JAPAN POWER GENERATION LIMITED

ANNUAL REPORT 2015

CONTENTS

COMPANY INFORMATION

Board of Directors	Mr. Muhammad Zalmai Rahmanuddin Khan – Chairman (Nominee, Pak Oman Investment Company Ltd) Mr. Parveiz Usman (Nominee, National Logistics Cell) Mr. Muhammad Mushtaq Bhatti (Nominee, National Logistics Cell) Mr. Nadeem Iqbal Raja (Nominee, National Logistics Cell) Mr. Kashif Muhammad Khan (Nominee, Pak Oman Investment Company Ltd) Mr. Muhammad Saeed Rana (Nominee, Pak Oman Investment Company Ltd) Mr. Nafees Ahmad (Nominee, Pak Oman Investment Company Ltd) Mr. Manzoor Hussain (Nominee, Saudi Pak Industrial and Agricultural Investment Company Ltd) Mr. Abdul Nasir (Nominee, Saudi Pak Industrial and Agricultural Investment Mr. Ayaz Dawood (Independent) Mr. Zahid Anjum (Creditors Nominee, Faysal Bank Ltd) Mr. Muhammad Hanif Abbasi (Creditors Nominee, National Bank of Pakistan)
Chief Executive Officer	Mr. Amjad Awan
Company Secretary & Chief Financial Officer	Mr. Tariq Mahmood
Company's Audit Committee	Mr. Ayaz Dawood - Chairman Mr. Perveiz Usmman Mr. Nafees Ahmad Mr. Zahid Anjum Mr. Abdul Nasir Mr. Manzoor Hussain
Company's HR Committee	Mr. Ayaz Dawood - Chairman Mr. Nadeem Iqbal Raja Mr. Kashif Muhammad Khan Mr. Manzoor Hussain Mr. Zahid Anjum
Auditors	BDO Ebrahim & Co. Chartered Accountants
Shares Registrar	Hameed Majeed Associates (Pvt.) Limited. HM House, 7 – Bank Square, Lahore Tel: +92-42-37235081-2, Fax: +92-42-37358817
Legal Advisor	Faisal & Partners
Bankers	Faysal Bank Limited
Lending Bank Syndicate	Faysal Bank Limited Askari Bank Limited National Bank of Pakistan Allied Bank Limited Samba Bank Limited NIB Bank Limited SILK Bank Limited Prudential Investment Bank Limited
Registered Office/Plant	Near Jia Bagga Railway Station, Chowk Araian, Off Raiwind Road, Lahore Tel: +92-42-35835864-6 Fax: +92-42-35835860 Email: jpgl@brain.net.pk
Website	www.jpglpk.com

NOTICE OF 21st ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of Japan Power Generation Limited will be held on Wednesday, October 27, 2015 at 9:00 am 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 20th Annual General Meeting of the Company held on Tuesday, October 29, 2014.

2. To receive, consider and adopt the audited financial statements of the company for the financial year ended June 30, 2015, together with the Directors' and Auditors' Reports thereon.

3. To appoint auditors for the year ending June 30, 2016 and to fix their remuneration. The present Auditors, M/s. BDO Ebrahim & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

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

By order of the Board

Lahore
October 06, 2015

Company Secretary

NOTES:

1. The Share Transfer Book of the Company will remain closed from October 20, 2015 to October 27, 2015 (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 Computerized National Identity Card (CNIC) 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 CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. The proxy shall produce his original CNIC 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 Board of Directors of your Company are pleased to present the 21st Annual Report together with the audited financial statements of your Company and Auditors" Report thereon for the year ended June 30, 2015.

PRINCIPAL ACTIVITIES:

The principal activity of the Company is to own, operate and maintain an oil-fired power station with a net contracted capacity of 120.5 MW (gross capacity of 135 MW).

PLANT PERFORMANCE:

The plant has been completely shut down since October 2012 due to non-availability of fuel advance from WAPDA. WAPDA is charging LDs for the shutdown period and has rejected the CPP invoices of the Company. The Company has disputed such LDs on the grounds of non-availability of fuel advance as per the arrangement reached in December 2009 with WAPDA. These disputes are fully explained in Note 20 to the financial statements.

FINANCIAL PERFORMANCE:

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

Financial year ended June 30,	**2015**	2014
	Rupees 'million'	
Turnover	**755.85**	797.86
Cost of sales	**(335.12)**	(358.37)
Gross Profit	**420.73**	439.49
Operating expenses	**(25.44)**	(60.42)
Operating Profit	**395.29**	379.07
Other Operating Charges	**(188.59)**	(277.99)
Other income	**12.43**	12.68
Financial and other costs	**(773.09)**	(993.54)
Provision for taxation	**-**	(0.15)
Net loss after taxation	**(553.97)**	(879.94)
Loss per share – basic and diluted	**(3.55)**	(5.64)

The plant is shut down owing to discontinuation of fuel advance by WAPDA from October 2012 onwards. Therefore, the turnover of the Company decreased significantly in the current year as compared to the corresponding year. Furthermore, WAPDA has also refused to pay for capacity invoices from October 2012 onwards. However, as per the provisions of the Power Purchase Agreement (PPA), Capacity Purchase Price (CPP) invoices are issued to WAPDA and its revenue is recognized in the financial statements.

Due to recognition of CPP revenue as well as decrease in fuel loss, and decrease in repair & maintenance cost as a result of shut down of plant from October 19, 2012 onwards, the financial results show a gross profit of Rs. 420.73 million for the period as compared to gross profit of Rs. 439.49 million for the corresponding period of last year.

Furthermore, the International Court of Arbitration announced its Final Award on 19 May, 2014, mainly in favour of the Company. As per the ICC Award NEC component of Capacity Purchase Price (CPP), Additional Capacity of 13.5 MW, effect of Amendment 3 on Energy Purchase Price (EPP), along with markup on all these claims were allowed to the Company. The Tribunal also allowed LDs for the period from November 2007 to February 2010 and fuel advance to WAPDA along with markup. The net effect of the ICC Award is shown in "Other operating charges".

Finance cost has decreased in the current period as compared to corresponding period primarily due to decrease in KIBOR and REPO rates.

REASONS FOR NON-PAYMENT OF DIVIDEND AND DEBT OBLIGATIONS:

As detailed in Note 1.2 to the financial statements, the Company has incurred operating loss for the year amounting to Rs. 554 million (2014 : Rs. 880 million) and its accumulated loss has increased to Rs 7,545 million as at June 30, 2015, resulting in negative equity and adverse current assets ratio at that date.

The Company's major loss-contributing factors over the years have been shortfalls in reimbursement from WAPDA of actual fuel cost incurred and excessive financial costs due to non-repayment of term loans/ finances; both as a consequence of tariff reductions in 1999.

Due to continued losses and consequential financial constraints, the Company is unable to discharge debt obligations towards its Lenders. Knowing the Company‟s history and state of affairs, the Lenders have not served any notice of default under the financing documents, and continue to make efforts to arrive at a comprehensive solution to all the issues faced by the Company to make it a financially viable entity.

In addition to this, amounts from the Capacity Price Payments (CPP) were withheld by WAPDA to adjust against its own disputed dues and fuel advances, which further increased the financial burden on the Company. The disputed amounts have been explained in detail in Note 20 of these financial statements.

Due to the above reasons, the Company is neither in a position to pay off obligations to its Lenders nor has declared dividend in any financial year.

COMMENTS ON THE AUDITORS' REPORT:

The Management of the Company is of the considered view that they are justified in preparing these financial statements on historical cost basis which depict a true and fair view of the Company's affairs. Accordingly the value of its property, plant and equipment is fairly stated and the Management does not agree with the auditors' opinion as regards the impairment of these assets. The power plant of the Company is available for operation at full capacity as the plant has demonstrated its capacity of 123 MW during ADC test in August 2012.

Detailed explanations have already been given in Note 1.2 as well as in Note 19 & 20 of the financial statements.

Notwithstanding the above, the Company's Management remains fully engaged with the Government of Pakistan and WAPDA for resumption of plant operations. Different options have been discussed and the parties are close to a consensus to operate the plant on 'Take-and-Pay' basis which would eliminate the fuel loss. A proposal has been submitted by the Company which is under consideration with WAPDA and the relevant Government authorities, and hearings have been held at NEPRA to set an appropriate tariff.

Considering the above-stated factors and arrangements, coupled with the continued support of WAPDA and the Lenders, the Management of the Company considers that the going concern assumption used in the preparation of this financial information is appropriate.

EXTERNAL AUDITORS' APPOINTMENT:

The Company's auditors M/s BDO Ebrahim & Co., Chartered Accountants shall retire at the conclusion of the 21st annual general meeting. The auditors have indicated their willingness to continue in office as auditors. Further, M/s Naveed Zafar Ashfaq Jaffery & Co. has also provided their consent to act as auditors of our company. The appointment in the office of the external auditors shall be made in the next AGM.

REMUNERATION OF CHIEF EXECUTIVE:

No change.

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 flows and changes in equity.
b) Proper books of account 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 (IAS) / International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of the financial statements.
e) The system of internal controls is sound in design and has been effectively implemented and monitored.
f) The management feels that there are no significant doubts upon the Company's ability to continue as a going concern.
g) There has been no material departure from the best practices of Code of Corporate Governance, as detailed in the listing regulations.
h) The key operating and financial data of last six years is attached to the report.
i) During the financial year under review the Board of Directors met four times and the attendance at the meetings was as follows:

Name	No. of Meetings Attended
Mr. Mohammad Zalmai Rahmanuddin Khan	4
Mr. Parveiz Usman	2
Mr. Muhammad Mushtaq Bhatti	-
Mr. Ayaz Dawood	2
Mr. Nadeem Iqbal Raja	-
Mr. Kashif Muhammad Khan	3
Mr. Manzoor Hussain	4
Mr. Muhammad Saeed Rana	1
Mr. Nafees Ahmad	1
Mr. Abdul Nasir	3
Mr. Zahid Anjum	4
Mr. Muhammad Hanif Abbasi	2

Leave of absence, where requested, was granted to the Directors who could not attend the Board meetings.

j) The Board has formed an Audit Committee, comprising five members, all of whom are non-executive directors.
k) During the financial year the Audit Committee held 4 meetings and the attendance of the members were as follows:

Name	No. of Meetings Attended
Mr. Parveiz Usman	2
Mr. Muhammad Hanif Abbasi (retired)	-
Mr. Kashif Muhammad Khan (retired)	-
Mr. Muhammad Saeed Rana (retired)	1
Mr. Zahid Anjum (new appointment)	2
Mr. Nafees Ahmed (new appointment)	1
Mr. Abdul Nasir (new appointment)	3
Mr. Manzoor Hussain	4
Mr. Ayaz Dawood	2

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company's Statement of Compliance with the Code of Corporate Governance is annexed with this 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 the employees.

ENVIRONMENT HEALTH AND SAFETY

We remain committed to ensure that the entire operations of the Company conform to environment, health and safety standards. Personal safety of the employees has remained amongst the priority areas of the Management. A dedicated team of professionals continuously review the environmental aspects that may have any significant impact on the environment. Similarly, all health and safety hazards having significant risks are also reviewed and are proactively addressed to avoid any untoward incident.

PATTERN OF SHAREHOLDING

Pattern of shareholding of the Company as at 30 June 2015 along with the necessary information is attached to this report.

FUTURE PROSPECTS

The Company is negotiating with WAPDA to restart the plant. Insha"Allah if an amicable settlement is reached with WAPDA your plant is expected to be operational shortly.

CONCLUSION

We wish to thank our shareholders, lenders, business partners and vendors for their valuable support and cooperation that has enabled the Company to effectively manage its operations during these difficult times.

Dated: September 17, 2015

On behalf of the Board
Chief Executive Officer

OPERATING AND FINANCIAL DATA

SIX YEARS SUMMARY

	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
DISPATCH LEVEL(%)	**-**	**-**	**9.63**	**26.75**	**39.76**	**18.85**
DISPATCH (MWh)	**-**	**-**	**101,656**	**282,383**	**372,692**	**198,934**
REVENUE (Rs. 000)						
Energy Purchase Price	-	-	1,514,313	4,212,304	4,071,936	1,981,217
Capacity Purchase Price	755,849	797,863	744,930	787,054	652,213	750,722
TOTAL REVENUE	**755,849**	**797,863**	**2,259,243**	**4,999,358**	**4,724,149**	**2,731,939**
Cost of Sales	(335,118)	(375,636)	(2,089,153)	(5,050,083)	(5,170,336)	(2,443,209)
GROSS (LOSS) / PROFIT	**420,731**	**422,227**	**170,090**	**(50,725)**	**(446,187)**	**288,730**
PROFITABILITY (Rs. 000)						
Profit / (Loss) Before Tax	(553,967)	(879,785)	(881,441)	(1,377,643)	(1,501,755)	(450,729)
Provision for Taxation	-	(154)	(1,251)	(2,463)	(1,725)	(1,623)
PROFIT I (LOSS) AFTER TAX	**(553,967)**	**(879,939)**	**(882,692)**	**(1,380,106)**	**(1,503,480)**	**(452,352)**
FINANCIAL POSITION (Rs. 000)						
Non Current Assets	4,546,293	4,847,574	5,164,632	5,344,304	4,860,577	5,063,299
Current Assets	6,181,427	5,309,077	3,131,731	3,344,976	2,973,456	2,695,627
Less Current Liabilities	(13,374,529)	(11,872,060)	(8,738,263)	(7,871,403)	(5,917,375)	(3,720,732)
NET WORKING CAPITAL	**(7,193,102)**	**(6,562,983)**	**(5,606,532)**	**(4,526,427)**	**(2,943,919)**	**(1,025,105)**
CAPITAL EMPLOYED	**(3,598,373)**	**(1,893,208)**	**(698,268)**	**995,100**	**2,957,761**	**4,008,311**
Less Non Current Liabilities	(2,385,918)	(2,763,351)	(3,140,784)	(3,518,216)	(4,000,587)	(4,621,043)
SHAREHOLDERS' EQUITY	**(5,984,291)**	**(4,656,559)**	**(3,839,052)**	**(2,523,116)**	**(1,042,826)**	**(612,732)**
REPRESENTED BY (Rs. 000)						
Share Capital	1,560,376	1,560,376	1,560,376	1,560,376	1,560,376	1,560,376
Accumulated Loss	(7,544,660)	(7,051,852)	(6,233,522)	(5,401,794)	(4,088,404)	(2,605,659)
Fair value reserve					4,857	2,457
	(5,984,284)	**(5,491,476)**	**(4,673,146)**	**(3,841,418)**	**(2,523,171)**	**(1,042,826)**
SHARE VALUE (RUPEES):						
Market Value	5.43	2.77	4.50	1.75	1.15	1.80
Breakup Value	(3.84)	(3.52)	(2.99)	(2.46)	(1.62)	(0.67)
RATIOS:						
Gross Profit to Sales (%)	55.66	52.92	7.53	(1.01)	(9.44)	10.57
Net Profit to Sales (%)	(73.29)	(110.29)	(39.07)	(27.61)	(31.83)	(16.56)
Earning per Share (Rupees)	(3.55)	(5.64)	(5.73)	(8.84)	(9.61)	(2.89)
Current Ratio (times)	0.46	0.45	0.36	0.42	0.50	0.72

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 entity

STATEMENT OF COMPLIANCE
WITH CODE OF CORPORATE GOVERNANCE

Year end: June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi and Lahore 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 CCG in the following manner:

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

Category Name	No. of Directors
Independent Directors	1
Executive Directors / CEO	1
Non-Executive Directors	11

The independent Director meets the criteria of independence under clause i(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
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 stock exchange, has been declared as a defaulter by that stock exchange.
4. No causal vacancies occurred on the Board during the financial year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company alongwith its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive Directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman or, 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, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. No training program has been arranged by the Board for its Directors during the year.
10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the COCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before the approval by 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 COCG.
15. The Board has formed an Audit Committee. It comprises five members, all of whom are non-executive Directors.

16. The meetings of the Audit Committee were held once every quarter prior to approval of interim and final results of the Company and as required by the COCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises five members, all of whom are non-executive Directors and the Chairman of the committee is also a non-executive Director.
18. The Board has outsourced the internal audit function to Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), 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 ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The „closed period‟ prior to the announcement of interim/final results, and business decisions which may materially affect the market price of the Company‟s securities, was determined and intimated to Directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges
23. We confirm that all other material principles enshrined in the COCG have complied with except for the following towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

    - Directors‟ training programs as per Regulation No. 35(xi) of listing regulations. The Chief Executive has got the certification in respect of directors‟ training and one director is exempt as per the criteria set in COCG till the date of this report. However, the remaining directors will get Directors‟ training as soon as the Company get out of cash flow crunch.
    - The CFO of the Company has been designated as Head of Internal Audit and Company Secretary. This is because the Company is facing severe cash flow problems due to shut down of the plant since October 2012.

Place: Lahore
September 17, 2015

For and on behalf of the Board

AMJAD AWAN
Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **JAPAN POWER GENERATION LIMITED ("the Company")** for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No. 35 of Karachi Stock Exchange and Lahore Stock Exchange where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's 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 are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, 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 as applicable to the Company for the year ended June 30, 2015.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph 23 of the Statement of Compliance.

1. Regulation No. 35(xi) of listing regulations of Karachi Stock Exchange and Lahore Stock Exchange requires all the directors of the listed companies to have certification under any directors' training program offered by institutions – local or foreign – that meet the criteria specified by the SECP. We have been informed by the management that only Chief Executive has obtained certification in respect of directors' training and one director is exempt as per the criteria set in CCG.

2. Regulation No. 35(xxxi) of listing regulations of Karachi Stock Exchange and Lahore Stock Exchange requires that in the event of outsourcing the internal audit function, the Company shall appoint or designate a fulltime employee other than CFO, as Head of Internal Audit, to act as coordinator between firm providing internal audit services and the Board. The CFO of the Company has been designated as Head of Internal Audit and Company Secretary.

KARACHI
DATED: SEPTEMBER 17, 2015

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **JAPAN POWER GENERATION LIMITED** ("the Company") as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

1. The Company's accumulated losses aggregate to Rs. 7,544.660 million and its current liabilities exceeded current assets by an amount of Rs. 7,193.102 million. The Company's plant has ceased operations since October 2012 for reasons as stated in Note 1.2 to the financial statements. The ability of the Company to continue as a going concern is dependent on the ability of the management to succeed in their efforts as detailed in Note 1.2 to the financial statements. Further, the ability to continue as a going concern is dependent on restructuring of existing debts and final resolution of tariff related matters pending with WAPDA. Further, no repayments have been made to lenders since July 2008, the overdue amounts of which inclusive of mark up amounted to Rs. 5,569.107 million at the balance sheet date and, consequently, no borrowing line or limit is available to the Company.

   These factors indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. Accordingly, the going concern assumption used by the management of the Company for the preparation of the financial statements is inappropriate, and therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business and adjustments would be required to bring the assets and liabilities to their realizable amounts.

2. We have not received independent balance confirmations from two financiers, in the absence of which we are unable to confirm the accuracy and completeness of balances aggregating to Rs. 319.201 million related accrued mark up and their related terms and conditions.

3. Management has not carried out an impairment review as required under International Accounting Standard 36 "Impairment of Assets". In the absence of such a review we are unable to assess whether the carrying values of assets are accurately stated.

4. The Company has not met the payment terms prescribed in their financing arrangements. The current portion of long term liabilities has been presented by the management on the basis of the original repayment schedules. However, due to the event of default, as per the terms of arrangement, the entire financing facility falls due. Management has not incorporated the effect of the event of default in preparation of the financial statements as no event of default has been communicated by the financiers.

5. The Company has professionally revalued its freehold land, buildings and civil works on freehold land and plant and machinery on June 30, 2011 as per report submitted by a professional valuer on the basis of market value method. Under International Accounting Standards 16 "Property, Plant and Equipment" a revaluation should be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

6. ICC Final Award has finalized the amounts regarding CPP invoices under old arrangements, however, the Company has still recorded an amount of Rs. 296.323 million as receivable, whereas, this amount has not been allowed to the Company under ICC Final Award. We have not been furnished with sufficient and appropriate audit evidence to support this balance.

7. The Company has major disputes involving significant amount of contingent liabilities of the Company as fully explained in notes 19 and 20 of the financial statements. In view of disputes, we have not been able to obtain sufficient and appropriate evidence in respect of the balances payable to and receivable from WAPDA as appearing in the financial statements. We have also not received an independent balance confirmation from WAPDA.

Except for the adjustments in respect of matters stated above, we state that:

a) in our opinion proper books of accounts 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 accounts 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) due to the significance of the matters stated above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and, respectively, do not give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the loss, its comprehensive loss, 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 Usher Ordinance, 1980 (XVII).

Without further modifying our opinion, we draw attention to note 20.1 to the financial statements which provides details regarding contingent liabilities in respect of suits filed against the Company. The ultimate outcome of the matters discussed therein cannot presently be determined and, hence, pending the resolution of the matters in question, no provision has been made by the Company in the accompanying financial statements for any liability or receivable that may arise as a result of the said matters.

KARACHI
DATED: September 17, 2015

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015	2014
		(Rupees in '000)	
NON CURRENT ASSETS			
Property, plant and equipment	5	4,546,193	4,847,474
Long term deposit	6	100	100
		4,546,293	4,847,574
CURRENT ASSETS			
Stores and spares	7	117,776	118,097
Stock in trade	8	204,237	344,485
Trade debts	9	5,564,897	4,552,576
Advances, deposits, prepayments and other receivables	10	112,826	113,241
Tax refunds due from Government	11	174,105	179,212
Cash and bank balances	12	7,586	1,466
		6,181,427	5,309,077
TOTAL ASSETS		10,727,720	10,156,651
CAPITAL AND RESERVES			
Authorized capital			
160,000,000 (2014: 160,000,000) ordinary shares of Rs. 10 each		1,600,000	1,600,000
Issued, subscribed and paid-up capital	13	1,560,376	1,560,376
Accumulated loss		(7,544,660)	(7,051,852)
		(5,984,284)	(5,491,476)
SURPLUS ON REVALUATION OF PROPERTY , PLANT AND EQUIPMENT	14	951,557	1,012,716
NON CURRENT LIABILITIES			
Long term financing	15	2,385,918	2,763,351
CURRENT LIABILITIES			
Short term borrowings	16	168,200	168,200
Current portion of long term financing	15	2,652,263	2,274,830
Trade and other payables	17	4,251,386	4,240,665
Accrued markup	18	6,302,680	5,188,365
		13,374,529	11,872,060
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		10,727,720	10,156,651

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

CHAIRMAN / DIRECTOR **CHIEF EXECUTIVE**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in '000)	
Sales - net	21	755,849	797,863
Cost of sales	22	(335,118)	(358,371)
Gross profit		420,731	439,492
Administrative and general expenses	23	(25,441)	(60,423)
Operating profit		395,290	379,069
Other operating charges	24	(188,595)	(277,990)
Other income	25	12,427	12,681
		219,122	113,760
Finance cost	26	(773,089)	(993,545)
Loss before taxation		(553,967)	(879,785)
Provision for taxation:			
Current		-	(154)
Loss for the year		(553,967)	(879,939)
		Rupees	Rupees
Loss per share - basic and diluted	27	(3.55)	(5.64)

Appropriations are reflected in the statement of changes in equity.

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

CHAIRMAN / DIRECTOR **CHIEF EXECUTIVE**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in '000)	
Loss for the year		(553,967)	(879,939)
Other comprehensive income			
Items that will not be reclassified to profit and loss account			
Actuarial gains on remeasurement of defined benefit plan		-	450
Total comprehensive loss for the year		(553,967)	(879,489)

Appropriations are reflected in the statement of changes in equity.

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

CHAIRMAN / DIRECTOR **CHIEF EXECUTIVE**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (outflow) / inflow after working capital changes	28	6,154	(16,206)
Income tax paid		(34)	(125)
Net cash (outflow) / inflow from operating activities		6,120	(16,331)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets		-	(148)
Proceeds from sale of property, plant and equipment		-	196
Net cash inflow / (outflow) from investing activities		-	48
CASH FLOW FROM FINANCING ACTIVITIES			
Long term financing		-	-
Net cash outflow from financing activities		-	-
Net decrease in cash and cash equivalents		6,120	(16,283)
Cash and cash equivalents at the beginning of the year		1,466	17,749
Cash and cash equivalents at the end of the year	12	7,586	1,466

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

CHAIRMAN / DIRECTOR **CHIEF EXECUTIVE**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Share capital	Accumulated loss	Fair value reserve	Total
	(Rupees in '000)			
Balance as at July 01, 2013	1,560,376	(6,233,522)	-	(4,673,146)
Incremental depreciation on revaluation of property, plant and equipment	-	61,159	-	61,159
Loss for the year	-	(879,939)	-	(879,939)
Actuarial gain on remeasurement of defined benefit plan	-	450	-	450
Total comprehensive loss for the year	-	(879,489)	-	(879,489)
Balance as at July 01, 2014	1,560,376	(7,051,852)	-	(5,491,476)
Incremental depreciation on revaluation of property, plant and equipment	-	61,159	-	61,159
Loss for the year	-	(553,967)	-	(553,967)
Actuarial gain on remeasurement of defined benefit plan	-	-	-	-
Total comprehensive loss for the year	-	(553,967)	-	(553,967)
Balance as at June 30, 2015	1,560,376	(7,544,660)	-	(5,984,284)

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

CHAIRMAN / DIRECTOR **CHIEF EXECUTIVE**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Japan Power Generation Limited (the Company) 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 registered office and plant of the Company is situated at Near Jia Bagga Railway Station, Chowk Araian, Off Raiwind Road, Lahore. The principal business of the Company is to generate and supply electric power to WAPDA. The Company commenced commercial operations from March 15, 2000.

1.2 The Company has incurred loss for the year amounting to Rs. 553.967 million (2014: Rs. 879.939 million). The accumulated losses have increased to Rs. 7,544.660 million (2014: Rs. 7,051.852 million) and its current liabilities exceeded current assets by an amount of Rs. 7,193.102 million. The Company's major loss contributing factors over the years have been shortfall in reimbursement from WAPDA of actual fuel cost incurred and excessive financial costs due to non-repayment of term loans / finances both owing to tariff reductions agreed with WAPDA in 1999. In addition to this, amounts from the Capacity Price Payments (CPP) were withheld by WAPDA to adjust these against its own disputed dues / amount of fuel advances, which further increased the financial burden and resultant costs to the Company. The disputes with WAPDA and the disputed amounts have been explained in detail in note 20 to the financial statements. Further, due to non-availability / non-provision of working capital, the Company's power plant could not be operated since October 2012, particularly on account of WAPDA's refusal to extend the advance against the purchase of oil after October 19, 2012.

In spite of the above stated circumstances, the management of the Company still considers that the going concern assumption used for the preparation of these financial statements is appropriate in view of the following major facts:

- The Company has filed a tariff petition in NEPRA on March 3, 2015 for revision of tariff which was accepted by NEPRA. The hearing was held on June 4, 2015. In the hearing NEPRA has directed the Company to submit proposal to WAPDA for restart of plant on Take-and Pay basis. The Company has submitted the proposal on June 23, 2015. On June 25, 2015, WAPDA had forwarded the JPGL proposal letter along with their comments to Ministry of Water and Power for their consents/approval. It is expected that NEPRA will approve the tariff on Take-and Pay basis as per the proposal submitted to Ministry of Water and Power very shortly.

- Furthermore, the plant has demonstrated its capacity of 123.121 MW during the Annual Dependable Capacity (ADC) Test in August 2012. Therefore, the plant is available at its full capacity to generate electricity, if WAPDA provides fuel advance to the Company.

- The sponsoring shareholders and lending institutions are taking keen interest in the long term sustainability of the Company and are taking up the matter at their highest level. They are in close contacts with each other to discuss the way forward for future operations of the Company. Various options are under their consideration including but not limited to financing of steam turbines.

- The Arbitration Tribunal of ICC announced its second partial award on July 09, 2013. The Tribunal also announced its final award on May 19, 2014, which partially favors the Company's stance on the disputes, as fully disclosed and discussed in note 20. The management of the Company is engaged with WAPDA for implementation of ICC award. The management as well as lenders of the Company are of the view that the investment / financing can be sourced once the disputes with WAPDA are settled.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for freehold land, factory building and plant and machinery which have been carried at revalued amount as referred to in the relevant notes while staff retirement benefits that are measured at present value. The Company's significant accounting policies are stated in note 4. In these financial statements, except for cash flow statement, all the transactions have been accounted for on accrual basis. The financial statements are presented in the Company's functional currency of Pakistan Rupee.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, 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 underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions effect only that period, or in the period of revision and future periods if revisions effect both current and future periods.

Significant areas requiring the use of the management estimates in these financial statements relate to the useful life of the depreciable assets, provision for doubtful debts on account receivables and staff retirement benefits. 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. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Provision for taxation - (note 4.1)
b) Useful life and residual values of property, plant and equipment - (notes 4.2 and 5)
c) Contingencies and commitments (note 20).

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLIS HED APPROVED ACCOUNTING STANDARDS

3.1 Standards or interpretations that are effective in current year but not relevant to the Company

The Company has adopted the following accounting standards and interpretations which became effective during the year:

		Effective date (annual periods beginning on or after)
IFRIC 21	Levies	January 01, 2014

3.2 Amendments that are effective in current year but not relevant to the Company

The Company has adopted the amendments to the following accounting standards which became effective during the year:

IFRS 2	Share-based Payment - Amendments resulting from Annual Improvements 2010-2012 Cycle (definition of 'vesting condition')	July 01, 2014

		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations - Amendments resulting from Annual Improvements 2010-2012 Cycle (accounting for contingent consideration) and 2011-2013 Cycle (scope exception for joint ventures)	July 01, 2014
IFRS 8	Operating Segments - Amendments resulting from Annual Improvements 2010-2012 Cycle (aggregation of segments, reconciliation of segment assets)	July 01, 2014
IFRS 10	Consolidated Financial Statements - Amendments for investment entities	January 01, 2014
IFRS 12	Disclosure of Interests in Other Entities - Amendments for investment entities	January 01, 2014
IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)	July 01, 2014
IAS 16	Property, Plant and Equipment - Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated	July 01, 2014
IAS 19	Employee Benefits - Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service	July 01, 2014
IAS 24	Related Party Disclosures - Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities)	July 01, 2014
IAS 27	Separate Financial Statements - Amendments for investment entities	January 01, 2014
IAS 32	Financial Instruments - Presentation - Amendments relating to the offsetting of assets and liabilities	January 01, 2014
IAS 36	Impairment of Assets - Amendments arising from recoverable amount disclosures for non financial assets	January 01, 2014
IAS 38	Intangible Assets - Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	July 01, 2014
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for novations of derivatives	January 01, 2014
IAS 40	Investment Property - Amendments resulting from Annual Improvements 2011-2013 Cycle (interrelationship between IFRS 3 and IAS 40)	July 01, 2014

3.3 Amendments not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard	Description	Effective date (annual periods beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations: Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (Servicing Contracts and Applicability of the offsetting amendments in condensed interim financial statements)	January 01, 2016
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	January 01, 2016
IFRS 10	Consolidated Financial Statements - Amendments regarding the application of the consolidation exception	January 01, 2016
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2015
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2016
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 19	Employee Benefits - Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IAS 27	Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2016

		Effective date (annual periods beginning on or after)
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	January 01, 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 34	Interim Financial Reporting - Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2016
IAS 39	Financial Instruments: Recognition and Measurement: Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope	January 01, 2018
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 01, 2016

3.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers

The Company expects that the adoption of the above amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Taxation

The Company's profit and gains from power generation are exempt from tax under clause 132 of 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 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.

4.2 Property, plant and equipment

Operating assets – owned

Operating fixed assets except land are stated at cost / revalued amount less accumulated depreciation and accumulated impairment losses, if any. Free hold land is stated at revalued amount.

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 5 of the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which asset is disposed off.

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.

Operating assets – 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 obligations 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.

Capital work in progress

Capital work-in-progress represents expenditure on property, plant and equipment in the course of construction and installation. Transfers are made to relevant category of property, plant and equipment as and when assets are available for intended use. Capital work in progress is stated at cost, less any identified impairment loss.

4.3 Surplus on revaluation of property, plant and equipment

Surplus arising on revaluation of property, plant and equipment is transferred to "Surplus on Revaluation of Property, Plant and Equipment Account" and amount equal to incremental depreciation charged during the year is transferred to profit and loss account. Impairment loss is adjusted against surplus carried for the impaired assets.

4.4 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 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, comprising invoice values plus other related charges incurred thereon.

4.5 Trade debts and other receivables

These are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amount at the year end. Other receivables are recognized at nominal amount which is the fair value of the consideration to be received in future. Bad debts are written off when identified.

4.6 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.

4.7 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.

4.8 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. All exchange differences are charged to income currently.

4.9 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.

4.10 Contingencies and commitments

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

- There is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events wholly within the control of the Company.
- There is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit and loss account whenever incurred.

4.12 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.13 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, long and short term financing, trade and other payables. 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.

4.14 Off-setting 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.

4.15 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.

4.16 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.

	Note	2015	2014
		(Rupees in '000)	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	4,417,536	4,718,817
Capital work in progress	5.2	125,451	125,451
Stores held for capitalization		3,206	3,206
		4,546,193	4,847,474

5.1 Operating fixed assets

Description	Freehold land	Buildings and civil works on freehold land	Plant and machinery	Workshop equipment	Weigh bridge	Furniture and fixtures	Electric installations	Office equipment	Laboratory equipment	Computers	Tubewell	Railways sidings	Vehicles	Grand total
	(Rupees in '000)													
Net carrying value basis year ended June 30, 2015														
Opening net book value (NBV)	85,129	203,602	4,425,507	57	-	560	603	2,268	546	177	137	-	231	4,718,817
Additions (at cost)	-	-		-	-	-	-	-	-	-	-	-	-	-
Disposals (NBV)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers (NBV)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(12,967)	(287,433)	(6)	-	(77)	(93)	(321)	(126)	(124)	(19)	-	(115)	(301,281)
Closing net book value	85,129	190,635	4,138,074	51	-	483	510	1,947	420	53	118	-	116	4,417,536
Gross carrying value basis year ended June 30, 2015														
Cost	85,129	379,822	7,830,363	16,149	1,175	2,264	2,027	3,913	2,184	2,125	1,917	6,650	2,023	8,335,741
Accumulated depreciation	-	(189,187)	(3,692,289)	(16,098)	(1,175)	(1,781)	(1,517)	(1,966)	(1,764)	(2,072)	(1,799)	(6,650)	(1,907)	(3,918,205)
Net book value	85,129	190,635	4,138,074	51	-	483	510	1,947	420	53	118	-	116	4,417,536
Net carrying value basis year ended June 30, 2014														
Opening net book value (NBV)	69,409	216,569	4,710,294	63	-	640	697	2,501	675	423	156	-	346	5,001,773
Additions (at cost)	15,720	-	3,207	-	-	-	-	137	-	11	-	-	-	19,075
Disposals / transfers (NBV)	-	-	-	-	-	-	-	(45)	-	(17)	-	-	-	(62)
Transfers (NBV)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(12,967)	(287,994)	(6)	-	(80)	(94)	(325)	(129)	(240)	(19)	-	(115)	(301,969)
Closing net book value	85,129	203,602	4,425,507	57	-	560	603	2,268	546	177	137	-	231	4,718,817
Gross carrying value basis year ended June 30, 2014														
Cost	85,129	379,822	7,830,363	16,149	1,175	2,264	2,027	3,913	2,184	2,125	1,917	6,650	2,023	8,335,741
Accumulated depreciation	-	(176,220)	(3,404,856)	(16,092)	(1,175)	(1,704)	(1,424)	(1,645)	(1,638)	(1,948)	(1,780)	(6,650)	(1,792)	(3,616,924)
Net book value	85,129	203,602	4,425,507	57	-	560	603	2,268	546	177	137	-	231	4,718,817
Depreciation rate % per annum	-	3.30 - 4.40	3.30 - 4.40	10	10	10	10	10	10	30	10	10	20	

5.2 Capital work in progress

The breakup and movement in this head of account is as under:

Description	Note	Opening balance	Additions	Transfers	Closing balance
			(Rupees in '000)		
Plant and machinery - Steam turbine		125,451	-	-	125,451
Total - 2015		125,451	-	-	125,451
Total - 2014		141,171	-	(15,720)	125,451

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

	Note	2015	2014
Cost of sales	22	300,551	301,115
Administrative and general expenses	23	730	854
		301,281	301,969

5.4 As at June 30, 2015, undepreciated balance of revaluation surplus included in the carrying value of operating assets, amounted to Rs. 951.561 million (2014: Rs.1,012.719 million).

5.5 Had there been no revaluation, the carrying amount of revalued assets as on June 30, 2015 would have been as follows:

	Cost	Accumulated Depreciation	Written Down Value 2015	Written Down Value 2014
		(Rupees in '000)		
Land - freehold	16,979	-	16,979	16,979
Buildings and civil works on freehold land	374,228	187,806	186,422	199,102
Plant and machinery	6,588,518	3,345,362	3,243,156	3,469,717
	6,979,725	3,533,168	3,446,557	3,685,798

		Note	2015	2014
			(Rupees in '000)	
6	**LONG TERM DEPOSIT**			
	Central Depository Company of Pakistan Limited		100	100
7	**STORES AND SPARES**			
	Stores		255	251
	Loose tools		132	132
	Spares		117,389	117,714
			117,776	118,097
8	**STOCK IN TRADE**			
	Residual fuel oil (RFO)		192,114	301,893
	High speed diesel (HSD)		3,826	28,342
	Lube oil		4,155	10,070
	Chemicals and other lubricants		4,142	4,180
			204,237	344,485

8.1 The inventory has been written down to net realizable values by an amount of Rs. 94.948 (2014: Rs. 17.265 million).

		Note	2015	2014
9	**TRADE DEBTS**			
	Secured - considered good			
	WAPDA		3,184,196	3,020,645
	Receivables from WAPDA as per ICC Award	19	2,380,701	1,531,931
			5,564,897	4,552,576

9.1 These are receivable from WAPDA and are fully secured.

		Note	2015	2014
10	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances (Unsecured and considered good)			
	Advances to employees against salaries		6	-
	Advances to employees against expenses		279	37
	Advances to suppliers		310	219
	To Pakistan State Oil Company Limited		13	13
	LC Margin	10.1	9	9
			617	278
	Deposits		6	6
	Prepayments		-	54
	Other receivables:			
	Claims receivable		1,558	1,558
	Legal costs recoverable from WAPDA		110,559	110,559
	Liquidated damages recoverable from WAPDA	19	-	-
	Receivable from Staff Gratuity Fund	10.2	86	786
			112,203	112,903
			112,826	113,241

10.1 This amount includes Rs. 0.009 million (2014: Rs. 0.009 million) of letter of credit margin deposited with Faysal Bank Limited.

10.2 Receivable from Staff Gratuity Fund

Funded defined benefit plan

The Company faces the following risks on account of gratuity:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility - Most assets are invested in risk free investments i.e. Government Bonds / Treasury bills. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the actuary.

		Note	2015	2014
			(Rupees in '000)	
a)	**Movement during the year in the (net asset) / liability recognized in the financial statements**			
	Opening net (asset) / liability		(786)	(3,293)
	Add: Expense charged to profit and loss account		-	2,957
	Add: Actuarial gain charged in other comprehensive income		-	(450)
			(786)	(786)
	Less: Payments made during the year		700	-
	Closing net asset		(86)	(786)
b)	**The amount recognized in balance sheet is as follow:**			
	Present value of defined benefit obligation		-	-
	Fair value of any plan assets		(86)	(786)
	Total balance sheet asset		(86)	(786)
c)	**The fair value of the plan assets comprise of:**			
	Bank deposits		(86)	786
d)	**Reconciliation of fair value of plan assets**			
	Opening balance		786	22,937
	Profit on bank deposits		-	1,161
	Benefits paid		(700)	(23,762)
	Return on plan assets, excluding interest income		-	450
	Closing balance		86	786
e)	**Reconciliation of present value of defined benefit obligation**			
	Opening balance		-	19,643
	Current service cost		-	2,085
	Interest cost on defined benefit obligation		-	815
	Benefits paid		-	(23,762)
	Gains and losses arising on plan settlements		-	1,219
	Closing balance		-	-

		2015	2014
		(Rupees in '000)	
f) Actual return on plan assets			
Profit on bank deposits		-	1,161
Return on plan assets, excluding interest income		-	450
		-	1,611
g) Expense charged to the profit and loss account is:			
Current service cost		-	2,084
Gains and loss arising on plan settlements		-	1,219
Interest cost		-	815
Expected return on plan assets		-	(1,161)
		-	2,957

h) Expected charge for the year ended June 30, 2015

The expected charge in respect of defined benefit plan for the ensuing year is not available.

11 TAX REFUNDS DUE FROM GOVERNMENT

	2015	2014
Sales tax refundable	173,815	178,956
Income tax refundable	290	256
	174,105	179,212

12 CASH AND BANK BALANCES

	Note	2015	2014
Cash in hand		910	901
Cash with banks :			
In current accounts		211	508
In saving accounts	12.1	6,465	57
		6,676	565
		7,586	1,466

12.1 The balance in saving accounts carry markup at rates ranging from 4% to 8% per annum (2014: 4% to 8% per annum).

13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2015	2014		2015	2014
Number of shares				
		Ordinary shares of Rs. 10 each		
133,200,000	133,200,000	Issued for cash	1,332,000	1,332,000
22,837,591	22,837,591	Issued for consideration other than cash	228,376	228,376
156,037,591	156,037,591		1,560,376	1,560,376

14 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2015	2014
Opening balance	1,012,716	1,073,875
Less: Incremental depreciation on revalued property, plant and equipment for the year transferred to accumulated loss	(61,159)	(61,159)
	951,557	1,012,716

The latest revaluation was carried out as at June 30, 2011 by an independent valuer - Messrs Surval. The basis used for revaluation was as under:

Description	Basis
Land - freehold	Market value of land in surrounding area
Buildings and civil works on freehold land	Replacement cost (i.e. depreciated market value)
Plant and machinery	Incremental markets rates for similar kind of plant and machinery

15 LONG TERM FINANCING

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
Secured - Banking companies			
Syndicated term finance agreement - II	15.1		
Faysal Bank Limited		850,890	850,890
National Bank of Pakistan		761,721	761,721
Askari Bank Limited		914,474	914,474
Allied Bank Limited		635,572	635,572
NIB Bank Limited		343,000	343,000
SILK Bank Limited		185,898	185,898
Samba Bank Limited		533,161	533,161
		4,224,716	4,224,716
Secured - Non-banking financial institution	15.1		
Prudential Investment Bank Limited		52,093	52,093
		4,276,809	4,276,809
Secured - Banking company			
Morabaha finance agreement - II	15.2		
Faysal Bank Limited		761,372	761,372
		5,038,181	5,038,181
Less: Current and overdue portion shown under current liabilities			
Overdue portion			
Syndicated term finance agreement - II		1,924,198	1,602,866
Morabaha finance agreement - II		350,632	294,531
		2,274,830	1,897,397
Current maturity			
Syndicated term finance agreement - II		321,332	321,332
Morabaha finance agreement - II		56,101	56,101
		377,433	377,433
		2,385,918	2,763,351

15.1 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 facility is secured against first pari passu fixed charge by way of hypothecation over the Company's entire present and future fixed and current assets. 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 at three months KIBOR plus 0.25% per annum payable on a quarterly basis.

15.2 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 facility is secured against first pari passu fixed charge by way of hypothecation over the Company's entire present and future fixed and current assets. 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 at 3 months KIBOR plus 0.25% per annum payable on a quarterly basis.

All the above finance arrangements are secured by a first pari passu fixed charge as a 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.

	Note	2015	2014
		(Rupees in '000)	
16 SHORT TERM BORROWINGS			
Related parties - secured			
National Logistics Cell	16.1	68,200	68,200
Pak Oman Investment Company Limited	16.2	68,200	68,200
Saudi Pak Industrial and Agricultural Investment Company Limited	16.3	31,800	31,800
		168,200	168,200

16.1 This amount represents loan obtained from National Logistics Cell to meet working capital expenditure of the Company. It carries markup at rate of 14% per annum payable in lump sum at the time of maturity of the loan.

16.2 This amount represents the term finance facility obtained from Pak Oman Investment Company Limited. Under this arrangement Pak Oman has agreed to purchase fixed assets of the Company at the purchase price of Rs. 75.0 million and sell the same to the Company at a marked up price of Rs. 85.50 million to be paid through a single installment on maturity. This facility is secured against second charge over present and future fixed assets of the Company with 25% margin of the marked up price. It carries markup at rate of 14% per annum.

16.3 This amount represents the term finance facility obtained from Saudi Pak Industrial and Agricultural Investment Company Limited. Under this arrangement Saudi Pak has agreed to purchase fixed assets of the Company at the purchase price of Rs. 35.0 million and sell the same to the Company at a marked up price of Rs. 41.689 million. The principal is repayable at maturity. It carries markup at rate of 6 months KIBOR plus 4% per annum (Ask Side) with cap of 14 % per annum, payable quarterly. This facility is secured against second charge over present and future fixed assets of the Company with 25% margin of the marked up price.

	Note	2015	2014
17 TRADE AND OTHER PAYABLES			
Creditors		79,170	74,242
Accrued liabilities		26,547	20,754
Advance from WAPDA for purchase of fuel	17.1	3,297,641	3,297,641
Liquidated damages payable to WAPDA as per ICC Award	19	778,222	778,222
Sales tax payable	19	65,409	65,409
Infrastructure tax payable	17.2	4,397	4,397
		4,251,386	4,240,665

17.1 This includes an advance amounting to Rs. 2,565.653 million (2014: Rs. 2,565.653 million) under new arrangement with WAPDA w.e.f. February 06, 2010 against the procurement of fuel upto Rs. 800 million per month and is adjusted against the Company's energy purchase price (EPP) invoices. It carries markup at 14% to 16.50% (2014: at 14.00% to 16.00%) per annum. It is adjustable against the Company's EPP billings to WAPDA.

17.2 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 has filed an appeal before Honourable 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 Division Bench of the Honourable Sindh High Court has decided the case in favour of the Company on September 17, 2008.

However, the Company has filed an appeal before the Supreme Court of Pakistan against the Sind Finance Act 2007. This tax is on the movement of the imported goods from Sindh to the site of the Company. The appeal is filed to pre-empt the imposition of such cess in case the Company imports goods for its project in Punjab. The appeal is pending adjudication.

	Note	2015	2014
		(Rupees in '000)	
18 ACCRUED MARKUP			
Markup payable on secured borrowings:			
Banking companies		3,394,277	2,983,920
Related parties		156,573	133,087
WAPDA - Fuel advance		926,918	896,915
WAPDA - as per ICC Award	19	1,824,912	1,174,443
		6,302,680	5,188,365

This includes overdue markup aggregating to Rs. 6,198.306 million (2014: Rs. 5,081.402 million).

19 CLAIMS AND COUNTER CLAIMS AS PER ICC TRIBUNAL AWARD

The Company was contingently liable in respect of the liquidated damages claimed by WAPDA for the period from July 1, 2001 to February 05, 2010 to the tune of Rs. 2,117.281 million, out of which WAPDA had arbitrarily deducted an amount of Rs. 1,064.917 million mostly from Company's capacity invoices. The Company had disputed the liquidated damages and its arbitrary deduction by WAPDA from the Company's capacity invoices.

WAPDA disputed payments of Rs. 384.032 million relating to indexation of non-escalable components of Capacity Purchase Price (CPP) made to the Company from March 14, 2004 to March 13, 2006 and has disputed further amounts totaling Rs. 859.610 million against the Company's CPP invoices for the period from March 14, 2006 to June 30, 2015. The total disputed amount aggregated to Rs. 1,243.642 million (2014: Rs. 1,235.382 million) against which WAPDA has arbitrarily withheld an amount of Rs. 895.429 million from the Company's CPP invoices until June 30, 2015.

These disputes were referred to a mutually agreed Expert, as per the Dispute Resolution Mechanism provided in the Power Purchase Agreement (the "PPA"), whose recommendations fully support the Company's position. Both Parties initialed a Settlement Agreement based on the Expert's recommendations, however, WAPDA failed to formally sign the same. Therefore, neither the recommendations of the Expert nor the Settlement Agreement was implemented by WAPDA as a result of which WAPDA is in breach of the terms of the PPA. Under these circumstances, the Company has not been able to continue its operations and had to shut down its plant in the last week of December 2008 until February 05, 2010.

In January 2009, the Company referred the matter to the International Court of Arbitration under the International Chamber of Commerce's (the "ICC") Rules as per the provisions of the PPA for the implementation of the Settlement Agreement or the Expert's recommendations. On June 29, 2010, the Arbitration Tribunal passed a partial award in favour of the Company and directed WAPDA to deposit Rs. 7.693 million against the disputed amount of non-escalable component of CPP invoice of March 2006 in an escrow account as a security for the Company's claim.

The ICC's Arbitration Tribunal announced its second partial final award on July 09, 2013 and declared that the Settlement Agreement is binding on the parties. The Tribunal also announced its final award on May 19, 2014. As per the Awards, the following claims and counter claims were allowed and disallowed to the parties. The necessary adjustments and provisions have been incorporated in the financial statements during the year.

JPGL Claims

i) As per Settlement Agreement, Indexation of non-escalable components of capacity purchase price amounting to Rs. 464.327 million for the period from March 2006 to January 2014 along with mark-up thereon amounting to Rs. 474.132 million (2014: Rs. 373.457 million).

ii) Additional Capacity of 13.5 MW amounting to Rs. 430.869 million for the period from January 2009 to January 2014 and the mark-up thereon amounting to Rs. 279.942 million (2014: Rs. 201.966 million).

iii) Effect of Amendment 3 to the PPA on Energy Invoices for the period from January 2009 to December 2013 amounting to Rs. 368.458 million and the mark-up thereon are amounting to Rs. 173.937 million.

iv) Payment of Rs. 100 million, being the interest waived in the Settlement Agreement and mark-up thereon are amounting to Rs. 25.017 million (2014: Rs. 11.513 million).

v) The legal cost of Rs. 110.529 million incurred by the Company.

vi) The Tribunal has rejected EPP and CPP late payment invoices of Rs. 11.381 million.

WAPDA Counter claims

i) The ICC Tribunal in its partial and final awards has disallowed significant amounts of LDs as claimed by WAPDA. However, LDs of Rs. 778.221 million for the period from November 2007 to February 2010 and interest thereon of Rs. 615.382 million at the terminal date were allowed to WAPDA.

ii) WAPDA fuel claims amounting to Rs. 731.988 million and mark up thereon of Rs. 1,051.884 million.(2014: Rs. 863.261 million)

The summary of the claims and counter claims of the parties are as follows:

	2015	2014
	(Rupees in '000)	
The claims allowed to the Company are as follows:		
NEC of capacity purchase invoices	464,028	464,028
Additional capacity of 13.5MW upto February 2014	313,980	313,980
Amendment 3 effect on EPP upto February 2014	368,458	368,458
EPP and CPP late payment invoices rejected by the Tribunal	-	(11,381)
Interest on fuel advance paid to WAPDA	100,000	100,000
Arbitration costs allowed	110,559	110,559
Markup on NEC of capacity purchase invoices	474,132	373,458
Markup on additional capacity of 13.5MW upto February 2014	279,942	201,966
Markup on amendment 3 effect on EPP upto February 2014	238,256	173,937
	25,017	11,514
Markup on interest on fuel advance paid to WAPDA	2,374,372	2,106,519
The claims allowed to WAPDA are as follows:		
Liquidated damages allowed to WAPDA	778,222	778,222
Fuel advance allowed to WAPDA	731,988	731,988
Markup on liquidated damaged allowed to WAPDA	773,028	615,382
Mark up on fuel advance allowed to WAPDA	1,051,884	863,261
	3,335,122	2,988,853

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies:

a) As discussed in note 19, the ICC's Arbitration Tribunal announced its second partial final award on July 09, 2013 and declared that the Settlement Agreement is binding on the parties. Despite the foregoing, WAPDA has filed a suit against the second partial award of the ICC Arbitration in the Civil Court at Lahore. The Company has filed an application in the Court for rejection of the suit on the ground of maintainability since the Award is final and binding. On the basis of advice from legal counsel, it is expected that the suit will be rejected.

b) As per the terms of the new arrangement (dated December 30, 2009) with WAPDA/PEPCO, the plant was completely overhauled and was tested at full capacity of 120.5 MW in March 2011 in the presence of expert team members of WAPDA and the Company. The plant was again successfully tested at the capacity of 120.5 MW in August 2012. However, WAPDA accepted the generating capacity of only 107 MW and disputed the capacity of 13.5. The Company has also contested WAPDA's acceptance of lower capacity before the ICC's Arbitration Tribunal. The Tribunal has allowed the additional capacity to the Company as mentioned above.

After the shut-down of the complex from December 24, 2008 to February 5, 2010, both parties agreed to an arrangement (dated December 30, 2009) to resume the operations from February 6, 2010. As per the new arrangement, WAPDA agreed to provide an advance to the Company for purchase of lube oil and fuel. However, WAPDA started raising liquidated damages invoices for the periods during which the plant could not deliver energy to WAPDA's system mainly due to shortage of fuel supply for which funds were to be provided by WAPDA as per the said arrangement. Such claim of liquidated damages amounted to Rs. 2,920.47 million (June 30, 2014: Rs. 2,137.53 million) upto June 30, 2015, which is disputed by the Company.

c) The Assistant Commissioner Inland Revenue (ACIR), Zone – I, RTO, Lahore has challenged the adjustment of input tax proportionate to CPP invoices during the tax periods from 2008 to 2012 in the sum of Rs. 553.264 million through a show cause notice dated June 10, 2013. The Company has responded to the notice through its legal advisor, but the ACIR had issued an Order against the Company. The Company had filed an appeal before the Commissioner Appeals against the Order of ACIR. The Commissioner Appeals set aside the Order of ACIR and issued his Order in favour of the Company. However, the ACIR has filed appeal before the Appellate Tribunal against the Order of Commissioner Appeals. The appeal is pending adjudication.

d) The Assistant Commissioner Inland Revenue (ACIR), Zone – I, RTO, Lahore has challenged the adjustment of input tax proportionate to CPP invoices for the tax period 2013 in the sum of Rs. 92.856 million through an order dated April 30, 2015. The Company has responded to the notice through its legal advisor, but the ACIR had issued an Order against the Company. The Company had filed an appeal before the Commissioner Appeals against the Order of ACIR. The appeal is pending adjudication.

e) Company's appeal is pending adjudication before the CIR (Appeals), Lahore against the DCIR order for addition of Rs. 1,309.235 million on account of loan written off by the Allied Bank Limited and alleged difference in amount of capital declared by the appellant company and investors in their individual accounts made by DCIR through order u/s 122(1) read with section 122(5) for the tax year 2012. No tax demand is involved as the addition only reduced the b/f losses.

20.2 Commitments:

Commitment in respect of contracts for capital expenditure at the balance sheet date amounted Rs. 470.871 million (2014: Rs. 457.213million).

21 SALES

		2015	2014
		(Rupees in '000)	
Capacity payments		755,849	797,863
		755,849	797,863
Less: Sales tax		-	-
		755,849	797,863

22 COST OF SALES

Fuel and oils consumed		23,233	613
Salaries, wages and benefits	22.1	7,295	23,900
Stores and spares consumed		325	-
Electricity consumed in-house		1,340	12,507
Communication charges		490	2,040
Repair and maintenance		343	732
Power generation licensing expenditure		1,541	1,350
Insurance		-	16,114
Depreciation	5.3	300,551	301,115
		335,118	358,371

22.1 Salaries, wages and benefits include nil (2014: Rs. 1.359 million) for staff gratuity.

		Note	2015	2014
			(Rupees in '000)	
23	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries and benefits	23.1	14,329	21,692
	Plant security services		1,507	2,753
	Staff transportation		1,505	2,355
	Traveling and conveyance		891	2,547
	Rent, rates and taxes		630	423
	Postage and courier		80	145
	Telephone, mobile and telex		365	758
	Printing and stationery		464	820
	Vehicle running and maintenance		216	888
	Entertainment		281	1,463
	Legal, professional and consultancy charges		2,825	22,995
	Registrar services		216	216
	Fee and subscription		643	667
	Auditors' remuneration	23.2	559	1,067
	Advertisement		76	276
	Insurance		1	59
	Repair and maintenance		117	398
	Bad debts written off		-	42
	Newspaper and periodicals		6	5
	Depreciation	5.3	730	854
			25,441	60,423

23.1 Salaries and benefits include Rs. 1.599 million (2013: Rs. 2.021 million) for staff gratuity.

			2015	2014
23.2	**Auditors' remuneration**			
	Audit fee		315	630
	Review engagement		137	264
	Other certification and services		-	79
	Out of pocket expenses		107	94
			559	1,067

		Note	2015	2014
24	**OTHER OPERATING CHARGES**			
	Write down of inventory to net realizable values		98,798	17,265
	Liquidated damages allowed to WAPDA as per ICC Award	19	-	950,259
	Less: Payments allowed in ICC Award			
	Additional capacity of 13.5MW	19	-	313,980
	Invoices rejected by the Tribunal	19	-	(11,381)
	Effect of amendment 3 on EPP	19	-	368,458
	Sales tax adjustment on amendment 3	19	-	(65,409)
			-	605,648
			-	344,611
	Less: Markup income / income arising due to ICC Award	19	89,797	(83,886)
			188,595	277,990

		Note	2015	2014
			(Rupees in '000)	
25	**OTHER INCOME**			
	Income from financial assets			
	Profit on bank deposits		1	549
	Income from non-financial assets			
	Sale of scrap / sludge		13,189	11,750
	Profit on sale of fixed assets		-	134
	Miscellaneous		(763)	248
			12,426	12,132
			12,427	12,681
26	**FINANCE COST**			
	Interest / mark up on:			
	Long term finances		410,358	473,960
	Short term borrowings -	26.1		
	Related parties		23,487	23,476
	Advance from WAPDA for purchase of fuel		334,204	491,180
	Advance from WAPDA for purchase of spares		-	-
	Bank fee and other charges		5,040	4,929
			773,089	993,545

26.1 It includes late payment damages at rate of 4% per annum per day on quarterly outstanding installment of mark up on loan which amounts to Rs. 110.501 million (2014: Rs. 96.197 million).

		2015	2014
27	**LOSS PER SHARE - BASIC AND DILUTED**		
	Loss for the year	(553,967)	(879,939)
	Weighted average number of ordinary shares	156,038	156,038
	Loss per share - basic and diluted	(3.55)	(5.64)
28	**NET CASH FLOW AFTER WORKING CAPITAL CHANGES**		
	Loss before taxation	(553,967)	(879,785)
	Adjustment for non-cash and other items:		
	Depreciation	301,281	301,969
	Gain on disposal of property, plant and equipment	-	(134)
	Provision for gratuity	-	3,902
	Finance cost	1,114,315	2,163,061
		1,415,596	2,468,798
	Operating profit before working capital changes	861,629	1,589,013
	Working capital changes:		
	Increase / (decrease) in current assets		
	Stores and spares	321	102
	Stock in trade	140,248	25,398
	Trade debts	(1,012,321)	(2,329,793)
	Advances, deposits, prepayments and other receivables	415	63,098
	Tax refunds due from Government	5,141	42,691
		(866,196)	(2,198,504)
	Increase / (decrease) in current liabilities		
	Trade and other payables	10,721	593,285
		(855,475)	(1,605,219)
		6,154	(16,206)

		2015	2014
		(Rupees in '000)	
29	**PLANT CAPACITY AND ACTUAL PRODUCTION**		
	Installed annual capacity in MWH	1,055,580	1,055,580
	Actual energy delivered in MWH	-	-

Utilization of available capacity depends on the load demanded by WAPDA. Further, actual energy delivered to WAPDA for the current year is nil because the plant is not operational since October 19, 2012.

30 FINANCIAL INSTRUMENTS

Financial risk management

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

Credit risk
Liquidity risk
Market risk
Currency risk
Interest rate risk

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

30.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if the counter party fail completely to perform as contracted and arise principally from trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is as follows:

Long term deposits	100	100
Trade debts	5,564,897	4,552,576
Advances, deposits and other receivables	112,740	112,401
Tax refund due from Government	174,105	179,212
Bank balances	6,676	565
	5,858,518	4,844,854

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Credit terms are approved by the approval committee. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 25 days to reduce the credit risk.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The maximum exposure to credit risk for trade debts at the balance sheet date by geographic region is as follows:

Export	-	-
Domestic	5,564,897	4,552,576
	5,564,897	4,552,576

The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as fo llows

WAPDA	5,564,897	4,552,576
Others	-	-
	5,564,897	4,552,576

	2015	2014
	(Rupees in '000)	
The aging of trade receivable at the reporting date is:		
Not past due	111,917	68,719
Past due 1-30 days	119,107	68,719
Past due 30-150 days	476,428	274,876
Past due more than 150 days	4,857,445	4,140,262
	5,564,897	4,552,576

The Company's only significant customer, is WAPDA from whom the receivable is Rs. 5,564.897 million (2014: Rs. 4,552.576 million).

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that no impairment allowance is necessary in respect of trade debtors past due as total payable to WAPDA is more than the receivables.

Company's bank balances can be assessed with reference to external credit ratings as follows:

	Ratings		
	Rating Agency	Short Term	Long Term
Faysal Bank Limited	PACRA	A1+	AA

30.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	One to five years	Five years and above
		-----------------------(Rupees in '000)-----------------------				
2015						
Financial liabilities						
Long term financing	5,038,181	5,754,523	2,687,229	260,000	1,450,339	1,356,955
Short term borrowing	168,200	168,200	168,200	-	-	-
Trade and other payables	883,939	883,939	883,939	-	-	-
Accrued markup	6,302,680	6,302,680	6,302,680	-	-	-
	12,393,000	13,109,342	10,042,048	260,000	1,450,339	1,356,955
2014						
Financial liabilities						
Long term financing	5,038,181	5,754,523	2,167,229	260,000	1,450,339	1,876,955
Short term borrowing	168,200	168,200	168,200	-	-	-
Trade and other payables	873,218	873,218	873,218	-	-	-
Accrued markup	5,188,365	5,188,365	5,188,365	-	-	-
	11,267,964	11,984,306	8,397,012	260,000	1,450,339	1,876,955

30.3 Market risk

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

30.4 Currency risk

The Company is exposed to currency risk on trade debts, import of raw materials and stores and spares and export sales that are denominated in a currency other than the respective functional currency of the Company, primarily in U.S. dollar. The Company's exposure to foreign currency risk is as follows:

	2015	2014
	(Rupees in '000)	
Trade creditor	9,462	-
Gross balance sheet exposure	9,462	-
Outstanding commitments	457,213	466,473
Net exposure	466,675	466,473

The following significant exchange rates applied during the year:

	Average rate		Reporting date rate	
	2015	2014	2015	2014
USD to PKR	101.70	98.78	102.65	98.75

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US dollar with all other variables held constant, post tax profit for the year would have been higher by the amount shown below.

Effect on profit or loss

Profit	46,668	46,647

The weakening of the PKR against US dollar would have had an equal but opposite impact on the post tax profits / loss.

30.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk. At the balance sheet date the interest rate profile of the Company's interest -bearing financial instruments is as follows:

	2015	2014
	Carrying amount	
Financial liabilities	(Rupees in '000)	
Variable rate instruments:		
Long term financing	5,038,181	5,038,181
Short term borrowings	168,200	168,200
	5,206,381	5,206,381

Effective interest rates are mentioned in the respective notes to the financial statements.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit and loss 100 bp increase	Profit and loss 100 bp decrease
	2015 (Rupees in '000)	2014
As at June 30, 2015		
Cash flow sensitivity - Variable rate financial liabilities	(52,064)	52,064
As at June 30, 2014		
Cash flow sensitivity - Variable rate financial liabilities	(52,064)	52,064

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

30.6 Fair value of financial instruments

The carrying value of all the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

30.7 Financial instruments by category

	2015	2014
Financial assets		
Loans and receivables carried at amortized cost		
Long term deposit	100	100
Trade debts	5,564,897	4,552,576
Advances, deposits and other receivables	112,826	113,187
	5,677,823	4,665,863
Financial liabilities		
Financial liabilities carried at amortized cost		
Long term financing	5,038,181	5,038,181
Short term borrowings	168,200	168,200
Trade and other payables	883,939	873,218
Accrued markup	6,302,680	5,188,365
	12,393,000	11,267,964

31 CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the Company's business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed.

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, issue new shares, or sell assets to reduce debt. The Company generally monitors capital on the basis of the debt-equity ratio calculated as a ratio of total debt to net shareholders equity in the normal circumstances.

32 RELATED PARTY DISCLOSURES

a Related parties with whom company had transactions

The related parties comprise fellow subsidiaries, associated undertakings, key management personnel and post retirement benefit plan. The Company in the normal course of business carried out certain transactions with related parties. The related parties with whom the Company had executed transactions during the year are comprised of:

Semi Autonomous Bodies

National Logistics Cell

Development Financial Institutions (DFIs)

Pak Oman Investment Company Limited
Saudi Pak Industrial and Agricultural Investment Company Limited

Others

Key management personnel
Post retirement benefit plan

b Disclosure of balances between the Company and related parties

Amounts due to related parties / associated undertakings at the balance sheet date are given below:

Name of the party	Nature of balance	2015	2014
		(Rupees in '000)	
National Logistics Cell	Short term borrowings - Unsecured	68,200	68,200
Pak Oman Investment Company Limited	Short term borrowings - Secured	68,200	68,200
Saudi Pak Industrial and Agricultural Investment Company Limited	Short term borrowings - Secured	31,800	31,800
Post retirement benefit plan	Gratuity (receivable) / payable	(86)	(786)
		168,114	167,414
National Logistics Cell	Accrued mark up on outstanding balance	66,448	56,900
Pak Oman Investment Company Limited	Accrued mark up on outstanding balance	61,395	51,847
Saudi Pak Industrial and Agricultural Investment Company Limited	Accrued mark up on outstanding balance	28,730	24,340
		156,573	133,087

c Disclosure of transactions between Company and related parties

The related parties with whom the Company had made transactions during the year are comprised of:

Name of the party	Nature of transaction		
National Logistics Cell	Mark up on outstanding balance	9,548	9,548
Pak Oman Investment Company Limited	Mark up on outstanding balance	9,548	9,548
Saudi Pak Industrial and Agricultural Investment Company Limited	Mark up on outstanding balance	4,391	4,380
Post retirement benefit plan	Expense charged	-	3,901
		23,487	27,377

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	
	2015	2014	2015	2014	2015	2014
	(Rupees in '000)					
Managerial Remuneration	7,200	5,392	-	-	6,029	15,390
Perquisites and benefits						
Medical	-	38	-	-	-	180
Gratuity	-	964	-	-	-	1,286
Other benefits	600	1,236	-	-	-	1,838
	7,800	7,630	-	-	6,029	18,694
Number of persons	1	1	-	-	7	8

33.1 Board meeting fee was not paid to any Director.

33.2 Company maintained vehicle and mobile telephone was provided to the ex-chief executive officer.

33.3 The previous Chief Executive Officer of the Company resigned in October 2013. New Chief Executive Officer has been appointed by the Board of Directors on contractual basis for one year at remuneration of Rs. 600,000 per month.

34 WAIVER FROM APPLICATION OF IFRIC - 4 "DETERMINING WHETHER AN ARRANGEMENT CONTAINS A LEASE"

The Securities and Exchange Commission of Pakistan (SECP) granted waiver from the application of International Financial Reporting Interpretation Committee (IFRIC) - 4 "Determining Whether an Arrangement Contains a Lease" to all companies including Power Sector Companies. However, the SECP made it mandatory to disclose the impact on the results of the application of IFRIC - 4.

Under IFRIC - 4, the consideration required to be made by lessees (WAPDA and NTDC) for the right to use the asset is to be accounted for as finance lease under IAS - 17 "Leases". If the Company were to follow IFRIC - 4 and IAS - 17, the effect on the financial statements would be as follows:

	2015	2014
	(Rupees in '000)	
Decrease in accumulated loss at the beginning of the year	4,108	3,803
Decrease in loss for the year	356	305
Decrease in accumulated loss at the end of the year	4,464	4,108

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on _________________ by the Board of Directors of the Company.

36 NUMBER OF EMPLOYEES

The number of employees as at year end was 48 (2014: 49) and average number of employees during the year was 48 (2014: 72).

37 GENERAL

37.1 Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of better comparison and presentation. However, no significant reclassification has been made during the year except for reclassification of write down of inventory to net realizable values from "Cost of sales" to "Other operating charges" amounting to Rs. 17.265 million.

37.2 Figures in these financial statements have been rounded off to the nearest thousands.

CHAIRMAN / DIRECTOR **CHIEF EXECUTIVE**

Pattern of Shareholding as on June 30, 2015

Number of ShareHolders	Shareholding From	Shareholding To	Total Number of Shares Held	Percentage of Total Capital
123	1	100	2,795	0.00
529	101	500	252,871	0.16
589	501	1000	581,011	0.37
1161	1001	5000	3,733,149	2.39
480	5001	10000	4,149,867	2.66
152	10001	15000	2,022,468	1.30
128	15001	20000	2,457,498	1.57
99	20001	25000	2,392,150	1.53
62	25001	30000	1,797,641	1.15
19	30001	35000	643,500	0.41
32	35001	40000	1,243,000	0.80
17	40001	45000	738,500	0.47
66	45001	50000	3,266,872	2.09
6	50001	55000	321,500	0.21
14	55001	60000	821,000	0.53
7	60001	65000	445,000	0.29
9	65001	70000	626,000	0.40
10	70001	75000	739,500	0.47
9	75001	80000	715,000	0.46
4	80001	85000	336,000	0.22
5	85001	90000	446,000	0.29
3	90001	95000	281,500	0.18
41	95001	100000	4,096,000	2.63
5	100001	105000	519,000	0.33
3	105001	110000	326,000	0.21
1	110001	115000	113,100	0.07
3	115001	120000	358,000	0.23
3	120001	125000	372,657	0.24
4	125001	130000	514,120	0.33
4	130001	135000	535,783	0.34
1	140001	145000	142,500	0.09
7	145001	150000	1,050,000	0.67
1	150001	155000	152,000	0.10
1	155001	160000	156,000	0.10
3	165001	170000	505,000	0.32
3	170001	175000	519,500	0.33
2	175001	180000	360,000	0.23
1	180001	185000	180,160	0.12
1	185001	190000	189,000	0.12
1	190001	195000	194,000	0.12
12	195001	200000	2,400,000	1.54
2	210001	215000	423,500	0.27
1	215001	220000	220,000	0.14
2	225001	230000	458,500	0.29
1	230001	235000	231,000	0.15
2	235001	240000	475,500	0.30
7	245001	250000	1,746,500	1.12
1	255001	260000	256,500	0.16

Pattern of Shareholding as on June 30, 2015

Number of ShareHolders	Shareholding From	Shareholding To	Total Number of Shares Held	Percentage of Total Capital
1	265001	270000	266,500	0.17
2	270001	275000	550,000	0.35
1	280001	285000	285,000	0.18
8	295001	300000	2,400,000	1.54
1	305001	310000	310,000	0.20
1	335001	340000	336,500	0.22
2	345001	350000	696,000	0.45
1	365001	370000	369,500	0.24
1	375001	380000	377,000	0.24
2	395001	400000	800,000	0.51
1	405001	410000	408,500	0.26
2	415001	420000	837,500	0.54
1	420001	425000	425,000	0.27
1	445001	450000	450,000	0.29
1	470001	475000	475,000	0.30
2	495001	500000	1,000,000	0.64
1	580001	585000	585,000	0.37
1	595001	600000	600,000	0.38
1	615001	620000	620,000	0.40
1	675001	680000	677,500	0.43
1	695001	700000	700,000	0.45
1	795001	800000	800,000	0.51
1	930001	935000	935,000	0.60
1	995001	1000000	1,000,000	0.64
1	1000001	1005000	1,002,500	0.64
1	1035001	1040000	1,037,500	0.66
1	1205001	1210000	1,208,500	0.77
1	1720001	1725000	1,725,000	1.11
1	1995001	2000000	2,000,000	1.28
1	2120001	2125000	2,125,000	1.36
1	2795001	2800000	2,800,000	1.79
2	3395001	3400000	6,800,000	4.36
1	3805001	3810000	3,806,236	2.44
1	3995001	4000000	4,000,000	2.56
1	4230001	4235000	4,231,872	2.71
1	7765001	7770000	7,765,963	4.98
1	8940001	8945000	8,940,811	5.73
1	17620001	17625000	17,622,878	11.29
1	30560001	30565000	30,560,189	19.59
3,689	**<-----Total-------->**		**156,037,591**	**100.00**

CATEGORIES OF SHAREHOLDERS
(Section 236(1) and 364)
AS ON JUNE 30, 2015

	CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
A)	**Directors/Chief Executive Officer and their spouse and minor children**			
	Directors			
	Mr. Zalmai Rahmanuddin Khan	1	500	0.0
	Mr. Kashif Khan	1	500	0.0
	Mr. Nafees Ahmad	1	500	0.0
	Mr. Muhammad Saeed Rana	1	500	0.0
	Mr. Ayaz Dawood	1	500	0.0
	Mr. Abdul Nasir	1	500	0.0
	Mr. Manzoor Hussain	1	500	0.0
	TOTAL: -	**7**	**3500**	**0.0**
	(The directors are nominees of Sponsoring Institutions)			
B)	**Sponsoring Institutions / Associated Companies, Undertakings and related parties**			
	Pak Oman Investment Company Limited	**1**	**30,560,189**	**19.59**
	National Logistics Cell	**2**	**26,563,689**	**17.02**
	Saudi Pak Industrial & Agricultural Investment Company Limited.	**2**	**11,572,199**	**7.42**
	Patagonia Corporation (Pvt.) Ltd.	**1**	**4,231,872**	**2.71**
C)	**Mutual Funds**	**2**	**2,805,000**	**1.80**
	TOTAL: -	**6**	**72,927,949**	**46.74**
D)	**Executives N/A**	-	-	**0.00**
E)	**Public Sectors Companies & Corporations**	-	-	**0.00**
F)	**Banks, Development Finance Institutions & Non-Banking Finance Companies, Insurance Companies, Takaful, Madarabas and Pension Funds,**	**9**	**363,600**	**0.23**
G)	***Shareholding 5% or more**	***3**	***68,696,077**	***44.03**
H)	**Joint Stock Companies**	**49**	**6,377,544**	**4.09**
I)	**Others**	**26**	**7,637,500**	**4.89**
J)	**General Public**	**3,597**	**65,925,998**	**42.25**
	TOTAL: -	**3,689**	**156,037,591**	**100.00**

*** Shareholders having 5% or above shares exist in other categories therefore not included in total.**

Shareholding Detail of 5% or more

Name of Shareholder	Share held	%
Pak Oman Investment Company Limited	30,560,189	19.59
National Logistic Cell	26,563,689	17.02
Saudi Pak Industrial & Agricultural Investment Company Limited.-CAD	11,572,199	7.42
TOTAL :-	**68,696,077**	**44.03**

FORM OF PROXY

Folio No:
Shares held

I/We____

____being shareholder(s) of JAPAN POWER GENERATION LIMITED and entiltled to vote hereby appoint____ of my/our proxy to attend and vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company to be held at registered office/plant located at Jia Bagga, Off Raiwind Road, Lahore on Tuesday, 27th October 2015 at 9:00 AM. and every adjornement thererof.

As witness my/our hand this___________________day of _____________2015.

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 registered office at Jia Bagga, Off Raiwind Road ,Districet Lahore at least 48 hours before the time for holding the meeting.