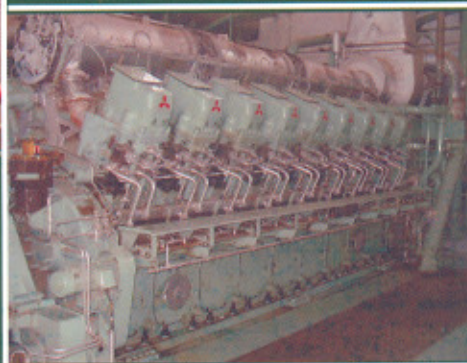


Annual Report

2007



JAPAN POWER GENERATION LIMITED



Contents

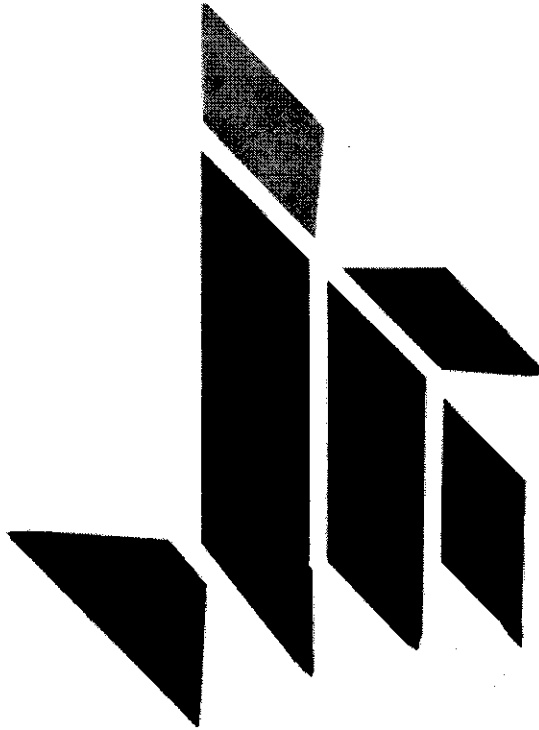
1	Company Information	1
2	Notice of Annual General Meeting	3
3	Directors' Report to the Members	5
4	Vision & Mission Statements	10
5	Statement of Compliance	12
6	Auditors Review Report on Statement of Compliance with Code of Corporate Governance	14
7	Auditors Report	15
8	Balance Sheet	16
9	Profit & Loss Account	18
10	Cash Flow Statements	19
11	Statement of Changes in Equity	20
12	Notes to the Accounts	21
13	Pattern of Shareholdings	39
14	Categories of Share Holders	41
15	Form of Proxy	



COMPANY INFORMATION

Board of Directors	<p>Maj. Gen. Khalid Zahir Akhtar - Chairman Mr. Nadeem Babar - Chief Executive Mr. Zafar Iqbal Mr. Istaqbal Mehdi Mr. Abdul Jaleel Shaikh Brig. Shahjahan Ali Khan Mr. Saeed-ur-Rehman Mr. Arshed Ahmed Khan Mrs. Ayesha Aziz Mr. Kashif Khan Mr. Najeeb Ahmed Shaikh Mr. Adnan Qayum Khan - Nominee Prime Commercial Bank Ltd. Mr. Muhammad Hanif Abbasi - Nominee National Bank of Pakistan</p>
Company Secretary & Chief Financial Officer	Mr. Zain ul Abidin
Company's Audit Committee	<p>Mr. Zafar Iqbal - Chairman Mr. Abdul Jaleel Shaikh Mr. Saeed ur Rahman</p>
Auditors	Hyder Bhimji & Co. Chartered Accountants
Shares Registrar Office	Hameed Majeed Associates (Pvt.) Limited. HM House, 7 Bank Square, Lahore Tel: +92-42-7235081-2, Fax: +92-42-7358817
Legal Advisor	Sami, Zafar & Islam
Bankers	Prime Commercial Bank Ltd. Allied Bank Limited
Lending Bank Syndicate	<p>Prime Commercial Bank Ltd. Askari Commercial Bank Limited National Bank of Pakistan Faysal Bank Limited Allied Bank Limited Crescent Commercial Bank Limited PICIC Commercial Bank Limited Saudi Pak Commercial Bank Limited Prudential Investment Bank Limited</p>
Registered Office/ Plant	<p>Near Jia Bagga Railway Station Chowk Araian, Off Raiwind Road, Lahore Tel: +92-42-5835864-8 Fax: +92-42-5835860 Email: jvgl@brain.net.pk</p>
Website	www.jvglpk.com

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



JAPAN POWER GENERATION LIMITED

NOTICE OF 13TH ANNUAL GENERAL MEETING

Notice is hereby given that the 13th Annual General Meeting of Japan Power Generation Limited will be held on Saturday, October 20, 2007 at 9:00 a.m. at registered office/plant located at Jia Bagga, off Raiwind Road, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 12th Annual General Meeting of the company held on Friday, October 20, 2006.
2. To receive, consider and adopt the audited financial statements of the company for the financial year ended June 30, 2007, together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors of the Company for the financial year ending June 30, 2008 and fix their remuneration.
4. To elect eleven directors of the company for a period of three years in accordance with Section 178(1) of the Companies Ordinance 1984 in place of the retiring directors namely:

Maj. Gen. Khalid Zahir Akhtar
 Mr. Zafar Iqbal
 Mr. Istaqbal Medhi
 Mr. Arshad Ahmed Khan
 Mrs. Ayesha Aziz
 Mr. Najeeb Ahmed Sheikh

Mr. Nadeem Babar
 Mr. Abdul Jaleel Sheikh
 Brig. Shahjahan Ali Khan
 Mr. Saeed ur Rehman
 Mr. Kashif Muhammad Khan

All the retiring Directors shall be eligible to offer themselves for election.

5. To transact any other business that may be placed before the meeting with the permission of the Chair.

By order of the Board

Lahore
 September 29, 2007

Zain ul Abidin
 Company Secretary

NOTES:

1. The Share Transfer Book of the Company will remain closed from October 18, 2007 to October 24, 2007 (Both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Proxies, complete in every respect, in order to be effective, must be received at the Registered Office of the Company located at Jia Bagga, off Raiwind Road, Lahore, not less than 48 hours before the time of holding the meeting.
3. Members are requested to promptly notify the Company any change in their addresses.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in circular -1 dated January 20, 2000 issued by the SECP:

A. For Attending the Meeting

1. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original Passport, Account and Participant's ID number at the time of attending the Meeting.
2. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

1. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
2. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
3. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. The proxy shall produce his original NIC or original passport at the time of the Meeting.
5. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



DIRECTORS' REPORT TO THE MEMBERS

The directors are pleased to present the 13th Annual Report, the audited financial statements of the company and auditors' report for the year ended June 30, 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to own, operate and maintain an oil-fired power station with an installed capacity of 135 MW (gross).

TURN AROUND STRATEGY & MAJOR ACHIEVEMENTS

As reported before, your company was in extreme financial distress when the current management took over last year. The new management has taken numerous steps to mitigate the losses and enhance the efficiency of the plant and is nearing a successful conclusion of these changes.

a) Fuel Loss Issue & Additional Capacity

On July 14, 2007, the Company and WAPDA signed Amendment No. 3 to the PPA. This amendment allows some reallocation of the various components of the tariff, as well as sale of an additional capacity of 13.5 MW to WAPDA at escalable capacity charges. These changes will substantially eliminate the fuel loss of the company at an average dispatch of about 60%. However, if the average capacity factor is in excess of that, a small portion of the loss will still accrue and the management has devised a plan to address that through operational measures.

b) Expansion Plan

The Economic Coordination Committee of the Cabinet and the regulator, NEPRA, has given formal approval for 156 MW expansion project and approved the tariff for this expansion. The management is now finalizing strategy for the capitalization and implementation of this project. The project is expected to take 25 to 30 months for completion. Upon completion, the plant will total approximately 275 MW and will be ideally situated for direct supply into the city of Lahore.

c) Resolution of Contractual Issues

We had previously reported that the company was contingently liable for the liquidated damages claimed by WAPDA for the period from July 1, 2001 to June 30, 2007, to the tune of Rs. 479.649 million which were disputed by the company. Since the company and WAPDA could not reach on a resolution with respect to the LD's amounts, the dispute was referred to an expert for his recommendation, as per the dispute resolution mechanism provided in the Power Purchase Agreement (the PPA). The expert has given his recommendations, which fully support the company's position. However, as per the terms of the PPA, each party has the right to challenge this recommendation in a formal arbitration proceeding. Therefore, as provided in the PPA, the Parties are meeting to discuss and agree on methodology to implement the recommendation. Pending such agreement, the management believes that after taking into account the allowances for forced outages, as also recommended by the expert, and providing cogent reasons duly substantiated by documentary evidences, it will not have to pay damages over and above the amount already provided for in the books of account.

WAPDA has disputed payments amounting to Rs. 384.032 million, relating to indexation of non-escalable components of capacity purchase price (CPP) already paid to the company from March 14, 2004 to March 13, 2006 and disputed further amount of Rs. 213.175 million against company's CPP invoices for the period from March 14, 2006 to June 30, 2007. The total disputed amount comes to Rs. 597.206 million, out of which WAPDA has arbitrarily withheld a total amount of Rs. 248.991 million from company's CPP invoices upto June 30, 2007. Since the company and WAPDA could not reach on a resolution with respect to the LD's amounts, the dispute was referred to an expert for his recommendation, as per the dispute resolution mechanism provided in the Power Purchase Agreement (the PPA). The expert has given his recommendations, which fully support the company's position. However, as per the terms of the PPA, each party has the right to challenge this recommendation in a formal arbitration proceeding. Therefore, as provided in the PPA, the Parties are meeting to discuss and agree on methodology to implement the recommendation. Pending such agreement, no adjustments have been incorporated in these financial statements.

PLANT PERFORMANCE

During the current financial year the availability and usage of the plant increased as compare to previous year i.e. 531,015 MW energy delivered to WAPDA which is 16.47% more as compare to previous year. Given the high prices of fuel, successful efforts were made to secure advance payments for fuel from WAPDA, and as a result, there was minimal shortage of fuel. Due to these facts, the plant delivered highest energy during the year, which is all time high.

Due to major overhauling of the plant by investing in parts / spares, the reliability of the plant has also improved. The company is working on supply of further spares to ensure the continuity of reliable supply of power.

FINANCIAL PERFORMANCE

The sales revenue for the year increased to Rs. 3.615 billion compared to Rs. 3.176 billion last year. The 20% decrease in operating profit has mainly result of increase in the total quantum of fuel loss on account of increased dispatch, despite a reduction in per kWh fuel loss (due to investments in overhaul activities carried out during the year) and successful cost saving drives in administrative & general expenses. As reported above, Amendment No. 3, signed in mid-July 2007, will substantially address this loss moving forward. The net loss has increased for this year on account of the increased fuel loss up to June 2007 and increase in financial charges on account of rising interest rates.

The key operating and financial data of the Company with the comparatives for the last year is as follows:

Financial year ended June 30,	2007 Rupees (million)	2006 Rupees (million)
Turnover	3,614.90	3,176.38
Cost of Sales	(3,336.48)	(2,814.91)
Gross Profit	278.42	361.47
Operating Expenses	(28.97)	(50.14)
Operating Profit	249.45	311.33
Other Income	13.57	12.26
Financial Charges	(479.33)	(423.93)
Provision for Taxation	(0.19)	(0.33)
Net Loss Prior to Non-Recurring Charges	(216.50)	(100.67)
Non-Recurring Charges (LDs)/Other Charges	(0.12)	(167.92)
Net Loss After taxation	(216.64)	(268.58)
Loss per Share (excl. non-recurring charges)	Rs. 1.57	Rs. 0.76
Loss per Share (with non-recurring charges)	Rs. 1.57	Rs. 2.02

EXTERNAL AUDITORS' APPOINTMENT

The company's auditors M/s Hyder Bhimji & Co., Chartered Accountants shall retire at the conclusion of the 13th annual general meeting. The auditors have indicated their willingness to continue in office as auditors. The appointments shall be made in the next AGM.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- a) The Financial Statements, together with the Notes thereto, have been drawn up by the management in conformity with the Companies Ordinance, 1984. These statements present fairly the company's state of affairs, the results of its operations, cash flow and changes in equity.
- b) Proper books of accounts have been maintained by the company.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.



- d) International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts about the company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of Code of Corporate Governance, as detailed in the listing regulations.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The company's Statement of Compliance with the Code of Corporate Governance is annexed with the report.

ETHICS AND BUSINESS CONDUCT

The company endeavors to conduct business honestly, in good faith and to comply with such regulations, codes, guidelines and procedures, which govern its business.

The relationship between the management and employees is exemplary. The Directors are pleased to record their appreciation for the hard work and devotion to duty by all cadres of employees.

BOARD OF DIRECTORS MEETING HELD DURING THE YEAR

Five Board of Directors meetings were held during the financial year from July 01, 2006 to June 30, 2007. Following is the attendance of each Director in the Board Meeting.

Name	Meetings Attended
Maj. Gen. Khalid Zahir Akhtar	2
Mr. Nadeem Babar	5
Mr. Zafar Iqbal	1
Mr. Abdul Jaleel Shaikh	3
Mr. Istaqbal Mehdi	1
Brig. Noor-ul-Amin Butt	4
Mr. Arshed Ahmed Khan	4
Mr. Saeed-ur-Rehman	5
Mrs. Ayesha Aziz	4
Mr. Kashif Khan	5
Mr. Najeeb Ahmed Shaikh	3
Mr. Khalid Imran	4
Mr. Muhammad Hanif Abbasi	5

PATTERN OF SHAREHOLDING

Pattern of Shareholding of the Company as at June 30, 2007, along with the necessary information is attached to this report.

FUTURE PROSPECTS

There is a substantial increase in the demand of electricity in the country owing to the economic activity. WAPDA depends on IPPs to produce almost 35% of its energy and is encouraging this sector for more investment. This will assist in materializing our plans and goals in reasonably short time. The Company has been beset with numerous problems in the past, but supported by the dire need for additional energy for the economic growth, we have put an effective and workable plan in action, to turn the company into a profitable unit. We are confident that with our vision for the future, our strategy, technical skills, and most of all with



the support of the new sponsors, has put the worst behind us and that your company is now poised for substantially improved performance.

CONCLUSION

The Company is proud of its human capital for demonstrating commitment and for consistently delivering outstanding performances. We would also like to thank our shareholders, business partners, the Government of Pakistan and WAPDA whose faith and support over the years has nurtured a mutually beneficial relationship which has played an important role in improving our services and contributions to the economy at large.

On behalf of the Board

Islamabad
September 25, 2007

Chief Executive Officer

OPERATING AND FINANCIAL DATA
SIX YEARS SUMMARY

	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
DISPATCH LEVEL(%)	56.65	48.64	40.68	42.78	52.39	45.88
DISPATCH (MWH)	531,015	455,908	381,320	401,001	491,066	430,058
REVENUE (Rs. '000')						
Energy Purchase Price	2,694,553	2,272,271	1,284,440	1,142,901	1,421,255	1,098,617
Capacity Purchase Price	920,345	904,113	910,377	876,974	851,559	861,521
TOTAL REVENUE	3,614,898	3,176,384	2,194,817	2,019,875	2,272,814	1,960,138
Cost of Sales	(3,336,485)	(2,814,905)	(1,818,782)	(1,635,978)	(1,859,306)	(1,483,974)
GROSS PROFIT	278,413	361,479	376,035	383,897	413,508	476,164
PROFITABILITY (Rs. 000)						
Profit / (Loss) Before Tax	(216,444)	(268,251)	(89,866)	(91,467)	(299,272)	(256,666)
Provision for Taxation	(191)	(326)	622	(2,168)	(588)	(384)
PROFIT / (LOSS) AFTER TAX	(216,635)	(268,577)	(89,244)	(93,635)	(299,860)	(257,050)
FINANCIAL POSITION (Rs. 000)						
Non Current Assets	5,749,999	6,007,310	5,713,498	5,947,918	6,077,589	6,406,051
Current Assets	1,247,371	1,130,351	520,298	449,969	480,925	489,488
Less Current Liabilities	(1,248,390)	(1,100,470)	(666,542)	(429,480)	(468,267)	(483,502)
NET WORKING CAPITAL	(1,019)	29,881	(146,244)	20,489	12,658	5,986
CAPITAL EMPLOYED	5,226,798	5,494,274	5,567,254	5,968,407	6,090,247	6,412,037
Less Non Current Liabilities	(5,210,009)	(5,281,584)	(5,230,174)	(5,542,083)	(5,570,289)	(5,592,219)
SHAREHOLDERS' EQUITY	16,789	212,690	337,080	426,324	519,958	819,818
REPRESENTED BY (Rs. 000)						
Share Capital	1,476,188	1,332,000	1,332,000	1,332,000	1,332,000	1,332,000
Share deposit money	-	144,188	-	-	-	-
Accumulated Loss	(1,459,398)	(1,263,498)	(994,920)	(905,676)	(812,042)	(512,181)
	16,790	212,690	337,080	426,324	519,958	819,818
SHARE VALUE (RUPEES):						
Market Value	6.00	5.00	4.00	5.30	4.10	3.35
Breakup Value	0.11	1.44	2.53	3.20	3.90	6.15
RATIOS:						
Gross Profit to Sales (%)	7.70	11.38	17.13	19.01	18.19	24.29
Net Profit to Sales (%)	(5.99)	(8.46)	(4.07)	(4.64)	(13.19)	(13.11)
Earning per Share (Rupees)	(1.57)	(2.02)	(0.67)	(0.70)	(2.25)	(1.93)
Current Ratio (times)	1.00	1.03	0.78	1.05	1.03	1.01
Liquidity Ratio (times)	0.91	0.69	0.37	0.58	0.70	0.83
Debt to Equity (times)	384.66	32.56	17.49	14.01	11.61	7.41
Number of Employees	42	43	94	92	111	122



VISION STATEMENT

To become partner in progress of the Country.



MISSION STATEMENT

- ❖ To be a company that endeavors to set the highest standards in corporate ethics.
- ❖ To achieve leadership through the use of technology and contribute to the development of the society.
- ❖ To transform the company into a modern corporate entity by achieving high standards of good governance.
- ❖ To earn better relationship with WAPDA by achieving production at optimum level and efficiency by lowering operating cost.
- ❖ To provide congenial working atmosphere to the employees by taking care of their career planning and adequately rewarding them for their contribution.
- ❖ To discharge social and cultured obligations towards the society as a patriotic and conscientious corporate entity.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance in the listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a frame work 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 the representation of independent non-executive directors on its Board of Directors. At present the Board includes three independent non-executive directors. However there is no representation of minority shareholders on the Board.
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 NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. There is no causal vacancies occurred in the Board of Directors during the year.
5. The company has prepared a Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the company.
6. The Board has developed a vision statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies alongwith the date on which they were approved has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board members are directors in many other listed companies therefore, they are well versed with Code of Corporate Governance.
10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors' report for the year ended June 30, 2007 has been prepared in compliance with the requirements of the Code and fully describes the matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO, Director and CFO before the approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, all of whom are non executive directors including the Chairman of the Committee.
16. The meeting of the Audit Committee were held once every quarter prior to approval of interim and final results of the Company and required by the Code.
17. The Board has set up an effective internal audit function through outsourcing to qualified and experienced personnel who are conversant with the policies and procedures of the Company.



18. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of their firms, their spouses and minor children do not hold shares of the company and that the firms and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. 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.
20. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board

Islamabad
September 25, 2007

Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE 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 **Japan Power Generation Limited** to comply with the Listing Regulation No. 37 (Chapter XI) and No. 40 (Chapter XIII) of the Karachi and Lahore 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 the 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 systems 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 effective for the company for the year ended June 30, 2007.

Lahore:
September 25, 2007

Hyder Bhimji & Co.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Japan Power Generation Limited as at June 30, 2007 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 purpose 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 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, 2007 and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention of the members towards notes 15.1 and 15.2 of the financial statements, which disclosed company's contingent liabilities towards WAPDA's claims on account of indexation of non-escalable component of capacity purchase price (CPP) in the sum of Rs.597.206 million and liquidated damages totaling Rs. 479.649 million upto the terminal date, that were being denied and disputed by the company so the matter was referred to the expert as per the Power Purchase Agreement (PPA) procedures. The expert has given his recommendations on these issues, which supported company's position however as per the term of PPA, either party has the right to go into the arbitration proceeding also. However the parties, as provided in the PPA, are meeting to discuss and agree on methodology to implement the recommendation of the expert. Pending such agreement no adjustments have been incorporated in these financial statements.

Lahore:
September 25, 2007

Hyder Bhimji & Co.
Chartered Accountants

BALANCE SHEET

	<u>Note</u>	<u>2007</u> <u>Rupees '000'</u>	<u>2006</u> <u>Rupees '000'</u>
Capital and reserves			
Authorized capital			
150,000,000 ordinary shares of Rs. 10 each		<u>1,500,000</u>	<u>1,500,000</u>
Issued, subscribed and paid-up capital			
147,618,846 ordinary shares of Rs.10 each, fully paid in cash	4	1,476,188	1,332,000
Share deposit money	5	-	144,188
Accumulated loss		(1,459,399)	(1,263,498)
Shareholders' equity		16,789	212,690
Surplus on revaluation of property, plant and equipment	6	522,183	542,917
Non current liabilities			
Loan from others - unsecured	7	84,188	84,188
Long term loans / finances	8	5,122,309	5,194,486
Liabilities against assets subject to finance lease	9	-	-
Deferred liability	10	3,512	2,910
		5,210,009	5,281,584
Current liabilities			
Short term borrowings	11	79,470	97,685
Current portion of long term liabilities	12	160,482	115,101
Trade and other payables	13	874,005	789,024
Accrued markup	14	134,432	98,660
		1,248,389	1,100,470
Contingencies and commitments	15		
Total Equity and Liabilities		<u>6,997,370</u>	<u>7,137,661</u>

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

Islamabad:
September 25, 2007

Chairman / Director



AS AT JUNE 30, 2007

	<u>Note</u>	<u>2007</u> <u>Rupees '000'</u>	<u>2006</u> <u>Rupees '000'</u>
Non current assets			
Property, plant and equipment	16	5,749,899	6,007,210
Long term deposits and prepayments	17	100	100
		5,749,999	6,007,310
Current assets			
Stores and spares	18	20,212	12,767
Stock in trade	19	93,239	208,935
Trade debts	20	764,455	540,946
Advances, deposits, prepayments and other receivables	21	361,767	363,699
Cash and bank balances	22	7,698	4,004
		1,247,371	1,130,351
Total Assets		6,997,370	7,137,661

Chief Executive

Chief Financial Officer

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2007

	Note	2007 Rupees '000'	2006 Rupees '000'
Sales	23	3,614,898	3,176,384
Cost of sales	24	(3,336,485)	(2,814,905)
Gross profit		278,413	361,479
Operating expenses			
Administrative and general	25	(28,974)	(50,141)
Operating profit		249,439	311,338
Other income	26	13,566	12,255
		263,005	323,593
Financial and other charges			
Financial charges	27	(479,327)	(423,927)
Other charges	28	(122)	(167,918)
		(479,449)	(591,845)
Net loss before taxation		(216,444)	(268,252)
Provision for taxation			
Current - on other income		(191)	(326)
Net loss after taxation		(216,635)	(268,578)
Loss per share - basic and diluted	29	(1.57)	(2.02)

Appropriations are reflected in the statement of changes in equity.

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



CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2007

	Note	2007 Rupees '000'	2006 Rupees '000'
CASH FLOW FROM OPERATING ACTIVITIES			
Cash inflow after working capital changes	30.	488,734	415,398
Financial charges paid		(443,555)	(445,915)
Gratuity paid		(480)	(4,208)
Income tax recovered (net of income tax paid)		1,154	1,990
Net cash inflow/(outflow) from operating activities		45,853	(32,735)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(495)	(2,314)
Proceeds from sale of property, plant and equipment		390	6,426
Capital work in progress		-	(360)
Long term deposits		-	491
Net cash (outflow)/inflow from investing activities		(105)	4,243
CASH FLOW FROM FINANCING ACTIVITIES			
Change in long term loans/ finances		(22,779)	(9,341)
Change in short term borrowings		(18,215)	41,215
Payment of lease rentals - principal amount		(1,060)	(4,238)
Net cash (outflow)/inflow from financing activities		(42,054)	27,636
Net increase/(decrease) in cash and cash equivalents		3,694	(855)
Cash and cash equivalents at beginning of the year		4,004	4,859
Cash and cash equivalents at end of the year	22.	7,698	4,004

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2007**

	Share Capital Rupees '000'	Share deposit money Rupees '000'	Accumulated Loss Rupees '000'	Total Rupees '000'
Balance as at June 30, 2005	1,332,000	-	(994,920)	337,080
Share deposit money	-	144,188	-	144,188
Net loss for the year	-	-	(268,578)	(268,578)
Balance as at June 30, 2006	1,332,000	144,188	(1,263,498)	212,690
Shares issued against deposit money	144,188	(144,188)	-	-
Incremental depreciation on revaluation of property, plant & equipment	-	-	20,734	20,734
Net loss for the year	-	-	(216,635)	(216,635)
Balance as at June 30, 2007	1,476,188	-	(1,459,399)	16,789

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

Islamabad:
September 25, 2007

Chairman / Director

Chief Executive

Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Japan Power Generation Limited was incorporated in Pakistan on September 29, 1994 as public limited company under the Companies Ordinance, 1984 and its shares are quoted on Lahore and Karachi Stock Exchanges. The principal business of the company is to generate and supply electric power to WAPDA. The company commenced commercial operations from March 15, 2000. Through an agreement dated February 23, 2006 the management of the company had been vested to the new shareholders who acquired the entire shareholding of 35% of the outgoing management.
- 1.2 The major loss contributing factor is shortfall in reimbursement from WAPDA of actual fuel cost incurred vis-a-vis WAPDA's standard formulae. This issue has been addressed materially through amendment to the Power Purchase Agreement. The effect of this amendment together with proposed modification in engines would eliminate fuel loss and would contribute to the profitability of the company. The going concern assumption is appropriate in view of the fact that no material uncertainty exists as the project is financed/supported by WAPDA and the syndicated banks, as well as continuous financial support by the management who acquired the controlling shares and management of the company on February 23, 2006. The management is working to ensure the availability of adequate working capital to fulfill the company's other financial needs.

2. STATEMENT OF COMPLIANCE

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

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

- i) International Accounting Standard Board has revised IAS - 1, "Presentation of Financial Statements". The amendments impose additional requirements for capital disclosures effective for financial period beginning on or after July 01, 2007.

Adoption of the above amendments may only impact to the extent of disclosure presented in the financial statements.

- ii) The Securities and Exchange Commission of Pakistan has deferred the application of International Financial Reporting Interpretation (IFRIC) 4, "Determining Whether an Arrangement Contains a Lease" for Independent Power Producers (IPPs) till 30th June 2009.

Application of the above interpretation will require assessing or reassessing whether an arrangement is, or contains, a lease and then separating the payments for lease from other payments and applying the requirements of IAS - 17 to the lease element of the arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention except that certain employee benefits are recognized on the basis mentioned in (note 3.2), revaluation of fixed assets (note 3.6) and capitalization of exchange differences on foreign currency loans (note 3.11). In these financial statements, except for cash flow statement, all the transactions have been accounted for on accrual basis.

The preparation of financial statements in conformity with IASs requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underline assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of the management estimates in these financial statements relate to the useful life of the depreciable assets and provision for doubtful receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3.2 Staff retirement benefits - defined benefit plan

The company operates an unfunded gratuity scheme covering all permanent employees with qualifying service period of six months. The scheme is based on the last drawn salary. The provision which is charged to income is made annually to cover the obligation on the basis of actuarial valuation. The most recent actuarial valuation of the scheme was carried out as at June 30, 2007. The actuary used the 'Projected Unit Credit Method' relying on the following significant assumptions:

	2007	2006
Discount rate	10%	9%
Expected rate of salary increase	9%	8%
Average expected remaining working life of employees	12 years	12 years

Actuarial gains and losses are recognized in accordance with the recommendations of the actuary.

3.3 Taxation

The company's profit and gains from power generation are exempt from tax under clause 132 of the Second Schedule - Part I of the Income Tax Ordinance, 2001. The company is also exempt from minimum tax on turnover under clause 15 of Part - IV of the Second Schedule to the Income Tax Ordinance, 2001. Tax on income from sources not covered under the above clauses is determined in accordance with the normal provisions of the Income Tax Ordinance, 2001.

3.4 Property, plant and equipment - owned

Operating fixed assets are stated at cost or revaluation amount less accumulated depreciation. However, free hold land and capital work in progress is stated at revalued amount and cost respectively. Cost of certain fixed assets comprises of historical cost and exchange differences referred to in note 3.11.

Depreciation on operating fixed assets is charged to profit on straight line method so as to write off the historical cost of an asset over its estimated useful life at the annual rates mentioned in note 16 to the financial statements. The net exchange differences relating to an asset at the end of each year is amortized in equal installments over its remaining useful life. The basis for depreciation charge comply with the new requirements of IAS 16. The depreciation is charged on the basis of period of use i.e. full month's depreciation is charged in the month of purchase while no depreciation is charged in the month of disposal.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the company. Every other subsequent expenditure is recognized as an expense in the period in which it is incurred. Gains and losses on deleted assets are included in the profit and loss account.

3.5 Property, plant and equipment - leased

Assets under finance lease are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of assets. Depreciation on these assets is charged according to company's policy for similar assets. The aggregate amount of obligation relating to assets subject to finance lease is accounted for at the net principal liability under the lease agreement. Finance charges are allocated over the lease term so as to produce constant periodic rate of return on the outstanding principal liability for each period.

3.6 Surplus on revaluation of property, plant and equipment

The incremental depreciation of surplus on revaluation of building & civil works and plant & machinery is transferred to revaluation reserves. The same amount of incremental depreciation has been transferred to accumulated loss through statement of changes in equity.

3.7 Stores, spares and stock in trade

These are valued at lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale. Cost is calculated as follows:

Stores and spares

Moving average basis

Stock in trade

Residual fuel oil (RFO)

First in first out basis

High speed diesel (HSD)

Moving average basis

Lube oil

Moving average basis

Chemicals and other lubricants

Moving average basis

Items in transit are valued at cost calculated on invoice values plus other related charges incurred thereon.

3.8 Trade debts and other receivables

These are carried at amounts recognized at the time of transactions. Bad debts are written off when identified.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash equivalents are short term highly liquid instruments that are readily convertible to known amounts of cash which are subject to insignificant changes.

3.10 Trade and other payables

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

3.11 Foreign currency translation

Foreign currency transactions are converted into Pak Rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies at the year-end are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses on translation of foreign currency loans utilized for the acquisition of fixed assets are capitalized and incorporated in the cost of such assets. All other exchange differences are charged to income currently.

3.12 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.13 Contingencies and commitments

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the accounts.

3.14 Borrowing costs

Borrowing costs are charged to income when incurred.

3.15 Financial instruments

Recognition and measurement

All financial assets and liabilities are recognized at cost when the company becomes a party to the contractual provisions of the instrument. The financial instruments include long term deposits, trade debts, receivables, cash and cash equivalents, loans and creditors, accrued and other liabilities. Any gain or loss on subsequent re-measurement to fair value of a financial asset and a financial liability is taken to profit and loss account on occurrence. The particular measurement method adopted is disclosed in individual policy statements associated with each item.

Offsetting of financial assets and financial liabilities

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

3.16 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of such assets is estimated and impairment loss is recognized in the profit and loss account.

3.17 Revenue recognition

Energy sale is recognized on transmission of electricity to WAPDA, whereas revenue on account of Capacity Purchase Price (CPP) is recognized when invoiced. Profit on bank deposits is recognized on receipt basis.

		2007 Rupees '000'	2006 Rupees'000'
4	ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
		<u>2007</u>	<u>2006</u>
		<u>Number of</u>	<u>Number of</u>
		<u>Shares</u>	<u>Shares</u>
	Ordinary shares of Rs. 10 each Issued for cash	133,200	133,200
	Ordinary shares of Rs. 10 each Issued for consideration other than cash	14,419	-
		<u>147,619</u>	<u>133,200</u>
		<u>1,332,000</u>	<u>1,332,000</u>
		<u>144,188</u>	<u>-</u>
		<u>1,476,188</u>	<u>1,332,000</u>
5.	SHARE DEPOSIT MONEY	<u>-</u>	<u>144,188</u>
	In compliance with the terms and conditions of the Syndicated Term Finance Agreement-II, an amount of Rs. 144.188 million out of the total of sponsors' interest free loan of Rs. 228.376 million was transferred to the new shareholders' account as share deposit money for further issue of share capital, as permitted by State Bank of Pakistan. During the year 14,418,846 ordinary shares of Rs 10 each have been issued to sponsors and transferred to paid up capital account.		
6.	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
	Opening balance	542,917	-
	Add: Revaluation during the year	-	542,917
		<u>542,917</u>	<u>542,917</u>
	Less: Amortization equivalent to incremental depreciation	<u>(20,734)</u>	<u>-</u>
		<u>522,183</u>	<u>542,917</u>

The revaluation was carried out as on June 30, 2006 by an independent valuer - Messrs Indus Surveyors (Pvt) Ltd. The basis used for revaluation was as followed:

<u>Description</u>	<u>Basis</u>
Land - freehold	Market value of land in surroundings
Buildings and civil works on freehold land	Replacement cost
Plant and machinery	International market rates for similar kind of plant and machinery

	<u>Note</u>	<u>2007</u> <u>Rupees '000'</u>	<u>2006</u> <u>Rupees'000'</u>
7. LOAN FROM OTHERS - UNSECURED		<u>84,188</u>	<u>84,188</u>
This interest free loan is payable to an ex-director relating to the outgoing sponsors, and treated as a subordinated loan.			
8. LONG TERM LOANS / FINANCES			
Secured			
Syndicated term finance agreement - I	8.1		
Banking companies			
Prime Commercial Bank Limited		23,142	25,714
National Bank of Pakistan		27,566	30,629
Askari Commercial Bank Limited		22,383	24,870
Allied Bank Limited		13,169	14,632
PICIC Commercial Bank Limited		8,395	9,327
Saudi Pak Commercial Bank Limited		4,549	5,054
Crescent Commercial Bank Limited		9,612	10,680
		108,816	120,906
Non-banking financial institution			
Prudential Investment Bank Limited		2,470	2,744
		111,286	123,650
Morabaha finance agreement - I	8.2		
Banking company			
Faysal Bank Limited		18,635	20,706
Syndicated term finance agreement - II	8.3		
Banking companies			
Prime Commercial Bank Limited		935,018	935,018
National Bank of Pakistan Limited		761,720	761,720
Askari Commercial Bank Limited		914,474	914,474
Allied Bank Limited		635,572	635,572
PICIC Commercial Bank Limited		343,000	343,000
Saudi Pak Commercial Bank Limited		185,898	185,898
Crescent Commercial Bank Limited		533,161	533,161
		4,308,843	4,308,843
Non-banking financial institution			
Prudential Investment Bank Limited		52,093	52,093
		4,360,936	4,360,936
Morabaha finance agreement - II	8.4		
Banking company			
Faysal Bank Limited		761,372	761,372
Finance against dishonored bills	8.5		
Banking company			
Allied Bank Limited		9,000	17,342

	Note	2007 Rupees '000'	2006 Rupees'000'
Unsecured			
Supplier's credit - Power cable	8.6	21,562	22,820
		5,282,791	5,306,826
Less: Current and overdue portion shown under current liabilities			
Overdue portion			
Supplier's credit - power cable		21,562	22,820
Finance against dishonored bills		9,000	11,461
Syndicated term finance agreement - I		49,460	-
Morabaha finance agreement - I		8,282	-
		88,304	34,281
Current maturity			
Syndicated term finance agreement - I		61,825	61,825
Morabaha finance agreement - I		10,353	10,353
Finance against dishonored bills		-	5,881
		72,178	78,059
		160,482	112,340
		5,122,309	5,194,486

8.1 Syndicated term finance agreement - I

Syndicated loan I under financing arrangement along with overdue markup was restructured on June 28, 2006 effective from April 01, 2006 as Syndicated Term Finance Agreement I. The syndicate has agreed to purchase assets of the company at the purchase price of Rs. 123.650 million and sell the same to the company at a marked up price of Rs. 154.563 million. The principal is repayable in two equal installments due on March 31, 2007 and September 30, 2007 respectively. It carries mark up @ three months KIBOR plus 1.5% per annum payable on a quarterly basis.

8.2 Morabaha finance agreement - I

As part of the restructuring arrangement of existing loans, a morabaha finance agreement was signed with the Faysal Bank Limited whereby the Bank has agreed to purchase the goods at a purchase price of Rs. 20.706 million and sell the same to the company at a price of Rs. 25.882 million. The principal is repayable in two equal installments on March 31, 2007 and September 30, 2007 respectively.

8.3 Syndicated term finance agreement - II

Syndicated loan II under financing arrangement was restructured on June 28, 2006 effective from April 01, 2006 as Syndicated Term Finance Agreement II. Under the new arrangement, the syndicate has agreed to purchase all the fixed and current assets of the company at the purchase price of Rs. 4,360.936 million and sell the same to the company at marked up price of Rs. 9,724.887 million. The principal is repayable in two phases. Phase-I as per repayment schedule A, comprises of 38 equal installments due from June 30, 2009 to September 30, 2018, while Phase-II represents the remaining principal, as per repayment schedule B and consists of 16 equal installments due from June 30, 2022 to March 31, 2026. The facility carries mark up @ three months KIBOR plus 0.25% per annum payable on a quarterly basis.

8.4 Morabaha finance agreement - II

As part of the restructuring arrangement of existing loans, a morabaha finance agreement was signed with Faysal Bank Limited whereby the Bank agreed to purchase the goods at a purchase price of Rs. 761.372 million and sell the same to the company at a price of Rs. 1,697.859 million. The principal is repayable in two phases. Phase-I as per repayment schedule A, comprises of 38 equal installments due from June 30, 2009 to September 30, 2018, while Phase-II represents the remaining principal, as per repayment schedule B and consists of 16 equal installments due from June 30, 2022 to March 31, 2026.



8.5 Finance against dishonored bills

This facility was extended by Allied Bank Limited as part of syndicated finance loan - II, renamed as syndicated term finance agreement, which was separated from this arrangement w.e.f March 15, 2005. It is payable in 7 quarterly installments commencing from March 15, 2005 and carries markup @ 7% per annum, payable quarterly. However no markup is accrued on this facility after 1st quarter in view of the revised restructuring of the facilities obtained from this bank, favouring the company.

All the above finance arrangements are secured by a first pari passu fixed charge by way of hypothecation over the company's entire present and future fixed and current assets, a mortgage by deposit of title deeds over its land and building and by pledge of the new management's shareholding.

8.6 Supplier's credit – power cable

This credit was obtained from Toyota Tsusho Corporation, Japan (TTC) amounting to US \$ 1,315,113 against the import of power cables.

The balance amount of Rs. 21.562 million on this account shall be paid after negotiation with TTC The balance was however confirmed by the supplier on 30-06-2006.

	2007	2006
	Rupees '000'	Rupees'000'

9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

9.1 The movement in this account during the year is as follows:

Opening balance	2,761	6,999
Less: paid/adjusted during the period	2,761	4,238
	-	2,761
Less: Current portion shown under current liabilities	-	2,761
	-	-

9.2 The company has fully paid off and settled the finance lease during the year.

10. DEFERRED LIABILITY

10.1 Movement during the year in the net liability recognized in the financial statements is:

Opening net liability	2,910	5,764
Add: expense recognized	1,082	1,354
	3,992	7,118
Less: paid during the year	480	4,208
Closing net liability	3,512	2,910

10.2 The amounts recognized in balance sheet are as follow:

Present value of defined benefit obligation	1,896	1,321
Payable as on June 30	1,718	1,463
Unrecognized actuarial (losses)/gains	(102)	126
Total balance sheet liability	3,512	2,910

10.3 The actuarial expense recognized in the profit and loss account is:

Current service cost	963	1,000
Interest cost	119	364
Actuarial gain	-	(10)
	1,082	1,354

11. SHORT TERM BORROWINGS

<u>Name of lenders</u>	<u>Sanctioned Limit</u>	<u>Disbursed Amount</u>	
		2007	2006
	Rupees '000'	Rupees '000'	Rupees '000'
Banking companies			
Prime Commercial Bank Limited	Note 11.1 40,000	40,000	53,891
Allied Bank Limited (ABL)	Note 11.2 39,470	39,470	39,470
Prime Commercial Bank Limited - Overdrawn account	Note 11.3 -	-	4,324
	79,470	79,470	97,685

- 11.1 The borrowing from Prime Commercial Bank Limited is secured by a first charge, ranking pari passu on all present and future assets including plant and machinery, equipment, inventories, trade debts and other receivables of the company and the personal guarantees of the existing directors. The facility carries mark up @ six months KIBOR plus 2% per annum on a daily basis, payable quarterly upto 40 million and @ six months KIBOR plus 3% over 40 million.
- 11.2 The borrowing from ABL is secured by a first charge, ranking pari passu on all present and future assets including plant and machinery, equipment, inventories, trade debts and other receivables of the company and the personal guarantees of the existing directors. The facility carries mark up @ six months KIBOR plus 2% per annum on a daily basis, payable quarterly.
- 11.3 This represents unrepresented cheques at the terminal date.

	Note	2007 Rupees '000'	2006 Rupees '000'
12. CURRENT PORTION OF LONG-TERM LIABILITIES			
Long term loans / finances	8.	160,482	112,340
Liabilities against assets subject to finance lease	9.	-	2,761
		160,482	115,101
13. TRADE AND OTHER PAYABLES			
Creditors		35,400	24,375
Accrued liabilities		5,483	8,502
Advance from WAPDA for purchase of HFO	13.1	820,220	743,245
Provision for sales tax		2,238	2,238
Infrastructure tax payable		4,397	4,397
Guarantee commission payable		6,267	6,267
		874,005	789,024

13.1 This advance carries markup @ 11.0% to 11.50% (2006: @11.0%) per annum and is secured against company's billings to WAPDA.

14. ACCRUED MARKUP

Interest / markup payable on secured borrowings	134,432	98,660
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15. CONTINGENCIES AND COMMITMENTS

Contingencies:

15.1 WAPDA has disputed payments amounting to Rs. 384.032 million, relating to indexation of non-escalable components of capacity purchase price (CPP) already paid to the company from March 14, 2004 to March 13, 2006 and disputed further amount of Rs. 213.175 million against company's CPP invoices for the period from March 14, 2006 to June 30, 2007. The total disputed amount comes to Rs. 597.206 million, out of which WAPDA has arbitrarily withheld a total amount of Rs. 248.991 million from company's CPP invoices upto June 30, 2007. After failing to reach on a resolution between the Parties, the company had referred the total amounts of indexation disputed by WAPDA for resolution by an expert as per the dispute resolution mechanism provided in the Power Purchase Agreement (the PPA). The expert has given his recommendations, which support the company's position. However, as per the terms of the PPA, either party has the right to challenge the recommendation in a formal arbitration proceeding. Therefore, as provided in the PPA, the Parties are meeting to discuss and agree on methodology to implement the recommendation. Pending such agreement, no adjustments have been incorporated in these financial statements.

15.2 The company is contingently liable for the liquidated damages claimed by WAPDA for the period from July 1, 2001 to June 30, 2007, to the tune of Rs. 479.649 million which are disputed by the company. Since the company and WAPDA could not reach on a resolution with respect to the LD's amounts, the dispute was referred to an expert for his recommendation, as per the dispute resolution mechanism provided in the Power Purchase Agreement (the PPA). The expert



has given his recommendations, which support the company's position. However, as per the terms of the PPA, either party has the right to challenge the recommendation in a formal arbitration proceeding. Therefore, as provided in the PPA, the Parties are meeting to discuss and agree on methodology to implement the recommendation. Pending such agreement, the management believes that after taking into account the allowances for forced outages, as also recommended by the expert, and providing cogent reasons duly substantiated by documentary evidences, it will not have to pay damages over and above the amount already provided for in the books of account over the years.

- 15.3 The company is also contingently liable for infrastructure fee/cess amounting to Rs. 4.396 million imposed by the Sindh Government under the provision of Sindh Finance (Amendment) Ordinance, 2001. The company challenged the levy and collection of the fee in the Sindh High Court. The suit was decided against the company, however, the verdict was suspended for 15 days by the honorable court to enable the company to file an intercourt appeal against the judgment. The appeal was filed before the Honorable Division Bench of the Sindh High Court and the Bench passed an order staying the recovery of the impugned cess on furnishing of a bank guarantee (non-encashable till the pendency of the suit) by the company to the satisfaction of the Excise department. The appeal is pending adjudication and the company is confident that the matter will be ultimately settled in its favour.

Commitments:

- 15.4 The company has no capital or other commitments at the terminal date (June 2006: Nil).

	2007 Rupees '000'	2006 Rupees '000'
16. Property, plant and equipment - Tangible		
Operating assets (Note - 16.1)	5,749,899	6,004,510
Capital work in progress (Note - 16.6)	-	2,700
	<u>5,749,899</u>	<u>6,007,210</u>

16.1 Operating Assets

PARTICULARS	COST					DEPRECIATION					WRITTEN DOWN VALUE AS AT JUNE 30, 2007	
	As at July 01, 2006	Additions	Adjustments	Deletions	Surplus on revaluation	As at June 30, 2007	Rate (%)	As at July 01, 2006	Deletions/ adjustments	Charge for the year		As at June 30, 2007
Owned												
Land - freehold	68,446	-	-	-	-	68,446	-	-	-	-	-	68,446
Buildings and civil works on freehold land	368,414	-	-	-	-	368,414	3.3 - 4.22	75,931	-	12,340	88,271	280,143
Plant and machinery	6,971,136	-	(1,257)	-	-	6,969,879	3.3 - 4.22	1,341,429	(53)	237,524	1,578,900	5,390,979
Workshop equipment	16,085	-	-	-	-	16,085	10	9,650	-	1,609	11,259	4,826
Weighbridge	1,175	-	-	-	-	1,175	10	705	-	118	823	352
Furniture and fixtures	2,417	-	-	(895)	-	1,522	10	1,316	(649)	232	900	622
Electric installations	1,740	25	-	(353)	-	1,412	10	928	(241)	164	851	561
Office equipment	1,521	-	-	(498)	-	1,023	10	762	(345)	144	561	462
Laboratory equipment	928	470	-	-	-	1,398	10	348	-	105	453	945
Computers	2,053	-	-	(1,045)	-	1,008	30	2,031	(1,045)	22	1,008	-
Tube well	1,724	-	-	-	-	1,724	10	1,085	-	172	1,257	467
Railways sidings	6,650	-	-	-	-	6,650	10	4,184	-	665	4,849	1,801
Vehicles	3,092	-	7,390	(943)	-	9,539	20	2,502	6,447	295	9,244	295
	<u>7,445,381</u>	<u>495</u>	<u>6,133</u>	<u>(3,734)</u>	<u>-</u>	<u>7,448,275</u>		<u>1,440,871</u>	<u>4,115</u>	<u>253,390</u>	<u>1,698,376</u>	<u>5,749,899</u>
Leased												
Vehicles	7,390	-	(7,390)	-	-	-		7,390	(7,390)	-	-	-
	<u>7,452,771</u>	<u>495</u>	<u>(1,257)</u>	<u>(3,734)</u>	<u>-</u>	<u>7,448,275</u>		<u>1,448,261</u>	<u>(3,275)</u>	<u>253,390</u>	<u>1,698,376</u>	<u>5,749,899</u>
2007 Rupees in 000s	<u>7,452,771</u>	<u>495</u>	<u>(1,257)</u>	<u>(3,734)</u>	<u>-</u>	<u>7,448,275</u>		<u>1,448,261</u>	<u>(3,275)</u>	<u>253,390</u>	<u>1,698,376</u>	<u>5,749,899</u>
2006 Rupees in 000s	6,925,753	2,314	182	(18,395)	542,917	7,452,771		1,225,942	(14,457)	236,776	1,448,261	6,004,510

16.2 Adjustments to plant and machinery include exchange gain on the repayment of foreign currency loans amounting to Rs. 1.257 million (2006: exchange loss of Rs.0.183 million) utilized on the acquisition of plant and machinery.

16.3 The depreciation charge for the year has been allocated to:

		2007 Rupees '000'	2006 Rupees '000'
Cost of sales	(Note - 24)	252,481	231,573
Administrative and general expenses	(Note - 25)	856	5,202
		253,337	236,775

The related depreciation of Rs 53,000 on exchange loss booked during the year has been credited to depreciation charged to cost of sales.

16.4 As at 30 June 2007, undepreciated balance of revaluation surplus included in the carrying value of operating assets, amounted to Rs. 522.183 million (2006: Rs. 542.917 million).

16.5 Had there been no revaluation, the carrying amount of revalued assets as on June 30, 2007 would have been as follows:

	Cost	Accumulated Depreciation	Written Down Value	
			2007	2006
Land - freehold	16,979	-	16,979	16,979
Buildings and civil works on freehold land	367,307	88,224	279,083	291,377
Plant and machinery	6,479,537	1,558,211	4,921,325	5,139,365
Rupees in 000s	6,863,823	1,646,435	5,217,387	5,447,721
16.6 Capital work in progress				
Plant and machinery			-	2,700

16.7 The detail of fixed assets disposed of during the years is as follows:

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Profit / (Loss)	Mode of Sale	Particulars of Buyer	
Furniture and Fixtures								
Sofa sets	5	3	2	2	-	By Negotiation	Muhammad Arif Bhutti	Ex-employee
Dining chair	6	4	2	2	-	By Negotiation	Muhammad Arif Bhutti	Ex-employee
Office table	18	12	6	5	(1)	By Negotiation	Various employees	
Revolving chairs	6	4	2	1	(1)	By Negotiation	Waris Ali	52-A, Tajpura Scheme, Lahore.
File cabinet	3	2	1	1	-	By Negotiation	Abdul Sattar	Chawk # 119, Faisalabad.
Chairs	1	1	-	1	1	By Negotiation	Mr. Naveed	Employee
Various items	856	622	234	-	(234)	Written off	(Note - 16.8)	
	895	648	247	12	(235)			
Office Equipment								
Type writer	3	2	1	1	-	By Negotiation	Ghulzar	Employee
UPS	58	38	20	1	(19)	By Negotiation	Waris Ali	52-A, Tajpura Scheme, Lahore.

Various items	437	305	132	-	(132)	Written off	(Note - 16.8)
	<u>498</u>	<u>345</u>	<u>153</u>	<u>2</u>	<u>(151)</u>		
Computers							
Laptop computer	95	95	-	30	30	By Negotiation	Abdul Rasheed Ex-employee
Printer+monitor+cpu	594	594	-	4	4	By Negotiation	Waris Ali 52-A, Tajpura Scheme, Lahore.
Computer	126	126	-	3	3	By Negotiation	Tariq Irfan Employees
Various items	230	230	-	-	-	Written off	(Note - 16.8)
	<u>1,045</u>	<u>1,045</u>	<u>-</u>	<u>37</u>	<u>37</u>		
Electric Installation							
Fridge	30	20	10	2	(8)	By Negotiation	Muhammad Shabir Pakistan Oil Field, Khor Co. Attock
Air conditioner	76	49	27	4	(23)	By Negotiation	Muhammad Shabir Pakistan Oil Field, Khor Co. Attock
Room cooler	7	4	3	3	-	By Negotiation	Dawood Niaz Employee
Various items	240	168	72	-	(72)	Written off	(Note - 16.8)
	<u>353</u>	<u>241</u>	<u>112</u>	<u>9</u>	<u>(103)</u>		
Vehicles							
LXO 4289	935	935	-	330	330	By Negotiation	Mr. Inamullah Khan 27-II, Qutab Colony, Fazal Elahi Road, Rehman Pura, Ichra, Lahore
Bicycles	8	8	-	-	-	Written off	(Note - 16.8)
	<u>943</u>	<u>943</u>	<u>-</u>	<u>330</u>	<u>330</u>		
2007 Rupees	<u>3,734</u>	<u>3,222</u>	<u>512</u>	<u>390</u>	<u>(122)</u>		
2006 Rupees	<u>18,965</u>	<u>14,457</u>	<u>3,938</u>	<u>6,426</u>	<u>2,488</u>		

16.8 These items have been written off on the basis of an internal auditor's report, being obsolete, redundant and no more useable.

	Note	Rupees '000'	Rupees '000'
17. LONG TERM DEPOSITS AND PREPAYMENTS			
Central Depository Company (CDC)		100	100
Security deposits with leasing companies		-	1,700
		<u>100</u>	<u>1,800</u>
Less: Adjustable within one year		-	1,700
Security deposits with leasing companies	21.	-	1,700
		<u>100</u>	<u>100</u>
18. STORES AND SPARES			
Stores		2,894	1,411
Spares		17,318	11,356
		<u>20,212</u>	<u>12,767</u>
19. STOCK IN TRADE-RAW MATERIALS			
Residual fuel oil (RFO) including in-transit Rs. Nil million (2006:Rs. 101.757million)		83,908	202,566
High speed diesel (HSD)		4,919	3,913
Lube oil (including in-transit Rs. Nil million (2006: Rs. Nil million))		2,987	1,008
Chemicals and other lubricants		1,425	1,448
		<u>93,239</u>	<u>208,935</u>

	Note	2007 Rupees '000'	2006 Rupees '000'
20. TRADE DEBTS - CONSIDERED GOOD			
These are receivable from WAPDA and are fully secured.		<u>764,455</u>	<u>540,946</u>
21. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
To employees		14	77
For expenses		9	50
To suppliers		665	1,776
To Pakistan State Oil Co. Ltd. (PSO)		98,250	91,900
Income tax		891	2,236
Advance for expansion project		4,403	-
To others		24	266
		<u>104,256</u>	<u>96,305</u>
Letters of credit margin		1,571	9,393
Lease key money adjustable within a year	17.	-	1,700
Others		6	6
		<u>1,577</u>	<u>11,099</u>
Prepayments-including current portion of long term prepayments		<u>16,428</u>	<u>23,659</u>
Other receivables			
Claims receivable		1,825	1,811
Sales tax receivable		64,960	52,147
Liquidated damages recoverable		172,038	177,872
Others		683	806
		<u>239,506</u>	<u>232,636</u>
		<u>361,767</u>	<u>363,699</u>
22. CASH AND BANK BALANCES			
Cash in hand		148	-
Cash with banks:			
In current accounts		133	250
In saving accounts		7,417	3,754
		<u>7,550</u>	<u>4,004</u>
		<u>7,698</u>	<u>4,004</u>
23. SALES			
Energy payments		3,097,844	2,612,851
Capacity payments		920,346	904,113
		<u>4,018,190</u>	<u>3,516,964</u>
Less: sales tax		403,292	340,580
		<u>3,614,898</u>	<u>3,176,384</u>
24. COST OF SALES			
Fuel and oils consumed		2,887,393	2,434,626
Salaries, wages and benefits	24.1	6,935	7,320

		2007	2006
	Note	Rupees '000'	Rupees '000'
Operating and maintenance fee		45,000	54,000
Stores and spares consumed		81,333	30,140
Electricity consumed in-house		6,121	7,901
Communication charges		1,815	1,807
Repair and maintenance		19,226	4,713
Environmental monitoring		532	526
Power generation licensing expenditure		980	910
Insurance		34,669	41,389
Depreciation	16.3	252,481	231,573
		3,336,485	2,814,905

24.1 Salaries, wages and benefits include Rs. 0.486 million (2006: Rs. 0.104 million) for staff gratuity.

25. ADMINISTRATIVE AND GENERAL EXPENSES

Directors' remuneration		6,000	8,814
Salaries and benefits	25.1	8,631	10,999
Plant security services		1,391	1,650
Staff transportation		1,039	2,141
Traveling and conveyance		1,157	2,181
Rent, rates and taxes		367	601
Postage and courier		127	91
Electricity and utility charges		-	4
Telephone, mobile and telex		735	1,198
Printing and stationery		748	602
Vehicle running and maintenance		1,758	2,956
Entertainment		606	963
Newspaper and periodicals		2	4
Legal, professional and consultancy charges		3,222	8,948
Registrar services		300	300
Fee and subscription		565	265
Auditors' remuneration	25.2	503	978
Charity and donation		-	133
Advertisement		562	151
Insurance		138	1,095
Repair and maintenance		267	865
Depreciation	16.3	856	5,202
		28,974	50,141

25.1 Salaries and benefits include Rs. 0.596 million (2006: Rs. 1.25 million) for staff gratuity.

25.2 Auditors' remuneration

	2007	2006	
	Hyder Bhimji & Co.	Hyder Bhimji & Co.	Javaid Jalal Amjad & Co.
Audit fee	303	275	275
Review engagement	170	150	150
Out of pocket expenses	30	64	64
Rupees in 000s	503	489	489

26. OTHER INCOME

Profit on bank deposits		547	932
Sale of scrap / sludge		12,523	8,576
Profit on sale of fixed assets	16.7	-	2,488
Exchange gain		484	259

	Note	2007 Rupees '000'	2006 Rupees '000'
Miscellaneous		12	-
		<u>13,566</u>	<u>12,255</u>
27. FINANCIAL CHARGES			
Interest / mark up on:			
Long term loans and finances		388,505	355,946
Short term borrowings		84,279	52,026
Lease finance		169	742
Guarantee commission		70	84
Bank fee and other charges		6,304	15,129
		<u>479,327</u>	<u>423,927</u>
28. OTHER CHARGES			
Loss on sale of fixed assets	16.7	122	-
Liquidated damages - WAPDA		-	135,012
Loss due to adjustment of correction factor		-	19,876
Sales tax on short payment received from WAPDA		-	2,694
Other receivables written off		-	10,336
		<u>122</u>	<u>167,918</u>
29. LOSS PER SHARE-BASIC AND DILUTED			
Net loss for the year		<u>(216,635)</u>	<u>(268,578)</u>
Weighted average number of ordinary shares		<u>138,006</u>	<u>133,200</u>
Loss per share - rupees		<u>(1.57)</u>	<u>(2.02)</u>
30. CASH INFLOW AFTER WORKING CAPITAL CHANGES			
Net loss before taxation		(216,444)	(268,252)
Adjustment for non-cash and other items:			
Depreciation		253,337	236,775
Gain/(loss) on disposal of fixed assets		122	(2,488)
Provision for gratuity		1,082	1,354
Provision for doubtful receivables		-	10,336
Amortization of deferred cost		-	8,922
Adjustment of CWIP		2,340	-
Financial charges		479,327	423,927
		<u>736,208</u>	<u>678,826</u>
Operating profit before working capital changes		<u>519,764</u>	<u>410,574</u>
Working capital changes			
Stores and spares		(7,444)	13,735
Stock in trade		115,696	(138,901)
Trade debts		(223,509)	(448,495)
Advances, deposits, prepayments and other receivables		(1,113)	(48,066)
Creditors and other payables		85,340	626,551
		<u>(31,030)</u>	<u>4,824</u>
		<u>488,734</u>	<u>415,398</u>
31. PLANT CAPACITY AND ACTUAL PRODUCTION			
Installed annual capacity in MWH		<u>937,320</u>	<u>937,320</u>
Actual energy delivered in MWH		<u>531,015</u>	<u>455,908</u>
Utilization of available capacity depends on the load demanded by WAPDA.			

32. Financial assets and liabilities

Interest rate sensitivity position based on the earlier of contractual reprising or maturity date is as follows:

	2007 Rupees in 000s				Total
	Interest / markup bearing		Non-interest bearing		
	Maturity	Maturity	Maturity	Maturity	
	upto one year	after one year	upto one year	after one year	
Financial assets					
Long term deposits	-	-	-	100	100
Trade debts	764,455	-	-	-	764,455
Advances, deposits, prepayments and other receivables	-	-	176,162	-	176,162
Cash and bank balances	7,417	-	133	-	7,550
	<u>771,872</u>	<u>-</u>	<u>176,295</u>	<u>100</u>	<u>948,267</u>
Financial liabilities					
Loans from others - unsecured	-	-	-	84,188	84,188
Long term loans					
- Secured	138,920	5,122,309	-	-	5,261,229
- Unsecured	-	-	21,562	-	21,562
Short term borrowings	79,470	-	-	-	79,470
Trade and other payables	-	-	47,150	-	47,150
Accrued mark up	-	-	134,432	-	134,432
	<u>218,390</u>	<u>5,122,309</u>	<u>203,144</u>	<u>84,188</u>	<u>5,628,031</u>

	2006 Rupees in 000s				Total
	Interest / markup bearing		Non-interest bearing		
	Maturity	Maturity	Maturity	Maturity	
	upto one year	after one year	upto one year	after one year	
Financial assets					
Long term deposits	-	-	1,700	100	1,800
Trade debts	540,946	-	-	-	540,946
Advances, deposits, prepayments and other receivables	-	-	188,470	-	188,470
Cash and bank balances	3,754	-	250	-	4,004
	<u>544,700</u>	<u>-</u>	<u>190,420</u>	<u>100</u>	<u>735,220</u>
Financial liabilities					
Loans from others	-	-	-	84,188	84,188
Long term loans					
- Secured	89,520	5,194,486	-	-	5,284,006
- Unsecured	-	-	22,820	-	22,820
Liabilities against assets subject to finance lease	2,761	-	-	-	2,761
Short term borrowings	97,685	-	-	-	97,685
Trade and other payables	-	-	39,145	-	39,145
Accrued mark up	-	-	98,660	-	98,660
	<u>189,966</u>	<u>5,194,486</u>	<u>160,625</u>	<u>84,188</u>	<u>5,629,265</u>

32.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to change in market interest rates. The effective interest rates as at June 30, 2007 for the company's financial instruments are given in the relevant notes except for trade debts, liquidated damages, deposits in PLS account for which effective rates are given as follows:

		2007	2006
Trade debts-interest charged after 25 days of the invoice delivered to WAPDA.	Fixed	11.50%	11.00%
Liquidated damages-interest is payable after 25 days of invoice received from WAPDA	Fixed	11.50%	11.00%
Deposits in PLS accounts	Variable	As determined by the bank.	As determined by the bank.
Liabilities against assets subject to finance lease	Fixed	28%	12% to 28%
Short term borrowings	Fixed	6 months	6 months KIBOR
Long term loans/finances	Variable	KIBOR plus 2% three months KIBOR plus 0.25% and 1.5%	plus 2% three months KIBOR plus 0.25% and 1.5%

32.2 Credit risk and concentration of credit risk

The credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The maximum exposure to credit risk is presented by the carrying amount of each financial asset. All the trade receivables are due from WAPDA and are secured by sovereign guarantee of the Government of Pakistan.

32.3 Foreign exchange risk management

Foreign exchange risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Total payables of Rs. 23.696 million (2006: Rs.26.176 million) in foreign currency are , exposed to foreign exchange risk.

32.4 Fair value of financial instruments

The carrying values of all financial assets and financial liabilities reflected in the financial statements approximate to their fair values.

33. Remuneration of chief executive, directors and executives

The aggregated amounts charged in the accounts for the year for remuneration, including benefits to chief executive, directors and executives of the company are as follows:

	Chief Executive		Directors		Executives	
	2007	2006	2007	2006	2007	2006
No of persons						
before February 2006	-	1	-	4	-	4
after February 2006	1	1	-	-	5	5
Managerial remuneration	5,455	3,314	-	4,188	7,984	3,357
Medical allowance	545	-	-	-	798	-
House rent	-	562	-	-	-	1,343
Utilities	-	331	-	419	-	336
Other benefits	956	-	-	-	724	201
Rupees in 000s	6,956	4,207	-	4,607	9,506	5,237

33.1 Board meeting fee was not paid to the directors.

33.2 Company maintained vehicles and mobile telephones were provided to the chairman, chief executive and four directors till February, 2006. After takeover by the new management, the chief executive and general manager are provided with these facilities.

34. Environmental risk exposure

The company is fully compliant with the environmental regulations.

35. Date of Authorization

These financial statements were authorized for issue on September 26, 2007, in accordance with the resolution of the Board of Directors.

36. General

Figures in these financial statements have been rounded off to the nearest thousand rupees.

Islamabad:
September 25, 2007

Chairman / Director

Chief Executive

Chief Financial Officer

Consolidated
CDC+Non-CDC

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2007

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
	FROM	TO		
8	1	100	317	0.00
422	101	500	210,638	0.14
580	501	1000	579,276	0.39
1137	1001	5000	3,630,064	2.46
390	5001	10000	3,393,025	2.30
134	10001	15000	1,795,180	1.22
100	15001	20000	1,897,500	1.30
62	20001	25000	1,492,600	1.01
32	25001	30000	923,000	0.63
24	30001	35000	812,000	0.55
29	35001	40000	1,133,500	0.77
12	40001	45000	521,500	0.35
37	45001	50000	1,839,500	1.25
11	50001	55000	595,000	0.40
7	55001	60000	411,000	0.28
6	60001	65000	382,000	0.26
5	65001	70000	350,000	0.24
7	70001	75000	522,000	0.35
6	75001	80000	476,000	0.32
3	80001	85000	251,500	0.17
5	85001	90000	443,500	0.30
3	90001	95000	280,500	0.19
25	95001	100000	2,494,500	1.69
3	100001	105000	310,000	0.21
5	105001	110000	542,000	0.37
2	110001	115000	230,000	0.16
4	115001	120000	478,000	0.32
1	135001	140000	139,400	0.09
1	140001	145000	141,000	0.10
5	145001	150000	750,000	0.51
1	160001	165000	160,500	0.11
2	170001	175000	349,500	0.24
3	175001	180000	537,000	0.36
2	180001	185000	367,500	0.25
1	185001	190000	186,000	0.13
1	190001	195000	191,500	0.13
9	195001	200000	1,793,000	1.21
2	200001	205000	407,000	0.28
1	205001	210000	207,000	0.14
1	215001	220000	216,000	0.15
2	220001	225000	450,000	0.30
1	225001	230000	230,000	0.16
1	240001	245000	245,000	0.17
1	250001	255000	255,000	0.17
2	280001	285000	566,500	0.38
1	290001	295000	293,000	0.20


JAPAN POWER GENERATION LIMITED

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
	FROM	TO		
8	295001	300000	2,400,000	1.63
1	300001	305000	300,500	0.20
1	305001	310000	305,500	0.21
1	375001	380000	378,500	0.26
1	380001	385000	381,500	0.26
1	445001	450000	450,000	0.30
1	450001	455000	453,000	0.31
1	455001	460000	460,000	0.31
1	505001	510000	508,500	0.34
1	595001	600000	600,000	0.41
1	685001	690000	688,500	0.47
1	790001	795000	791,500	0.54
1	920001	925000	921,000	0.62
1	945001	950000	950,000	0.64
1	995001	1000000	1,000,000	0.68
1	1205001	1210000	1,208,500	0.82
1	1320001	1325000	1,322,000	0.90
1	1620001	1625000	1,625,000	1.10
1	2060001	2065000	2,063,500	1.40
1	3250001	3255000	3,250,500	2.20
2	3395001	3400000	6,800,000	4.61
1	4690001	4695000	4,693,423	3.18
1	4995001	5000000	5,000,000	3.39
1	5775001	5780000	5,777,000	3.91
1	10165001	10170000	10,169,081	6.89
1	11888001	11888500	11,888,500	8.04
1	24175001	24180000	24,177,671	16.38
1	25575001	25580000	25,576,171	17.33
3,133	Total		147,618,846	100.00

CATEGORIES OF SHAREHOLDERS

AS ON JUNE 30, 2007

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
Sponsors /Directors/Chief Executive Officer and their spouse and minor Children			
National Logistic Cell	1	24,177,671	16.38
Pak Oman Investment Company Limited	1	25,576,171	17.33
Saudi Pak Industrial & Agriculture Company Limited.	1	10,169,081	6.89
Patagonia Corporation (Private.) Ltd. (The Directors are nominees of institutions)	1	4,693,423	3.18
	TOTAL: - 4	64,616,346	43.77
Executives			
Please enter the executive detail,if any	-	-	-
Associated Companies, Undertakings and related parties	-	-	-
Public Sectors Companies & Corporations	-	-	-
NIT and ICP	-	-	-
Banks, Development Financial Institutions & Non-Banking Financial Institutions	12	13,849,100	9.38
Insurance Companies	1	300,000	0.20
Modarabas & Mutual Funds	5	3,901,000	2.64
Others	106	18,897,500	12.80
General Public	3,005	46,054,900	31.20
	TOTAL: -	3,133 147,618,846	100.00



FORM OF PROXY

Please quote

Folio No:

Shares held

I/We _____

being shareholder(s) of JAPAN POWER GENERATION LIMITED and entitled to vote hereby appoint _____

of _____

as my/ our proxy to attend and vote for me/ us on my/ our behalf at the 13th Annual General Meeting of the Company to be held at registered office / plant located at Jia Bagga, Off Raiwind Road, Lahore on Friday, 20th October 2006 at 09:00 a.m. and at every adjournment thereof.

As witness my / our hand this _____ day of _____ 2007.

Signature

Revenue
Stamp

Note:

Signature must be in accordance with the specimen signature registered with the Company. This Form of Proxy, Completed, must be deposited at the Company's Registered Office at Jia Bagga Railway Station, Raiwind Road, District Lahore at least 48 hours before the time for holding the meeting.