ANNUAL REPORT 2006

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Corporate Information

Board of Directors

Mr. M. Naseem Saigol
Chairman
Mr. Haruyoshi Murakami
Chief Executive
Dr. Umer Masood Tariq
Nominee of Tomen Power (Singapore) Pvt. Limited
Mr. Muneki Udaka
Sheikh Muhammad Shakeel
Mr. Tomoyuki Yoshinaka
Mr. Rolf Andersson

Company Secretary

Mr. Muhammad Asif

Audit Committee

Dr. Umer Masood Tariq
Chairman
Sheikh Muhammad Shakeel
Mr. Rolf Andersson

Management

Mr. Haruyoshi Murakami
Chief Executive Officer
Dr. Umer Masood Tariq
Chief Operating Officer
Mr. Muneki Udaka
Executive Director
Mr. Ghazanfar Ali Zaidi
General Manager Technical
Mr. Ahmed Zia Haider
Chief Financial Officer

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Bankers

Off Shore Trustee
U.S. Bank, New York

On shore Trustee
Union Bank Limited

Others
Faysal Bank Limited
Standard Chartered Bank
ABN Amro Bank
Bank Alfalah Limited

Registered Office

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

Project/Head Office/Shares Department

Near Tablighi Ijtima,
Post Office Kohinoor Energy, Raiwind Bypass,
Lahore, Pakistan.
UAN : +92-42-111-111-535
Tel : +92-42-5392317
Fax : +92-42-5393415-7

Lahore Office

17-Aziz Avenue, Unit # 4, Canal Bank,
Gulberg V, Lahore, Pakistan.
Tel : +92-42-5717861-2
Fax : +92-42-5715090

Website

www.kel.com.pk

Notice of Annual General Meeting

Notice is hereby given that the thirteenth Annual General Meeting of shareholders of Kohinoor Energy Limited will be held on October 20, 2006 (Friday) at 10:00 A.M. at Registered Office, 1404, 14th Floor, Green Trust Tower, Blue Area, Islamabad to transact the following business:

1. To confirm minutes of the Annual General Meeting held on October 28, 2005.

2. To receive and adopt the Annual Audited Accounts of the Company for the financial year ended June 30, 2006 alongwith Directors' and Auditors' Reports thereon.

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

4. To approve the interim dividend, already paid @ 10% i.e. Re. 1.00 per share as declared by the Board of Directors, as final dividend for the financial year 2005-2006.

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, 2006. The retiring Directors are:

   1. Mr. M. Naseem Saigol
   2. Mr. Haruyoshi Murakami (Nominee of Tomen Corporation) Japan
   3. Dr. Umer Masood Tariq (Nominee of Tomen Power (Singapore) (Private) Limited)
   4. Mr. Muneki Udaka
   5. Sheikh Muhammad Shakeel
   6. Mr. Tomoyuki Yoshinaka
   7. Mr. Rolf Andersson

6. Any other business with the permission of the chair.

By order of the Board

Lahore:
September 07, 2006

(Muhammad Asif)
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from October 12, 2006 to October 20, 2006 (both days inclusive). Transfers received at Head Office/Shares Department of the Company situated Near Tablighi Ijtima, Post Office Kohinoor Energy, Raiwind Bypass, Lahore upto the close of business on October 11, 2006 will be treated in time to attend and vote at the meeting.

2. Any person who seeks to contest the Election of Directors shall file at Head Office/Shares Department of the Company as mentioned in Note No.1, 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/Shares Department of the Company as mentioned in Note No. 1, 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 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 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.

The directors feel pleasure in presenting their report together with the audited financial statements of Kohinoor Energy Limited for the financial year ended June 30, 2006.

Principle Activities

The main business activities of the Company are to own, operate, generate and maintain a furnace oil power station with net capacity of 124 MW (2005: 120 MW) whereas the gross capacity of the plant is 131.44 MW. As earlier reported, the net capacity of the plant is inclusive of 4 MW of electricity, which we have ascertained by optimizing the processes of the existing facilities of the power plant.

Financial Results

We feel heartiest pleasure in reporting that the financial year under review portrayed as an outstanding year in the history of the Company. There was a considerable increase in demand of electricity resultantly the sales of the Company boosted to Rs. 4.98 billion as compare with Rs. 2.91 billion of the previous financial year. The Company, besides the major maintenance work on the remaining three engines, showed its outclass performance and earned a remarkable and highest ever pre-tax profit and crossed the mark of rupees ONE billion. During the year the Company earned a net profit after tax Rs. 1,013 million as against Rs. 805 million earned in the last financial year demonstrating 25.84% increase in profitability. Resultantly the earning per share surged to Rs. 5.98 as compare with Rs. 4.75 per share earned in the previous financial year. The hike in cost of sales mainly attributes to climbing of furnace oil prices. Higher dispatch, reduction in fuel consumption and decrease in financial cost are the key contributors to increase in profitability of the Company. The financial results of the Company for the year ended June 30, 2006 are as follows:

		2006	2005
		(Rupees in thousand)	
Profit before taxation		1,023,059	813,309
Taxation		(9,800)	(7,900)
Profit after taxation		1,013,259	805,409
Un-appropriated profit brought forward		3,124,194	2,911,890
Available for appropriations		4,137,453	3,717,299
Final Dividend for the year ended June 30, 2004 - Re. 1.00 per share		–	169,459
Final Dividend for the year ended June 30, 2005 - Re. 1.00 per share		169,459	–
Interim Dividend - Re. 1.00 per share (2005: Rs. 1.25 per share)		169,459	211,823
Interim Dividend - Rs. NIL (2005: Rs. 1.25 per share)		–	211,823
Un-appropriated profit carried forward		3,798,535	3,124,194
Earnings per share	**Rupees**	5.98	4.75

It gives us immense pleasure to report that after the payment of last installment on 1st September 2006, the International Finance Corporation's Loan "B" amounting to US$ 36.6 million has completely been retired. The Company is meeting all of its contractual and regulatory obligations. All of the debts are being served off regularly and timely. We further report that during the year under review there was no delay in repayment of any loans.

Operations

There was a substantial increase in demand of electricity and during the financial year 2005-2006 the power plant as overall dispatched 707,974 MWH of electricity to WAPDA, while during the previous financial year the dispatch was 440,051MWH. In terms of load the capacity factor remained 66.35% (including the corresponding affect of additional capacity of 4 MW) as against 41.86% of the previous financial year.

All of the eight engines, after reaching 24,000 running hours, have gone through the overhauling work. Qualified and experienced teams of engineers of the Company along with the engineers of Wartsila are caring for the operational and maintenance work of the engines. And we believe that the power plant is in expert hands and is working satisfactorily.

We feel pleasure that the Company showing consistency in its technical strength has successfully qualified the Annual Dependable Capacity Test. The power complex demonstrated the net capacity of 129.29 MW as against contractual net capacity of 124 MW. This additional out put is an evidence of the robust condition and technical excellence of the power plant.

Extension of the Power Plant

Due to growing need of electricity for domestic and commercial purposes, the country is facing a severe shortage of power supply. To meet with the growing demand of electricity the Company has received an invitation letter from the Private Power and Infrastructure Board (PPIB) to BID for fast track capacity extension. Honoring to our visionary commitment we have again come forward to serve the nation at this time of need. In this regard we have swiftly completed our preparatory work and have filed the Bid to the PPIB for expansion. We plan to extend the gross generation capacity of the power plant to more than the double of the existing capacity. The requisite land for the expansion has been procured and soil-filling work has been started.

Dividend Distribution

Keeping in view our capacity expansion plan we are preparing to bear the pre-financial closure expenses. Therefore, the Interim Dividend already declared by the Board of Directors in their meeting held on June 28, 2006 at the rate of @ 10%. (i.e. Re. 1 per share), is being treated as the final payout for the financial year 2005-2006. We are much confident that today's saving would yield you excellent reward in the up-coming time.

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.

- o During the financial year under review the Board of Directors met for five times and the attendance of the directors was as follows:

Name of Director	No. of Meetings Attended	Name of Director	No. of Meetings Attended
Mr. M. Naseem Saigol	3	Sheikh Muhammad Shakeel	5
Mr. Haruyoshi Murakami	5	Mr. Tomoyuki Yoshinaka	0
Dr. Umer Masood Tariq	5	Mr. Rolf Andersson	3
Mr. Muneki Udaka	5		

  Mr. Tomoyuki Yoshinaka residing in Japan could not attend the meetings. The Board granted leaves of absence to the members who could not attend the meetings.

- 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, 2005 to June 30, 2006

- 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.

Audit Committee

The Audit Committee, formed by the Board, comprises of three members where majority of the members belongs to non-executive directors. During the year under review Mr. Muneki Udaka, one of the Committee members relinquished his office and in his place the Board of directors appointed Mr. Rolf Andersson as Audit Committee member.

Environment Health and Safety

The Company demonstrates its best practices in Environment, Health and Safety and strictly follows the guidelines of ISO-14001 and OHSAS 18001. Our environment management system is aspired at providing a reliable, safe and healthy environment to employees, surrounding community and stakeholders and vows to preserve the environment for our next generations. Special emphasis has been made on protection of the environment through effective pollution control, and waste management. We feel pleasure to state that the National Forum for Environment and Health (NFEH) in recognition to the efforts made by the Company has awarded KEL an Environment Excellence Award 2006.

Ensuring the health and safety of employees, contractors and visitors likely to be affected by the Company's operations, has been on the priority areas. Accordingly, it is the Company's policy to provide the workplace in safest and practicable manner, consistent with the best industrial practices while adhering completely to the requirements of the international health and safety codes and practices. Regular EHS audit of facilities and EHS training of relevant staff is carried out. Adequate resources are made available to ensure the success of EHS policy.

Social Responsibility and Community Welfare

Contribution to social welfare has remained an integral part of our business strategy. Responding to our social responsibility we are paying attention in uplifting the educational and health levels of the nearby society.

We feel much pleasure in reporting you that the social welfare program of the Company is functioning satisfactorily. Stepping ahead and honoring our commitment of providing free and quality education we have constructed and established a school, which has started functioning. In this regard experienced administrative staff and qualified teachers have been employed. Recently a very first batch comprising 50 children of the adjacent community has been admitted in the nursery class and started their first term on August 25, 2006. We believe that we have made investment in the future of Pakistan and we are proud of it.

We also feel profound to report that three medical centers established by the Company are providing free medical treatment to the people living in the surrounding community of the plant. During the year the Company provided free medical treatment to 26,612 patients of the vicinity area. Moreover 92 patients requiring special medical treatments were referred to hospitals on Company's account. One patient has been helped in transplantation of kidney and in this regard all of the medical expenses including the cost of the kidney have been born by the Company.

Future Prospects

As earlier stated that we are aiming at extending the power plant to more than double of its existing generation capacity, we are much confident once the bid is approved, KEL will be the first Independent Power Producer (IPP), which will go through the expansion program. Higher dispatch coupled with increase in generation capacity of the plant will definitively add good returns in profitability of the Company in future.

We also like to report that after winning the three international quality recognitions of ISO-9001, ISO-14001 and OHSAS-18001, the management of your Company has initiated the working on Total Productivity Maintenance (TPM) program. Through the implementation of TPM policy we would be able to maximizing overall effectiveness and reliability of the machinery by reducing losses through teamwork and continuous development of employees, aiming to eliminate accidents, defects and breakdowns, which resultantly be add-on to the profitability of the Company.

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 Board of Directors has recommended the appointment of the retiring auditors for the next year as advised by the Audit Committee.

Pattern of Shareholding

The statement of pattern of shareholding as at June 30, 2006 is annexed to the Annual Report.

Acknowledgement

We would like to thank our valued shareholders, WAPDA, financial institutions, lenders, Wartsila, Pakistan State Oil and other suppliers for their trust and support that they extended to the Company. We also gratefully acknowledge the hardworking and dedication of all the executives and employees of the Company. We firmly believe that as partners in progress, the Company will continue to enjoy the full confidence, cooperation and support from all the stakeholders for the development and progress of the Company to achieve even better results in the years ahead.

For and on behalf of the Board

Lahore
September 07, 2006

Haruyoshi Murakami
Chief Executive

Financial Data

	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
DISPATCH LEVEL (%)	**66.35%**	**41.86%**	**32.25%**	**32.27%**	**17.67%**	**11.07%**
DISPATCH (MWH)	**707,974**	**440,051**	**339,024**	**339,248**	**185,767**	**116,322**
REVENUE (Rs. 000)						
ENERGY FEE	3,584,841	1,519,156	994,583	1,030,812	551,785	314,624
CAPACITY FEE	1,399,367	1,399,427	1,340,893	1,366,279	1,577,590	1,383,873
TOTAL REVENUE	**4,984,208**	**2,918,583**	**2,335,476**	**2,397,091**	**2,129,375**	**1,698,497**
COST OF SALES	3,749,585	1,879,009	1,264,170	1,358,062	972,276	724,217
GROSS PROFIT	**1,234,623**	**1,039,574**	**1,071,306**	**1,039,029**	**1,157,099**	**974,280**
PROFITABILITY (Rs. 000)						
PROFIT/(LOSS) BEFORE TAX	1,023,059	813,309	828,021	713,349	847,381	522,947
PROVISION FOR INCOME TAX	9,800	7,900	6,292	12,650	18,442	20,000
PROFIT/(LOSS) AFTER TAX	1,013,259	805,409	821,729	700,699	828,939	502,947
FINANCIAL POSITION (Rs. 000)						
FIXED ASSETS	4,686,883	4,827,978	4,992,485	5,173,798	5,491,190	6,027,792
CURRENT ASSETS	2,045,877	1,943,522	1,862,058	1,968,203	2,388,328	1,881,688
LESS CURRENT LIABILITIES	949,688	1,143,316	984,070	1,065,185	1,266,769	1,250,641
NET WORKING CAPITAL	1,096,189	800,206	877,988	903,018	1,121,559	631,047
CAPITAL EMPLOYED	5,783,072	5,628,184	5,870,473	6,076,816	6,612,749	6,658,839
LESS LONG TERM LOANS & DEFERRED LIABILITIES	289,951	809,404	1,433,456	2,037,881	2,766,137	3,641,166
SHARE HOLDERS EQUITY	5,493,121	4,818,780	4,437,017	4,038,935	3,846,612	3,017,673
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	4,137,453	3,547,840	3,166,078	2,852,725	2,152,026	1,323,087
APPROPRIATION / DIVIDENDS	338,918	423,646	423,647	508,376	-	-
UNAPPROPRIATED PROFIT BROUGHT FORWARD	3,798,535	3,124,194	2,742,431	2,344,349	2,152,026	1,323,087
	5,493,121	4,818,780	4,437,017	4,038,935	3,846,612	3,017,673
SHARE PRICES AS ON JUNE 30,	25.85	26.00	34.80	27.30	13.58	10.50
EARNING PER SHARE	5.98	4.75	4.85	4.13	4.89	2.97
RATIOS:						
RETURN ON ASSETS	0.15	0.12	0.12	0.10	0.11	0.06
PRICE EARNING RATIO	4.32	5.47	7.18	6.60	2.78	3.54
BREAK UP VALUE PER SHARE OF Rs. 10 EACH	32.42	28.44	26.18	23.83	22.70	17.81
CURRENT RATIO	2.15	1.70	1.89	1.85	1.89	1.50
NET PROFIT/(LOSS) TO SALES (%AGE)	20.33%	27.60%	35.18%	29.23%	38.93%	29.61%

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.37, 43 and 36 of listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. 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 on the Board of the Company. We shall encourage their representation in the forthcoming elections.

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 Board arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities.

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. An 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 procedures of the Company and they are involved in the internal audit function on a full time basis.

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 07, 2006

Haruyoshi Murakami
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 to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange, Chapter XIII of the Lahore Stock Exchange and Chapter XI of the Islamabad Stock Exchange, where the company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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, 2006.

Lahore,
September 07, 2006

A.F. Furguson & Company
Chartered Accountants

Auditors' Report

To the Members

We have audited the annexed balance sheet of Kohinoor Energy Limited as at June 30, 2006 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, 2006 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 **Chartered Accountants**

Balance Sheet

	Note	2006	2005
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
170,000,000 (2005: 170,000,000) ordinary shares of Rs 10 each		1,700,000	1,700,000
Issued, subscribed and paid up capital			
169,458,614 (2005: 169,458,614) ordinary shares of Rs 10 each	5	1,694,586	1,694,586
Unappropriated profit	6	3,798,535	3,124,194
		5,493,121	4,818,780
NON-CURRENT LIABILITIES			
Long term loans	7	286,965	805,885
Staff retirement benefits	8	2,986	3,519
		289,951	809,404
CURRENT LIABILITIES			
Current portion of long term loans	10	525,246	642,912
Creditors, accrued and other liabilities	11	329,314	413,402
Provision for taxation		95,128	87,002
		949,688	1,143,316
CONTINGENCIES AND COMMITMENTS	12		
		6,732,760	6,771,500

Chief Executive

As At June 30, 2006

	Note	2006	2005
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	4,666,324	4,799,639
Intangible assets	14	4,331	5,661
Capital work-in-progress	15	11,330	18,328
Long term loans and deposits	16	4,898	4,350
		4,686,883	4,827,978
CURRENT ASSETS			
Stores, spares and loose tools	17	319,578	285,179
Stock-in-trade	18	144,637	130,725
Trade debts	19	561,530	394,102
Loans, advances, deposits, prepayments and other receivables	20	391,218	260,150
Cash and bank balances	21	628,914	873,366
		2,045,877	1,943,522
		6,732,760	6,771,500

The annexed notes 1 to 36 form an integral part of these financial statements.

Director

Profit and Loss Account

For The Year Ended June 30, 2006

	Note	2006	2005
		(Rupees in thousand)	
Sales	22	4,984,208	2,918,583
Cost of sales	23	(3,749,585)	(1,879,009)
Gross profit		1,234,623	1,039,574
Administration and general expenses	24	(128,497)	(107,120)
Other operating income	25	45,195	42,331
Profit from operations		1,151,321	974,785
Finance cost	26	(128,262)	(161,476)
Profit before taxation		1,023,059	813,309
Taxation	27	(9,800)	(7,900)
Profit after taxation		1,013,259	805,409
Earnings per share	34	5.98	4.75

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

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive **Director**

Cash Flow Statement

For The Year Ended June 30, 2006

	Note	2006	2005
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	28	1,073,350	895,976
Staff retirement benefits paid		(6,509)	(25,197)
Finance cost paid		(142,325)	(163,469)
Taxes paid		(1,674)	(1,080)
Net cash from operating activities		922,842	706,230
Cash flows from investing activities			
Purchase of property, plant and equipment		(32,300)	(27,194)
Interest/mark-up income received		27,621	22,567
Net increase in long term loans and deposits		(548)	126
Sale proceeds of property, plant and equipment		1,475	8,777
Net cash (used in)/from investing activities		(3,752)	4,276
Cash flows from financing activities			
Repayment of Long term loans (net)		(676,560)	(629,440)
Dividend paid		(486,982)	(274,464)
Net cash used in financing activities		(1,163,542)	(903,904)
Net (decrease) in cash and cash equivalents		(244,452)	(193,398)
Cash and cash equivalents at beginning of the year		873,366	1,066,764
Cash and cash equivalents at the end of the year	21	628,914	873,366

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive **Director**

KOHINOOR ENERGY LIMITED

Statement of Changes in Equity

For The Year Ended June 30, 2006

	Share Capital	Un-appropriated Profit	Total
			(Rupees in thousand)
Balance as on June 30, 2004	1,694,586	2,911,890	4,606,476
Final dividend for the year ended June 30, 2004 Rs. 1.00 per share	–	(169,459)	(169,459)
Net profit for the year	–	805,409	805,409
Dividends			
- 1st Interim dividend - Rs 1.25 per share	–	(211,823)	(211,823)
- 2nd Interim dividend - Rs 1.25 per share	–	(211,823)	(211,823)
- Total Interim dividend - Rs 2.50 per share	–	(423,646)	(423,646)
Balance as on June 30, 2005	1,694,586	3,124,194	4,818,780
Final dividend for the year ended June 30, 2005 Rs. 1.00 per share	–	(169,459)	(169,459)
Dividend			
- Interim dividend - Rs 1.00 per share	–	(169,459)	(169,459)
Net profit for the year	–	1,013,259	1,013,259
Balance as on June 30, 2006	1,694,586	3,798,535	5,493,121

Chief Executive **Director**

Notes To The Financial Statements

For The Year Ended June 30, 2006

1. Legal status and nature of business

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.

2. Basis of preparation

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

2.2 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective

The following amendments 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:

	Effective from
i) IAS 19 - (Amendments) - Employee benefits	July 1, 2006
ii) IAS 1 - Presentation of financial statements - capital disclosure	July 1, 2007

Adoption of the above amendments would result in an impact on the nature and extent of disclosures made in the future financial statements of the company.

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 4.16, except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. 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. 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) Defined contribution plan - (note 8, note 23.1 and note 24.1)

b) Provision for taxation - (note 27)

c) Provision for doubtful debts - (note 19)

d) Residual values of property, plant and equipment - (note 3.2, note 13)

3.2 Change in accounting estimate

In pursuance of revised International Accounting Standard (IAS) 16 "Property, Plant and Equipment" which is applicable for accounting years beginning on or after January 01, 2005, the company has revised the following accounting estimates:

i) The company has estimated the residual values of all its property, plant and equipment as on June 30, 2006 and accordingly their depreciable amounts have been adjusted. Had the residual values of property, plant and equipment not been considered for charging depreciation, profit after taxation for the year ended June 30, 2006 and carrying value of property, plant and equipment as at that date would have been lower by Rs 17.631 million. The effect on profit after tax for future periods as a result of the subject residual values is not considered to be material.

ii) Previously, no depreciation was charged on assets disposed off during the year. However, due to recent changes in International Accounting Standard (IAS) 16 "Property, Plant and Equipment" which are applicable for the financial years beginning on or after January 1, 2005, now no depreciation is charged by the company for the month in which the asset is disposed off. Such a change has been accounted for as a change in an accounting estimate in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Had there been no change in the accounting estimate, the profit after tax for the year ended June 30, 2006 and carrying value of property, plant and equipment would have been higher by Rs 0.350 million. Consequential effect on profit after tax for future periods is not considered to be material.

4. Significant accounting policies

4.1 Taxation

Current

Profit and gains derived by the company from electric power generation project are exempt from tax under clause 132 of the Part I of the Second Schedule to the Income Tax Ordinance, 2001.

The company is also exempt from minimum tax on turnover under clause 15 of the Part IV 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 clauses at current rates of taxation after taking into account tax credits and rebates available, if any.

4.2 Staff retirement benefits

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, 2006 and the actual return on plan assets during the year was Rs. 0.257 million. The actual return on plan assets represent 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 9 percent per annum.

- Expected rate of increase in salary level 8 percent per annum.

- Expected rate of return 9 percent per annum.

The Company's policy with regard to actuarial gains/losses is to follow minimum recommended approach under IAS 19 (revised 2000).

4.3 Property, plant and equipment

Property, plant and equipment 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 4.16 and interest etc. referred to in note 4.17.

Depreciation on all operating property, plant and equipment 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 after taking into account their residual values.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off.

The company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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.

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

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 acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off.

The company assesses at each balance sheet date whether there is any indication that intangible may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.5 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

4.6 Operating leases

The company is the lessee:

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 and spares

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.

Materials in transit are stated at cost comprising invoice values plus other charges paid thereon.

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 assets and liabilities

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

4.10 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark up arrangements. In the balance sheet, finances under mark up arrangements are included in current liabilities.

4.12 Borrowings

Loans and borrowings are recorded at the proceeds received. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in creditors, accrued and other liabilities to the extent of the amount remaining unpaid.

4.13 Creditors, accrued and other liabilities

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

4.14 Provisions

Provisions are recognised when the company has a present obligation as a result of past event which, it is probable, will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

4.15 Derivative financial instruments

These are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

4.16 Foreign currencies

All monetary assets and liabilities in foreign currencies are translated into Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Rupees at the spot rate. All non-monetary items are translated into Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

Exchange differences on loans utilised for the acquisition of plant and machinery are capitalised.

All other exchange differences are included in profit currently.

4.17 Borrowing costs

Mark-up, interest and other charges on long term loans are capitalised up to the date of commissioning of the related plant and machinery, acquired out of the proceeds of such long term loans. All other mark-up, interest and other charges are charged to profit.

4.18 Revenue recognition

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 Dividend

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

4.20 Offsetting of financial assets and 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 recognised amount and the company intends either to settle on a net basis or the realise the assets and to settle the liabilities simultaneously.

5. Issued, subscribed and paid up capital

2006	2005		2006	2005
(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

33,891,722 shares (2005: 33,891,722 shares) of the company are held by Tomen Corporation, Japan an associated concern, which has merged by absorption into Toyota Tsusho Corporation with effect from April 1, 2006. The company has obtained no objection certificate from Private Power and Infrastructure Board (PPIB) for transfer of these shares in the name of Toyota Tsusho Corporation. However, these shares are still held in the name of Tomen Corporation, Japan as approval from the lenders regarding transfer of title of these shares has not been received.

6. In accordance with terms of agreement between the company and the lenders of long term loans, there are certain restrictions on distribution of dividends by the company.

7. Long term loans

		2006	2005
		(Rupees in thousand)	
Secured	- note 7.1	226,313	705,586
Unsecured	- note 7.2	60,652	100,299
		286,965	805,885

7.1 Secured

These are composed of:

Lender	Currency	Foreign currency balance 2006	Foreign currency balance 2005	Rupees equivalent 2006	Rupees equivalent 2005	Rate of interest per annum	No of equal half yearly instalments	Interest payable
		(Amount in thousands)		(Rupees in thousands)				
International Finance Corporation								
- Loan A	US $	6,250	8,750	377,188	523,950	11.25%	5, ending September, 2008	Half yearly
- Loan B	US $	2,033	6,100	122,712	365,268	Libor + 2.5%	1, ending September, 2006	Half yearly
ABN Amro Bank								
- Commercial Loan	US $	3,500	7,000	211,225	419,160	7.45%	2, ending March, 2007	Half yearly
		11,783	21,850	711,125	1,308,378			
Less: Current maturity		8,033	10,067	484,812	602,792			
		3,750	11,783	226,313	705,586			

Security

These loans are 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 stock in trade, stores and spares, trade debts and other receivables.

7.2. Unsecured

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

Lender	Currency	Foreign currency balance 2006	Foreign currency balance 2005	Rupees equivalent 2006	Rupees equivalent 2005	Rate of interest per annum	No of equal half yearly instalments	Interest payable
		(Amount in thousands)		(Rupees in thousands)				
Tomen Corporation, Japan - Related party	US $	1,675	2,345	101,086	140,419	Libor + 5%	5, ending September, 2008	Half yearly
Less: Current maturity		670	670	40,434	40,120			
		1,005	1,675	60,652	100,299			

8. Staff retirement benefits

These represent staff gratuity and the amounts recognised in the balance sheet are as follows:

	2006	2005
	(Rupees in thousand)	
Fair value of plan assets	(23,607)	(19,059)
Present value of defined benefit obligation	36,315	28,203
Unrecognised actuarial losses	(9,722)	(5,625)
Liability as at June 30	2,986	3,519
Net liability as at July 1,	3,519	21,678
Charge to profit and loss account	5,976	7,038
Contribution by the company	(6,509)	(25,197)
Liability as at June 30	2,986	3,519

9. Finance under mark up arrangement - secured

Short term running finance available from a commercial bank under mark up arrangement amounts to Rs 180 million (2005: Rs 100 million) and the amount utilized at June 30, 2006 was Rs Nil (2005: Rs Nil). The rate of mark-up is six months KIBOR plus 2.5% with a floor of 6% on the balance outstanding. The running finance is secured by a second charge over the fixed assets and by a second hypothecation charge over stores, spares, stock-in-trade and trade debts.

10. Current portion of long term loans

		2006	2005
		(Rupees in thousand)	
Secured	- note 7.1	484,812	602,792
Unsecured	- note 7.2	40,434	40,120
		525,246	642,912

		2006	2005
		(Rupees in thousand)	

11. Creditors, accrued and other liabilities

		2006	2005
Trade creditors		73,287	6,919
Retention money		350	350
Accrued liabilities		4,188	1,592
Income tax deducted at source		1,210	1,630
Interest accrued on long term loans			
- Secured		22,645	37,290
- Unsecured		3,398	3,864
Workers' profit participation fund	- note 11.1	51,170	40,666
Unclaimed dividend		172,468	320,532
Other payables		598	559
		329,314	413,402

Included in accrued liabilities is an amount due to retirement benefit fund Rs 0.581 million (2005: Rs Nil).

11.1 Workers' profit participation fund

		2006	2005
		(Rupees in thousand)	
Opening balance as on July 1		40,666	41,401
Provision for the year	- note 20.1	51,153	40,666
Interest for the year	- note 26	28	19
		91,847	82,086
Less: Payments made during the year		40,677	41,420
		51,170	40,666

12. Contingencies and commitments

12.1 Contingencies

(i) Letter of credit of Rs 235 million (2005: Rs 235 million) in favour of WAPDA on account of liquidated damages, if the company fails to make available electricity to WAPDA on its request. The facility is secured by a second charge on fixed and current assets of the company and assignment on sale proceeds of electricity or any other payments receivable from WAPDA.

(ii) The Company has issued guarantee in favour of Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales etc., amounting to Rs 4.250 million (2005: Rs 4.250 million). This is secured by a second charge on fixed assets of the Company.

(iii) The Company has issued guarantee amounting to US $ 5.606 million (2005: US $ 6.110), equivalent to Rs 338 million (2005: Rs 366 million), in favour of U.S Bank Trust National Association in order to meet the foreign reserve requirements, as referred to in note 21.1. This is secured by a second charge on fixed and current assets of the Company.

(iv) The Company has issued guarantee amounting to Rs 0.265 million (2005: Rs Nil), in favour of Collector of Customs, Lahore for the release of imported consignments. The facility is secured by lien on company's deposit account.

(v) The Company has issued guarantee amounting to Rs 0.681 million (2005: Rs Nil), in favour of Collector of Customs, Karachi for the release of imported consignments.

12.2 Commitments

(i) Contracts for capital expenditure Rs Nil (2005: Rs 19.60 million).

(ii) Letter of credit other than capital expenditure Rs 18.047 million (2005: Rs 0.581 million).

13. Property, plant and equipment

(Rupees in thousand)

	Cost as at June 30, 2005	Additions/ (deletions)	Cost as at June 30, 2006	Accumulated depreciation as at June 30, 2005	Depreciation charge for the year/ (deletions)	Accumulated depreciation as at June 30, 2006	Book value as at June 30, 2006	Rate %
Freehold land	11,891	21,560	33,451	–	–	–	33,451	–
Buildings on freehold land	559,090	23,142	582,232	164,808	18,240	183,048	399,184	4.002 - 4.747
Plant and machinery	6,251,892	23,819	6,275,711	1,912,315	182,639	2,094,954	4,180,757	4.548 - 4.747
Office appliances and equipment	3,561	525	4,021	1,499	346	1,833	2,188	10
		(65)			(12)			
Laboratory equipment	2,576	–	2,576	1,366	258	1,624	952	10
Electric appliances and equipment	10,219	79	10,298	4,989	984	5,973	4,325	10
Computers	45,450	786	46,236	22,630	4,919	27,549	18,687	10 - 35
Furniture and fixtures	8,837	–	8,837	4,129	822	4,951	3,886	10
Vehicles	22,851	9,361	29,672	4,992	3,114	6,778	22,894	20
		(2,540)			(1,328)			
2006	6,916,367	79,272	6,993,034	2,116,728	211,322	2,326,710	4,666,324	
		(2,605)			(1,340)			
2005	6,858,750	69,738	6,916,367	1,894,154	226,125	2,116,728	4,799,639	
		(12,121)			(3,551)			

Additions to buildings and plant and machinery include exchange loss on foreign currency loans amounting to Rs 0.488 million and Rs 5.302 million respectively.

13.1 Disposal of operating fixed assets

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

(Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposals
Vehicles	**Employees**					
	Mr. Zain	399	399	–	200	Negotiation
	Outsiders					
	Mr. Choudary Muhammad Iqbal	889	517	372	450	-do-
	Mr. Abrar-ul-Hassan	1,190	395	795	750	-do-
	M/s. EFU General Insurance Limited	62	17	45	50	Insurance claim
Computer	M/s. Panthers	65	12	53	25	Trade in
		2,605	1,340	1,265	1,475	

14. Intangible assets

(Rupees in thousand)

	Cost as at June 30, 2005	Additions	Cost as at June 30, 2006	Accumulated amortisation as at June 30, 2005	Amortisation charge for the year	Accumulated amortisation as at June 30, 2006	Book value as at June 30, 2006	Rate %
Computer software - acquired	13,302	–	13,302	7,641	1,330	8,971	4,331	10
2006	13,302	–	13,302	7,641	1,330	8,971	4,331	
2005	13,302	–	13,302	6,311	1,330	7,641	5,661	

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

				2006	2005
				(Rupees in thousand)	
		Depreciation	**Amortisation**	**Total**	
Cost of sales	- note 23	205,101	1,128	206,229	222,106
Administration and general expenses	- note 24	6,221	202	6,423	5,349
		211,322	1,330	212,652	227,455

15. Capital work-in-progress

This represents civil works and buildings.

16. Long term loans and deposits

	2006	2005
	(Rupees in thousand)	
Loans to employees - considered good		
- Executives	2,237	2,708
- Other employees	4,127	3,265
	6,364	5,973
Less: Current portion included in current assets		
- Executives	699	873
- Other employees	1,208	1,191
	1,907	2,064
	4,457	3,909
Security deposits	441	441
	4,898	4,350

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

16.2 Reconciliation of carrying amount of loans to Executives

		2006	2005
		(Rupees in thousand)	
Opening balance as on July 1		2,708	3,045
Disbursements		1,890	4,379
		4,598	7,424
Less:	Repayments	2,341	3,902
	Transfer to gratuity fund	20	814
		2,361	4,716
		2,237	2,708

Loans aggregating Rs 6.364 million (2005: Rs 5.954 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.

The balance loans of Rs Nil (2005: Rs 19 thousand) are secured against the employees respective retirement benefits.

Long term loans outstanding for more than 3 years amount to Rs Nil (2005: Rs Nil).

17. Stores, spares and loose tools

	2006	2005
	(Rupees in thousand)	
Stores including in transit Rs 0.288 million (2005 : Rs 3.377 million)	5,388	8,864
Spares including in transit Rs 18.211 million (2005 : Rs 2.385 million)	313,689	275,885
Loose tools	501	430
	319,578	285,179

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

17.1 Included in stores are chemicals valuing Rs 84 thousand and machine part valuing Rs 52 thousand held at ICI Pakistan Limited and Ubaid Akhtar Trading Company respectively.

18. Stock in trade

These comprise of the following

	2006	2005
	(Rupees in thousand)	
Furnace oil	141,437	129,584
Diesel	169	304
Lubricating oil	3,031	837
	144,637	130,725

19. Trade debts

		2006	2005
		(Rupees in thousand)	
These are receivable from WAPDA and include secured debts of Rs 561 million (2005: 394 million)			
- Considered good		561,530	394,102
- Considered doubtful		–	877
		561,530	394,979
Less: Provision for doubtful debts	-note 19.2	–	877
		561,530	394,102

19.1 These are interest free, however, a penal mark-up of six months treasury bill plus 2% is charged in case the amounts are not paid within due dates.

19.2 Provision for doubtful debts

	2006	2005
	(Rupees in thousand)	
Opening balance as on July 1	877	–
Provision for the year	–	877
	877	877
Less: Debtors written off	877	–
	–	877

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

		2006	2005
		(Rupees in thousand)	
Current portion of long term loans to employees	- note 16	1,907	2,064
Advances - considered good			
- To employees		3,289	2,013
- To suppliers		257,546	113,210
Prepayments		60,498	38,936
Sales tax recoverable		10,936	47,806
Profit receivable on bank deposits		1,054	653
Claims recoverable from WAPDA for pass through items (Workers' Profit Participation Fund)	-note 20.1	51,153	40,666
Other receivables - considered good		4,835	14,802
		391,218	260,150

Included in advances to employees are amounts due from executives and directors Rs 2,173 million (2005: Rs 0.465 million) and Rs Nil (2005: Rs Nil) respectively.

20.1 Workers' profit participation fund

		2006	2005
		(Rupees in thousand)	
Opening balance as on July 1		40,666	41,401
Provision for the year	- note 11.1	51,153	40,666
		91,819	82,067
Less: Receipts during the year		40,666	41,401
		51,153	40,666

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 are recoverable from WAPDA as a pass through item.

21. Cash and bank balances

		2006	2005
		(Rupees in thousand)	
Balance at banks on:			
Current accounts	- note 21.1		
- Off shore - US $ 2,857,014 (2005: US $ 6,416,609)		172,421	384,226
- On shore		288,513	92,460
Special account related to dividend payable		314	760
Saving account - on shore	- note 21.2	166,384	394,257
		627,632	871,703
Cash in hand		1,282	1,663
		628,914	873,366

21.1 These bank accounts are governed by 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.

21.2 Included in these are restricted funds of Rs 0.265 million (2005: Rs Nil) held by banks under lien as margin against guarantee.

21.3 The balances in bank accounts bear mark-up which ranges from 0.10% to 9% per annum.

22. Sales

	2006	2005
	(Rupees in thousand)	
Energy purchase price	3,584,841	1,519,156
Capacity purchase price	1,399,367	1,399,427
	4,984,208	2,918,583

Energy purchase price is exclusive of sales tax of Rs 521.917 million (2005: Rs 218.128 million).

23. Cost of sales

		2006	2005
		(Rupees in thousand)	
Raw material consumed		3,162,464	1,335,637
Salaries, wages and benefits	- note 23.1	42,326	43,340
Fee for Produce of Energy (FPE)		54,421	32,515
Stores and spares consumed		199,504	171,762
Depreciation/amortisation	- note 14.1	206,229	222,106
Insurance		46,924	46,121
Travelling, conveyance and entertainment		7,376	4,972
Repairs and maintenance		17,710	9,971
Printing and stationery		–	2
Communication charges		2,045	2,004
Electricity consumed in-house		4,154	6,522
Rent, rate and taxes		270	243
Miscellaneous		6,162	3,814
		3,749,585	1,879,009

23.1 Salaries, wages and other benefits

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

	2006	2005
Current Service cost	2,100	2,510
Interest cost for the year	1,076	1,036
Expected return on plant assets	(727)	–
Recognition of loss	85	43
	2,534	3,589

24. Administration and general expenses

		2006	2005
Salaries, wages and benefits	- note 24.1	53,409	50,975
Printing and stationery		779	480
Communication charges		1,993	2,001
Depreciation/amortisation	- note 14.1	6,423	5,349
Insurance		1,626	1,859
Travelling, conveyance and entertainment		18,847	13,304
Repairs and maintenance		6,261	4,130
Legal and professional charges	- note 24.2	4,396	7,270
Debts written off		2,821	–
Other receivables written off		–	3,889
Donations	- note 24.3	6,631	413
Rents, rates and taxes		1,763	1,565
Fee and subscription		574	353
Provision for doubtful debts		–	877
Miscellaneous		22,974	14,655
		128,497	107,120

24.1 Salaries, wages and other benefits

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

	2006	2005
Current Service cost	2,853	2,412
Interest cost for the year	1,462	995
Expected return on plant assets	(988)	–
Recognition of loss	115	41
	3,442	3,448

24.2 Legal and professional charges

	2006	2005
	(Rupees in thousand)	
Legal and professional charges include the following in respect of auditors' services for:		
Statutory audit	540	510
Half yearly review	165	158
Tax services	–	2,492
Foreign reporting and sundry services	100	182
Out of pocket expenses	56	43
	861	3,385

24.3 Donations

None of the directors and their spouses had any interest in any of the donees.

25. Other operating income

Income from financial assets		
Interest on bank deposits		
- On shore	15,560	9,419
- Off shore	12,462	13,165
Exchange gain	1,048	8,028
Income from non-financial assets	29,070	30,612
Profit on disposal of property, plant and equipment	210	207
Provisions and unclaimed balances written back	–	308
Insurance claim	14,828	10,000
Scrap sale	1,087	1,204
	45,195	42,331

26. Finance cost

Interest on long term loans			
- Secured		87,228	125,991
- Unsecured		10,913	11,366
Interest on finance under mark up arrangement - secured		4,808	–
Lender's consultancy charges		4,813	7,435
Loan administration fee		5,118	5,518
Bank guarantee and L/C commission		15,154	11,003
Interest on Worker's Profit Participation Fund	- note 11.1	28	19
Others		200	144
		128,262	161,476

27. Taxation

This represents the tax provision for the current year.

27.1 Tax charge reconciliation

Profit before tax	1,023,059	813,309
Tax calculation @ 35% (2005: 35%)	358,071	284,658
Tax effect of exempt income referred to in note 4.1	(348,271)	(276,758)
Tax charge	9,800	7,900

28. Cash generated from operations

	2006	2005
	(Rupees in thousand)	
Profit before taxation	1,023,059	813,309
Adjustment for:		
– Depreciation on property, plant and equipment	211,322	226,125
– Amortisation on intangible assets	1,330	1,330
– Profit on disposal of property, plant and equipment	(210)	(207)
– Exchange gain	(1,048)	(8,028)
– Income on bank deposits	(28,022)	(22,584)
– Staff retirement benefits accrued	5,976	7,038
– Debts and advances written off	–	3,889
– Provision for doubtful debts	–	877
– Finance cost	128,262	161,476
Profit before working capital changes	1,340,669	1,183,225
Effect on cash flow due to working capital changes		
– Increase in Stores and spares	(34,399)	(81,357)
– Increase in Stock in trade	(13,912)	(9,649)
– Increase in Trade debts	(167,428)	(114,416)
– Increase in loans, advances, deposits, prepayments and other receivables	(130,667)	(78,665)
Increase/(decrease) in Creditors, accrued and other liabilities	79,087	(3,162)
	(267,319)	(287,249)
	1,073,350	895,976

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:

(Rupees in thousand)

	Chief Executive		Directors		Executives	
	2006	2005	2006	2005	2006	2005
Managerial remuneration and allowances	4,097	3,555	8,051	7,400	6,964	6,707
Housing	1,843	1,600	3,623	3,330	3,134	3,018
Retirement benefits	723	627	1,377	1,268	1,312	1,254
Medical expenses	3	–	84	118	482	277
Bonus	1,155	920	2,103	1,860	2,235	1,634
Utilities	410	355	425	407	696	671
Club expenses	50	–	28	–	63	–
Others	2,774	2,617	4,822	4,895	2,984	3,504
	11,054	9,674	20,513	19,278	17,870	17,065
Number of persons	**1**	**1**	**2**	**2**	**11**	**11**

The Company also provides the Chief Executive 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 4 directors (2005: 4 directors) was Rs Nil (2005: Rs Nil).

30. Transactions with related parties

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

Description		2006	2005
		(Rupees in thousand)	
Relationship with the company	**Nature of transaction**		
i. Associated undertaking	Loan repayments	40,136	39,530
	Interest expense	10,913	11,366
ii. Other related party	Purchase of services	155	345
iii. Post retirement benefit plan	Expense charged	5,976	7,038

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

	MWH	MWH
Installed capacity (Based on 8,760 hours)	1,086,240	1,051,200
Actual energy delivered	707,974	440,051

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

32. Financial assets and liabilities

(Rupees in thousands)

	Interest/mark up bearing			Non interest bearing			Total		Credit Risk	
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	2006	2005	2006	2005
Financial assets										
On balance sheet										
Trade debts	–	–	–	561,530	–	561,530	561,530	394,102	561,530	394,102
Loans, advances, deposits, prepayments:										
- Loans to staff	–	–	–	1,907	4,457	6,364	6,364	5,973	–	–
- Profit receivable on bank deposits	–	–	–	1,054	–	1,054	1,054	653	1,054	653
- Security deposits	–	–	–	–	441	441	441	441	441	441
- Claims recoverable from WAPDA for pass through items (WPPF)	–	–	–	51,153	–	51,153	51,153	40,666	51,153	40,666
- Other receivables	–	–	–	4,835	–	4,835	4,835	14,802	4,835	14,802
Cash and bank balances	166,384	–	166,384	462,530	–	462,530	628,914	873,366	627,632	871,703
	166,384	–	166,384	1,083,009	4,898	1,087,907	1,254,291	1,330,003	1,246,645	1,322,367
Off balance sheet	–	–	–	–	–	–	–	–	–	–
Total	166,384	–	166,384	1,083,009	4,898	1,087,907	1,254,291	1,330,003	1,246,645	1.322.367
Financial liabilities										
On balance sheet										
Long term loans										
- Secured	484,812	226,313	711,125	-	-	-	711,125	1,308,378		
- Unsecured	40,434	60,652	101,086	-	-	-	101,086	140,419		
Creditors, accrued and other liabilities	-	-	-	276,934	-	276,934	276,934	371,106		
	525,246	286,965	812,211	276,934	-	276,934	1,089,145	1,819,903		
Off balance sheet										
Letters of credit	-	-	-	573,314	-	573,314	573,314	600,910		
Guarantees	-	-	-	5,196	-	5,196	5,196	4,250		
Contracts for capital expenditure	-	-	-	-	-	-	-	19,600		
Letters of credit other than for capital expenditure	-	-	-	18,047	-	18,047	18,047	581		
	-	-	-	596,557	-	596,557	596,557	625,341		
Total	525,246	286,965	812,211	873,491	-	873,491	1,685,702	2,445,244		
On balance sheet gap	(358,862)	(286,965)	(645,827)	806,075	4,898	810,973	165,146	(489,900)		
Off balance sheet gap	-	-	-	(596,557)	-	(596,557)	(596,557)	(625,341)		

The effective interest/mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

32.1 Financial risk management objectives

The company finances its operation through equity, borrowings and management of working capital with a view to maintaining a reasonable mix between the various sources of finance to minimize risk. Taken as a whole, risk arising from the company's financial instruments is limited as there is no significant exposure to market risk in respect to such instruments.

(a) Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primarily attributable to its trade debts and its balances at banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The company believes that it is not exposed to major concentration of credit risk. Out of the total financial assets of Rs 1,254.291 million (2005: Rs 1,330.003 million), the financial assets which are subject to credit risk amounted to Rs 1,246.645 million (2005: Rs 1322.367 million). To manage exposure to credit risk, the company obtains collaterals.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The company usually borrows funds at fixed and market based rates and as such the risk is minimized.

(c) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. Payables exposed to foreign currency risk are covered through registration of loan agreements with the State Bank of Pakistan thereby the bank is responsible to provide foreign currency at official rates.

(d) Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

32.2 Fair value of financial assets and liabilities

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

33. Earning per share

33.1 Basic earnings per share

		2006	2005
Net profit for the year	**Rupees in thousands**	1,013,259	805,409
Weighted average number of ordinary shares	**Numbers**	169,458,614	169,458,614
Earnings per share	**Rupees**	5.98	4.75

33.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the company as the company has no such commitments.

34. Proposed Dividend

The Board of Directors has proposed a final dividend for the year ended June 30, 2006 of Rs. Nil (2005: Rs. 1.00 per share), at their meeting held on September 07, 2006.

35. Date of authorization for issue

These financial statements were authorised for issue on September 07, 2006 by the Board of Directors of the Company.

36. Corresponding figures

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

Chief Executive **Director**

Pattern of Shareholding

As at June 30, 2006

NO. OF SHAREHOLDERS	SHAREHOLDING FROM		TO	TOTAL SHARES HELD
56	1	-	100	3,657
185	101	-	500	69,371
196	501	-	1,000	178,902
333	1,001	-	5,000	973,200
126	5,001	-	10,000	1,034,708
49	10,001	-	15,000	641,870
34	15,001	-	20,000	618,000
16	20,001	-	25,000	383,650
12	25,001	-	30,000	340,900
5	30,001	-	35,000	169,600
18	35,001	-	40,000	692,600
2	40,001	-	45,000	90,000
11	45,001	-	50,000	543,000
6	50,001	-	55,000	314,000
8	55,001	-	60,000	470,000
3	60,001	-	65,000	190,600
4	65,001	-	70,000	272,000
4	70,001	-	75,000	292,237
3	75,001	-	80,000	231,000
3	80,001	-	85,000	249,375
4	95,001	-	100,000	400,000
2	100,001	-	105,000	210,000
2	105,001	-	110,000	218,000
1	110,001	-	115,000	114,000
2	125,001	-	130,000	255,500
2	135,001	-	140,000	277,000
1	140,001	-	145,000	141,500
2	150,001	-	155,000	305,500
1	155,001	-	160,000	159,510
1	165,001	-	170,000	170,000
1	170,001	-	175,000	172,500
1	175,001	-	180,000	179,500
5	195,001	-	200,000	987,000
1	205,001	-	210,000	207,000
1	225,001	-	230,000	230,000
1	240,001	-	245,000	242,500
3	245,001	-	250,000	747,500
1	250,001	-	255,000	251,500
1	275,001	-	280,000	276,769
1	295,001	-	300,000	299,000
1	310,001	-	315,000	314,000
1	340,001	-	345,000	344,500
2	345,001	-	350,000	700,000
1	370,001	-	375,000	371,000
1	425,001	-	430,000	425,500
1	465,001	-	470,000	467,500
1	475,001	-	480,000	479,500
3	495,001	-	500,000	1,500,000
1	640,001	-	645,000	642,763
1	650,001	-	655,000	655,000
1	720,001	-	725,000	723,000
1	750,001	-	775,000	750,250
1	995,001	-	1,000,000	1,000,000
1	1,075,001	-	1,080,000	1,080,000
1	1,435,001	-	1,440,000	1,437,000
1	1,545,001	-	1,550,000	1,548,500
1	1,555,001	-	1,560,000	1,559,850
1	2,100,001	-	2,105,000	2,103,500
1	2,250,001	-	2,255,000	2,253,000
1	3,385,001	-	3,390,000	3,389,171
1	3,625,001	-	3,630,000	3,628,500
2	7,900,001	-	7,905,000	15,805,998
2	14,125,001	-	14,130,000	28,253,241
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
1139				**169,458,614**

Pattern of Shareholding

As at June 30, 2006

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSES AND MINOR CHILDREN			
MR. M. NASEEM SAIGOL		14,126,621	8.3363
MRS. SEHYR SAIGOL (W/O Mr. M. Naseem Saigol)		7,902,999	4.6637
MR. HARUYOSHI MURAKAMI (Nomination of Tomen Corporation, Japan)		500	0.0003
DR. UMER MASOOD TARIQ (Nomination of Tomen Power (Singapore) (Private) Ltd,)		2,500	0.0015
MR. MUNEKI UDAKA		500	0.0003
SHEIKH MUHAMMAD SHAKEEL		650	0.0004
MR. TOMOYUKI YOSHINAKA		500	0.0003
MR. ROLF ANDERSSON		500	0.0003
	8	**22,034,770**	
EXECUTIVES	–	–	–
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
TOMEN 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.	1	1,559,850	0.9205
		1,559,850	
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS.	11	4,799,568	2.8323
INSURANCE COMPANIES	4	740,269	0.4368
MODARABA AND MUTUAL FUNDS	2	34,200	0.0202
GENERAL PUBLIC			
a. Local	1051	43,883,925	25.8965
b. Foreign (Excluded the shareholders appearing in Associated Companies)	11	30,483,343	17.9887
		74,367,268	
OTHERS	49	4,917,589	2.9019
	1139	**169,458,614**	**100.0000**
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
TOMEN 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	

Form of Proxy

KOHINOOR ENERGY LIMITED

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

I/We ____________________

of ____________________ being member(s) of Kohinoor Energy Limited

hereby appoint ____________________

of ____________________ or failing him ____________________

of ____________________ as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the thirteenth Annual General Meeting of the Company to be held on October 20, 2006 at 10:00 a.m. and/or at any adjournment thereof.

As witness my/our hand(s) this ____________________ day of ____________________ 2006

signed by ____________________

in the presence of ____________________

Signed by the said

Revenue Stamps

____

Witness:	**Witness:**
Name ____________________	**Name** ____________________
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/Shares Department of the Company situated at plant site Near Tablighi Ijtima, Post Office Kohinoor Energy, 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.