOLDERS	SHAREHOLDING FROM		SHAREHOLDING TO	TOTAL SHARES HELD
64	1	-	100	3,745
143	101	-	500	50,759
106	501	-	1,000	91,200
199	1,001	-	5,000	607,284
88	5,001	-	10,000	713,624
29	10,001	-	15,000	384,595
26	15,001	-	20,000	474,550
10	20,001	-	25,000	241,000
14	25,001	-	30,000	395,800
4	30,001	-	35,000	134,000
10	35,001	-	40,000	389,000
1	40,001	-	45,000	43,000
14	45,001	-	50,000	692,500
6	50,001	-	55,000	312,250
4	55,001	-	60,000	239,000
6	60,001	-	65,000	377,100
1	65,001	-	70,000	66,500
1	70,001	-	75,000	75,000
2	75,001	-	80,000	152,500
2	80,001	-	85,000	165,112
7	95,001	-	100,000	697,500
2	105,001	-	110,000	219,000
2	110,001	-	115,000	223,000
1	120,001	-	125,000	120,500
1	125,001	-	130,000	128,651
1	130,001	-	135,000	131,755
1	135,001	-	140,000	140,000
1	140,001	-	145,000	141,500
1	145,001	-	150,000	150,000
1	150,001	-	155,000	152,500
1	155,001	-	160,000	159,510
1	160,001	-	165,000	163,500
1	195,001	-	200,000	200,000
1	210,001	-	215,000	214,000
1	225,001	-	230,000	230,000
1	230,001	-	235,000	231,500
3	245,001	-	250,000	747,500
1	250,001	-	255,000	255,000
2	270,001	-	275,000	545,093
1	275,001	-	280,000	276,769
1	280,001	-	285,000	285,000
1	285,001	-	290,000	285,500
1	295,001	-	300,000	300,000
1	320,001	-	325,000	325,000
1	365,001	-	370,000	370,000
1	370,001	-	375,000	375,000
1	395,001	-	400,000	400,000
1	400,001	-	405,000	404,500
2	415,001	-	420,000	834,000
1	470,001	-	475,000	475,000
3	495,001	-	500,000	1,500,000
1	525,001	-	530,000	529,000
1	595,001	-	600,000	600,000
1	600,001	-	605,000	603,000
1	620,001	-	625,000	622,500
1	650,001	-	655,000	655,000
1	685,001	-	690,000	686,763
1	690,001	-	695,000	693,500
1	715,001	-	720,000	715,250
1	720,001	-	725,000	723,000
1	870,001	-	875,000	873,500
1	905,001	-	910,000	909,500
1	935,001	-	940,000	937,500
1	995,001	-	1,000,000	1,000,000
1	1,070,001	-	1,075,000	1,071,257
1	1,245,001	-	1,250,000	1,250,000
1	1,265,001	-	1,270,000	1,266,000
1	2,995,001	-	3,000,000	3,000,000
1	3,385,001	-	3,390,000	3,389,171
1	3,690,001	-	3,695,000	3,692,500
1	7,770,001	-	7,775,000	7,771,244
1	7,900,001	-	7,905,000	7,902,999
1	13,725,001	-	13,730,000	13,726,620
1	14,125,001	-	14,130,000	14,126,621
1	25,415,001	-	25,420,000	25,418,792
1	27,110,001	-	27,115,000	27,113,378
1	33,890,001	-	33,895,000	33,891,722
801				**169,458,614**

Note :The slabs not applicable have not been shown.

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2009

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSES AND MINOR CHILDREN			
MR. M. NASEEM SAIGOL	1	14,126,621	8.3363
MRS. SEHYR SAIGOL (W/O Mr. M. Naseem Saigol)	1	7,902,999	4.6637
MR. MUNEKI UDAKA	1	500	0.0003
MR. HIROSHIGE UGA	1	500	0.0003
MR. SHINICHI USHIJIMA	1	500	0.0003
MR. SHEIKH MUHAMMAD SHAKEEL	1	650	0.0004
MR. GHAZANFAR ALI KHAN (Nomination Wartsila Finland Oy)	1	500	0.0003
	7	**22,032,270**	
EXECUTIVES	-	-	-
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
TOYOTA TSUSHO CORPORATION	1	33,891,722	20.0000
TOMEN POWER (SINGAPORE) (PRIVATE) LTD.	1	27,113,378	16.0000
*(RELATED PARTIES)			
		61,005,100	
NIT AND ICP, NATIONAL BANK OF PAKISTAN,TRUSTEE DEPTT.	2	**1,344,850**	0.7936
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS.	11	**3,265,257**	1.9269
INSURANCE COMPANIES	5	**741,269**	0.4374
MODARABA AND MUTUAL FUNDS	18	**3,842,000**	2.2672
GENERAL PUBLIC			
a. Local	698	42,875,626	25.3015
b. Foreign(Excluded the shareholders appearing in Associated Companies)	11	28,937,843	17.0766
		71,813,469	
OTHERS (Joint Stock Companies)	47	**5,414,399**	3.1951
	801	**169,458,614**	**100.000**

SHAREHOLDERS HOLDING 10% OR MORE			
MR. AND MRS. M NASEEM SAIGOL	2	22,029,620	13.0000
MR. AND MRS. M. AZAM SAIGOL	2	22,029,619	13.0000
INTERNATIONAL FINANCE CORPORATION	1	25,418,792	15.0000
TOYOTA TSUSHO CORPORATION	1	33,891,722	20.0000
TOMEN POWER (SINGAPORE) (PRIVATE) LTD.	1	27,113,378	16.0000
		130,483,131	
*** RELATED PARTIES**			
MR. AND MRS. M NASEEM SAIGOL	2	22,029,620	13.0000
MR. AND MRS. M. AZAM SAIGOL	2	22,029,619	13.0000
		44,059,239	

PROXY FORM

Ledger Folio/CDC A/C No.	Shares Held

I/We --

of -- being member(s) of Kohinoor Energy Limited

hereby appoint --

of --- or failing him -------------------------------

of -- as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the sixteenth Annual General Meeting of the Company to be held on October 29, 2009 at 11:00 am and/or at any adjournment thereof.

As witness my/our hand(s) this ------------------------ day of ------------------------ 2009

signed by --

in the presence of ---

Signed by the said

Witness:		Witness:		
Name	----------------------------	Name	----------------------------	**Revenue Stamps**
NIC No.	----------------------------	NIC No.	----------------------------	
Address	----------------------------	Address	----------------------------	
	----------------------------		----------------------------	
	----------------------------		----------------------------	

Notes

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

For CDC Account Holders/Corporate Entities

In addition to the above, the following requirements be met :

(i) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

(ii) In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company

(iii) The proxy shall produce his original NIC or original passport at the time of attending the meeting.