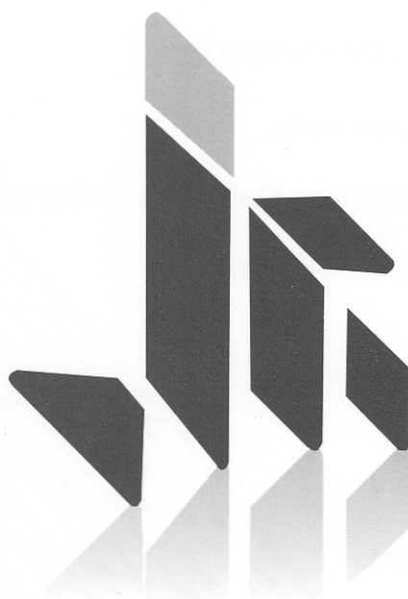


شروع اللہ کے پاک نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔





JAPAN POWER GENERATION LIMITED



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COMPANY INFORMATION

Board of Directors

Maj. Gen. Imtiaz Ahmed - Chairman
Mr. Nadeem Babar - Chief Executive
Mr. Zafar Iqbal
Mr. Syed Mujahid Hussain Naqvi
Mr. Abdul Jaleel Shaikh
Brig. Shah Jahan Ali Khan
Mr. Saeed-ur-Rehman
Mr. Arshed Ahmed Khan
Mr. Jahangir Shah
Mr. Kashif Muhammad Khan
Mr. Najeeb Ahmed Shaikh
Mr. Adnan Qayum Khan - Nominee Royal Bank of Scotland Ltd
Mr. Muhammad Hanif Abbasi - Nominee National Bank of Pakistan

**Company Secretary &
Chief Financial Officer**

Mr. Zain ul Abidin

**Company's Audit
Committee**

Mr. Zafar Iqbal - Chairman
Mr. Abdul Jaleel Shaikh
Mr. Saeed ur Rahman

Auditors

Hyder Bhimji & Co.
Chartered Accountants

**Shares Registrar
Office**

Hameed Majeed Associates (Pvt.) Limited.
HM House, 7 – Bank Square, Lahore
Tel: +92-42-7235081-2, Fax: +92-42-7358817

Legal Advisor

Sami, Zafar & Islam

Bankers

Royal Bank of Scotland Limited
Allied Bank Limited

Lending Bank Syndicate

Royal Bank of Scotland Limited
Askari Bank Limited
National Bank of Pakistan
Faysal Bank Limited
Allied Bank Limited
Crescent Commercial Bank Limited
PICIC Commercial Bank Limited
Saudi Pak Commercial Bank Limited
Prudential Investment Bank Limited

Registered Office / Plant

Near Jia Bagga Railway Station
Chowk Araian Off Raiwind Road, Lahore
Tel: +92-42-5835864-6 Fax: +92-42-5835860
Email: jgpl@brain.net.pk

Website

www.jgplpk.com



NOTICE OF 14TH ANNUAL GENERAL MEETING

Notice is hereby given that the 14th Annual General Meeting of Japan Power Generation Limited will be held on Friday November 14, 2008 at 9:00 a.m. at registered office/plant located at Jia Bagga, off Raiwind Road, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extra-Ordinary General Meeting of the company held on Friday, June 27, 2008.
2. To receive, consider and adopt the audited financial statements of the company for the financial year ended June 30, 2008, together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors of the Company for the financial year ending June 30, 2009 and fix their remuneration.
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 24, 2008

Zain ul Abidin
Company Secretary

NOTES

1. The Share Transfer Book of the Company will remain closed from November 6, 2008 to November 14, 2008 (Both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Proxies, complete in every respect, in order to be effective, must be received at the Registered Office of the Company located at Jia Bagga, off Raiwind Road, Lahore, not less than 48 hours before the time of holding the meeting.
3. Members are requested to promptly notify the Company any change in their addresses.
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in circular - 1 dated January 20, 2000 issued by the SECP:

A. For Attending the Meeting

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

B. For Appointing Proxies

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



DIRECTORS' REPORT TO THE MEMBERS

The directors take pleasure in presenting the 14th Annual Report together with the audited financial statements of your company and auditors' report thereon for the year ended June 30, 2008.

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).

MAJOR STRATEGIC ACHIEVEMENTS AND PLANS

As reported before, your company was in extreme financial distress when the current management took charge in February 2006. The new management has taken numerous steps to mitigate the losses and enhance the efficiency of the plant and is nearing a successful conclusion of these changes.

a) Fuel Loss Issue and Additional Capacity

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

b) Expansion Plan

On the basis of approval accorded by Private Power Infrastructure Board (PPIB) for expansion project, your company has submitted petition for tariff approval for a 146.5 MW (net) before National Electric Power Regulatory Authority (NEPRA). NEPRA has held public hearing for the petition. The Company has submitted replies to the queries raised by NEPRA and other stakeholders with respect to the tariff petition. The project is expected to take 26 months for implementation after signing of the concession agreement. Upon completion, the combined capacity of the plant would be approximately 287 MW (gross) and ideally situation for direct supply into the city of Lahore

c) Resolution of Contractual Issues – Auditor's Emphasis Paragraphs

- i) As reported in the last year's report, the company was contingently liable for the liquidated damages claimed by WAPDA for the period from July 1, 2001 to June 30, 2008, to the tune of Rs. 806.344 million, which were disputed by the company. The dispute was referred to an expert for his recommendations, as per the dispute resolution mechanism provided in the Power Purchase Agreement (the PPA). The expert has given his recommendations, which fully support the company's position. As provided in the PPA, both Parties have agreed on a methodology to implement the recommendations. Accordingly, the Company and WAPDA have agreed upon at a settlement along with the lines of the recommendations. The said settlement has now been forwarded to the GOP for its approval. After obtaining the approval from the GOP, the settlement would be signed by the parties and necessary adjustments would then be incorporated in the books of account of the Company.
- ii) WAPDA has disputed payments amounting to Rs. 384.032 million, relating to indexation of non-escalable components of capacity purchase price (CPP) already paid to the company from March 14, 2004 to March 13, 2006 and disputed further amount of Rs. 358.018 million against company's CPP invoices for the period from March 14, 2006 to June 30, 2008. The total disputed amount comes to Rs. 742.050 million, out of which WAPDA has arbitrarily withheld a total amount of Rs. 393.837 million from company's CPP invoices upto June 30, 2008. The dispute was referred to an expert for his recommendation, as per the dispute resolution mechanism provided in the Power Purchase Agreement (the PPA). The expert has given his recommendations, which fully support the company's position. As provided in the PPA, both Parties have agreed on a methodology to implement the recommendations. Therefore, the Company and WAPDA have agreed upon at a settlement along with the lines of the recommendations. The said settlement has now been forwarded to the GOP for its approval. After obtaining the approval from the GOP, the settlement would be signed by the parties and necessary adjustments would then be incorporated in the books of account of the Company.

The settlement will have a favourable impact on the company's profits to the tune of Rs. 350 million approximately up to the terminal date. Notwithstanding the above, the Company reserves the right to file for arbitration to enforce implementation under the agreements.

PLANT PERFORMANCE

During the current financial year, the plant usage decreased to 506,924MWh as compared to 531,015MWh in the previous year, mainly due to fuel shortage.

FINANCIAL PERFORMANCE

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

Financial year ended June 30,	2008	2007
	Rupees `million`	
Turnover	4,499.15	3,614.90
Cost of Sales	(4,214.07)	(3,336.48)
Gross Profit	285.08	278.42
Operating Expenses	(41.78)	(28.97)
Operating Profit	243.30	249.45
Other Income	118.57	13.57
Financial Charges	(523.98)	(479.33)
Provision for Taxation	(0.56)	(0.19)
Net Loss Prior to Non-Recurring Charges	(162.67)	(216.50)
Non-Recurring Charges (LDs)/Other Charges	-	(0.12)
Net Loss After taxation	(162.67)	(216.64)
Loss per Share (excl. non-recurring charges)	Rs. 1.10	Rs. 1.57
Loss per Share (with non-recurring charges)	Rs. 1.10	Rs. 1.57

The sales revenue for the year increased to Rs. 4.45 billion as compared to Rs. 3.6 billion last year. The 2.5 % decrease in operating profit has resulted from increase in fuel prices which are directly linked to fuel loss; notwithstanding that fuel loss was reduced due to investment in overhaul activities carried out during the year as reported above as per Amendment No. 3, signed in mid-July 2007. The net loss before other income has increased during the year due to a) increased in fuel prices and b) increase in financial charges resulting from rise in applicable KIBOR rates.

APPOINTMENT OF CHIEF EXECUTIVE OFFICER

The contract of Mr. Nadeem Babar, CEO, expired on February 23, 2008. The CEO, however, agreed to continue to hold office at the existing terms and conditions, until induction of new CEO. The Board therefore considered the matter and re-appointed him as CEO accordingly.

EXTERNAL AUDITORS' APPOINTMENT

The company's auditors M/s Hyder Bhimji & Co., Chartered Accountants shall retire at the conclusion of the 14th annual general meeting. The auditors have indicated their willingness to continue in office as auditors. The appointment in the office of the external auditors shall be made in the next AGM.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The Financial Statements, together with the Notes thereto, have been drawn up by the management in conformity with the Companies Ordinance, 1984. These statements present fairly the company's state of affairs, the results of its operations, cash flow and changes in equity.



- b) Proper books of 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, as applicable in Pakistan have been followed in preparation of the financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts about the company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of Code of Corporate Governance, as detailed in the listing regulations.
- h) The key operating and financial data of last six years is attached to the report.

i) BOARD OF DIRECTORS MEETING HELD DURING THE YEAR

During the financial year under review the Board of Directors met for four times and the attendance of the meetings is as follows:

Name	No. of Meetings Attended
Maj. Gen. Khalid Zahir Akhtar (Resigned)	1
Maj. Gen. Imtiaz Ahmed (New appointment)	0
Mr. Nadeem Babar	4
Mr. Zafar Iqbal	2
Mr. Abdul Jaleel Shaikh	4
Mr. Istaqbal Mehdi (Resigned)	0
Mr. Syed Mujahid Hussain Naqvi (New appointment)	3
Brig. Noor ul Amin Butt (Resigned)	0
Brig. Shah Jahan Ali Kahn (New appointment)	3
Mr. Arshed Ahmed Khan	3
Mr. Saeed-ur-Rehman	2
Ms. Ayesha Aziz (Resigned)	1
Ms. Sumbul Munir (New appointment)	1
Mr. Kashif Muhammad Khan	4
Mr. Najeeb Ahmed Shaikh	2
Mr. Khalid Imran (Resigned)	0
Mr. Adnan Qayum Khan (New appointment)	3
Mr. Muhammad Hanif Abbasi	3

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

During the financial year ended June 30, 2008, five causal vacancies have been filled in the Board of Directors as per Section 180(2) of the Companies Ordinance 1984.



COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

ETHICS AND BUSINESS CONDUCT

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

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

PATTERN OF SHAREHOLDING

Pattern of Shareholding of the Company as at 30th June 2008, along with the necessary information is attached to this report.

FUTURE PROSPECTS

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

CONCLUSION

The Company is proud of its human capital for demonstrating commitment and for consistently delivering outstanding performances.

We also wish to thank our valuable shareholders, WAPDA, Financial Institutions, Lenders, Pakistan State Oil Company and other suppliers for their trust and faith in the Company and their valuable support that enabled the Company to contribute in load management in our country.

Lahore: October 14, 2008

On behalf of the Board
Chief Executive Officer



OPERATING AND FINANCIAL DATA SIX YEARS SUMMARY

	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
DISPATCH LEVEL(%)	48.07	56.65	48.64	40.68	42.78	52.39
DISPATCH (MWH)	506,924	531,015	455,908	381,320	401,001	491,066
REVENUE (Rs. 000)						
Energy Purchase Price	3,583,597	2,694,553	2,272,271	1,284,440	1,142,901	1,421,255
Capacity Purchase Price	915,548	920,345	904,113	910,377	876,974	851,559
TOTAL REVENUE	4,499,145	3,614,898	3,176,384	2,194,817	2,019,875	2,272,814
Cost of Sales	(4,214,069)	(3,336,485)	(2,814,905)	(1,818,782)	(1,635,978)	(1,859,306)
GROSS PROFIT	285,076	278,413	361,479	376,035	383,897	413,508
PROFITABILITY (Rs. 000)						
Profit / (Loss) Before Tax	(162,113)	(216,444)	(268,252)	(89,866)	(91,467)	(299,272)
Provision for Taxation	(557)	(191)	(326)	622	(2,168)	(588)
PROFIT / (LOSS) AFTER TAX	(162,670)	(216,635)	(268,578)	(89,244)	(93,635)	(299,860)
FINANCIAL POSITION (Rs. 000)						
Non Current Assets	5,515,728	5,749,999	6,007,310	5,713,498	5,947,918	6,077,589
Current Assets	1,600,315	1,247,371	1,130,351	520,298	449,969	480,925
Less Current Liabilities	(1,624,257)	(1,248,390)	(1,100,470)	(666,542)	(429,480)	(468,267)
NET WORKING CAPITAL	(23,942)	(1,019)	29,881	(146,244)	20,489	12,658
CAPITAL EMPLOYED	4,990,438	5,226,798	5,494,274	5,567,254	5,968,407	6,090,247
Less Non Current Liabilities	(5,031,396)	(5,210,009)	(5,281,584)	(5,230,174)	(5,542,083)	(5,570,289)
SHAREHOLDERS' EQUITY	(40,958)	16,789	212,690	337,080	426,324	519,958
REPRESENTED BY (Rs. 000)						
Share Capital	1,476,188	1,476,188	1,332,000	1,332,000	1,332,000	1,332,000
Share deposit money	84,188	-	144,188	-	-	-
Accumulated Loss	(1,601,334)	(1,459,399)	(1,263,498)	(994,920)	(905,676)	(812,042)
	(40,958)	16,789	212,690	337,080	426,324	519,958
SHARE VALUE (RUPEES):						
Market Value	4.30	6.00	5.00	4.00	5.30	4.10
Breakup Value	(0.28)	0.11	1.44	2.53	3.20	3.90
RATIOS:						
Gross Profit to Sales (%)	6.34	7.70	11.38	17.13	19.01	18.19
Net Profit to Sales (%)	(3.62)	(5.99)	(8.46)	(4.07)	(4.64)	(13.19)
Earning per Share (Rupees)	(1.10)	(1.57)	(2.02)	(0.67)	(0.70)	(2.25)
Current Ratio (times)	0.99	1.00	1.03	0.78	1.05	1.03
Liquidity Ratio (times)	0.88	0.91	0.69	0.37	0.58	0.70
Debt to Equity (times)	(162.50)	384.66	32.56	17.49	14.01	11.61
Number of Employees	42	42	43	94	92	111

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

This statement is being presented to comply with the Code of Corporate Governance in the listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a frame work of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages the representation of independent non-executive directors on its Board of Directors. At present the Board includes more than three independent non-executive directors. However there is no representation of minority shareholders on the Board.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBF1 or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Company.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the date on which they were approved has been maintained.
6. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), have been taken by the Board.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The Board members are directors in many other listed companies therefore, they are well versed with Code of Corporate Governance.
9. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary including their remuneration and terms and conditions of employment, as determined by the CEO.
10. The directors' report for the year ended June 30, 2008 has been prepared in compliance with the requirements of the Code and fully describes the matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO, Director and CFO before the approval of the Board.
12. 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.
13. The Company has complied with all the corporate and financial reporting requirements of the Code.



14. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors including the Chairman of the Committee.
15. The meeting 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 Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
16. The Board has set up an effective internal audit function through outsourcing to qualified and experienced personnel who are conversant with the policies and procedures of the Company.
17. The statutory auditors of the Company have confirmed that they have been given satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of their firms, their spouses and minor children do not hold shares of the Company and that the firms and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. We confirm that all other material principles contained in the Code have been complied with.

Lahore
October 14, 2008

On behalf of the Board
Chief Executive Officer



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Japan Power Generation Limited** to comply with the Listing Regulation No. 37 (Chapter XI) and No. 40 (Chapter XIII) of the Karachi and Lahore Stock Exchanges respectively where the Company is listed.

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

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

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance effective for the year ended June 30, 2008.

Lahore: October 14, 2008

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Japan Power Generation Limited** as at June 30, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and further in accordance with accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2008 and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



Without qualifying our opinion, we draw attention of the members towards:

- (i) note 1.2 of the financial statements, which disclosed the appropriateness of the going concern assumption used by the company in spite of the fact that company's accumulated loss at the year end stood at Rs. 1,601.334 million and as of that date its total liabilities exceeded its total assets by Rs. 40.958 million
- (ii) notes 15.1 and 15.2 of the financial statements, which disclosed company's contingent liabilities towards WAPDA's claims on account of indexation of non-escalable component of capacity purchase price (CPP) in the sum of Rs. 742.050 million and liquidated damages totaling Rs. 806.344 million upto the terminal date, that were being denied and disputed by the company so the matter was referred to the expert as per the Power Purchase Agreement (PPA) procedures. The expert had given his recommendations on these issues which supported the company's position. As per the term of PPA, either party has the right to go into the arbitration proceeding also. However the parties, as provided in the PPA, had met to discuss and agree on a methodology to implement the recommendations of the expert, which after "settlement" along the lines of the recommendations has now been sent to the Government of Pakistan for according its formal approval. On formal approval of this "settlement" by the Government of Pakistan, a favourable financial impact to the tune of Rs. 350 million approximately will accrue to the company upto the terminal date. Pending such approval, no adjustments have been incorporated in these financial statements.

LAHORE: October 14, 2008

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

**BALANCE SHEET AS AT JUNE 30, 2008**

	<u>Note</u>	<u>2008</u> <u>Rupees '000'</u>	<u>2007</u> <u>Rupees '000'</u>
Capital and reserves			
Authorized capital			
160,000,000 (2007: 150,000,000) ordinary shares of Rs. 10 each		<u>1,600,000</u>	<u>1,500,000</u>
Issued, subscribed and paid-up capital	5	1,476,188	1,476,188
Share deposit money	6	84,188	-
Accumulated loss		(1,601,334)	(1,459,399)
Shareholders' equity		(40,958)	16,789
Surplus on revaluation of property, plant and equipment	7	501,448	522,183
Non current liabilities			
Loan from others - unsecured	8	-	84,188
Long term loans / finances	9	5,027,950	5,122,309
Deferred liability	10	3,446	3,512
		5,031,396	5,210,009
Current liabilities			
Short term borrowings	11	235,344	79,470
Current portion of long term liabilities	12	94,358	160,482
Trade and other payables	13	1,185,141	874,005
Accrued markup	14	109,414	134,432
		1,624,257	1,248,389
Contingencies and commitments	15		
TOTAL EQUITY AND LIABILITIES		<u>7,116,143</u>	<u>6,997,370</u>

The annexed notes 1 to 38 form an integral part of these financial statements.

Lahore:
October 14, 2008.

Chairman / Director



	Note	2008 Rupees '000'	2007 Rupees '000'
Non current assets			
Property, plant and equipment	16	5,515,728	5,749,899
Long term deposits and prepayments	17	100	100
		5,515,828	5,749,999
Current assets			
Stores and spares	18	41,419	20,212
Stock in trade	19	131,696	93,239
Trade debts	20	865,226	764,455
Advances, deposits, prepayments and other receivables	21	541,076	361,767
Cash and bank balances	22	20,898	7,698
		1,600,315	1,247,371
TOTAL ASSETS		<u>7,116,143</u>	<u>6,997,370</u>

Chief Executive

Chief Financial Officer



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008 Rupees '000'	2007 Rupees '000'
Sales	23	4,499,145	3,614,898
Cost of sales	24	<u>(4,214,069)</u>	<u>(3,336,485)</u>
Gross profit		285,076	278,413
Operating expenses			
Administrative and general	25	<u>(41,783)</u>	<u>(28,974)</u>
Operating profit		243,293	249,439
Other income	26	<u>118,570</u>	<u>13,566</u>
		361,863	263,005
Financial and other charges			
Financial charges	27	<u>(523,976)</u>	<u>(479,327)</u>
Other charges	28	<u>-</u>	<u>(122)</u>
		(523,976)	(479,449)
Net loss before taxation		(162,113)	(216,444)
Provision for taxation:			
Current - on other income		<u>(557)</u>	<u>(191)</u>
Net loss after taxation		<u>(162,670)</u>	<u>(216,635)</u>
Loss per share - basic and diluted	29	<u>(1.10)</u>	<u>(1.57)</u>

Appropriations are reflected in the statement of changes in equity.

The annexed notes 1 to 38 form an integral part of these financial statements.

Lahore:
October 14, 2008

Chairman / Director

Chief Executive

Chief Financial Officer



CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008 Rupees '000'	2007 Rupees '000'
CASH FLOW FROM OPERATING ACTIVITIES			
Cash inflow after working capital changes	30.	586,877	488,734
Financial charges paid		(548,995)	(443,555)
Gratuity paid		(610)	(480)
Income tax paid / refunded		(972)	1,154
Net cash inflow from operating activities		36,300	45,853
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(13,920)	(495)
Proceeds from sale of property, plant and equipment		1,148	390
Net cash outflow from investing activities		(12,772)	(105)
CASH FLOW FROM FINANCING ACTIVITIES			
Change in long term loans/ finances		(166,203)	(22,779)
Change in short term borrowings		155,875	(18,215)
Payment of lease rentals - principal amount		-	(1,060)
Net cash outflow from financing activities		(10,328)	(42,054)
Net increase in cash and cash equivalents		13,200	3,694
Cash and cash equivalents at the beginning of year		7,698	4,004
Cash and cash equivalents at the end of year	22.	20,898	7,698

The annexed notes 1 to 38 form an integral part of these financial statements.

Lahore:
October 14, 2008

Chairman / Director

Chief Executive

Chief Financial Officer



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2008

	Share capital Rupees '000'	Share deposit money Rupees '000'	Accumulated loss Rupees '000'	Total Rupees '000'
Balance as at June 30, 2006	1,332,000	144,188	(1,263,498)	212,690
Share issued against share deposit money	144,188	(144,188)	-	-
Incremental depreciation on revaluation of property, plant & equipment	-	-	20,734	20,734
Net loss for the year	-	-	(216,635)	(216,635)
Balance as at June 30, 2007	1,476,188	-	(1,459,399)	16,789
Share deposit money	-	84,188	-	84,188
Incremental depreciation on revaluation of property, plant & equipment	-	-	20,735	20,735
Net loss for the year	-	-	(162,670)	(162,670)
Balance as at June 30, 2008	1,476,188	84,188	(1,601,334)	(40,958)

The annexed notes 1 to 38 form an integral part of these financial statements.

Lahore:
October 14, 2008

Chairman / Director

Chief Executive

Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Japan Power Generation Limited was incorporated in Pakistan on September 29, 1994 as public limited company under the Companies Ordinance, 1984 and its shares are quoted on Lahore and Karachi Stock Exchanges. The principal business of the company is to generate and supply electric power to WAPDA. The company commenced commercial operations from March 15, 2000. Through an agreement dated February 23, 2006 the management of the company has been vested to the new shareholders who acquired the entire shareholding of 35% of the outgoing management. The registered office and plant of the company is situated at Near Jia Bagga Railway Station, Chowk Araian, Off Raiwind Road, Lahore.
- 1.2** The major loss contributing factor has been shortfall in reimbursement from WAPDA of actual fuel cost incurred vis-à-vis WAPDA's standard formula. This issue has been addressed materially through amendment to the Power Purchase Agreement. The effect of this amendment together with proposed modification in engines would eliminate fuel loss and coupled with the prospective favourable financial impact of settlement of disputes as mentioned in note 15 would ultimately contribute to the profitability of the company. The going concern assumption used by the management in preparing these financial statements is also appropriate in view of the fact that the project is financed / supported by WAPDA and the Syndicated Banks, as well as continuous financial support by the management who acquired the controlling shares and management of the company on February 23, 2006. The management is working to ensure the availability of adequate working capital and fulfill the company's other financial needs.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or the directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards, Interpretations and amendments to published approved accounting standards

2.2.1 Amendments to published standards effective in current year

Amendments to IAS 1 'Presentation of financial statements-Capital Disclosure is mandatory for the company' financial periods beginning on or after July 01, 2007. It introduces capital disclosure requirements regarding how the entity manages its capital. **Adoption of these amendments only impact the format and extent of disclosures as presented in note 33 to the financial statement.**

2.2.2 Standards, amendments and interpretations effective in current year but not relevant

Other new standards, amendments and interpretations that are mandatory for financial period beginning on or after July 01, 2007 are considered not to be relevant or have any significant effect to the company's operations.

2.2.3 Amendments to publish standards not yet effective

Certain amendments to IAS 1 'Presentation of financial statements' have been published in September 2007 which revises the existing IAS 1 and requires apart from changing the names of certain financial statements, presentation of transactions with owners in statement of changes in equity and with non-owners in Comprehensive Income statement. The revised standard will be effective from April 1, 2009. Adoption of the above standard will only impact the presentation of financial statements.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for staff retirement benefits that are measured at present value and capitalization of exchange differences on foreign currency loans. 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 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 and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underline assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of the management estimates in these financial statements relate to the useful life of the depreciable assets and provision for doubtful debts on account receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year. 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) Staff retirement benefits - (note 4.1)
- b) Provision for taxation - (note 4.2)
- c) Residual values of property, plant and equipment - (notes 4.3 and 17)

**4 SUMMARY SIGNIFICANT ACCOUNTING POLICIES**

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

4.1 Staff retirement benefits - defined benefit plan

The company operates an unfunded gratuity scheme covering all permanent employees with qualifying service period of six months. The scheme is based on the last drawn salary. The provision which is charged to income is made annually to cover the obligation on the basis of actuarial valuation. The most recent actuarial valuation of the scheme was carried out as at June 30, 2008. The actuary used the 'Projected Unit Credit Method' relying on the following significant assumptions:

	2008	2007
Discount rate	12%	10%
Expected rate of salary increase	11%	9%
Average expected remaining working life of employees	14 years	12 years

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

4.2 Taxation

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

4.3 Property, plant and equipment - owned

Operating fixed assets except land are stated at cost less accumulated depreciation. Cost of certain fixed assets comprises of historical cost and exchange differences referred to in note 4.9.

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 17 to the financial statements. The net exchange differences relating to an asset at the end of each year is amortized in equal installments over its remaining useful life. Depreciation is charged on the basis of period of use i.e. full month's depreciation is charged in the month of purchase while no depreciation is charged in the month of disposal.

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

4.4 Surplus on revaluation of property, plant and equipment

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

4.5 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:

Store and spares	Moving average basis
Stock in trade	
Residual fuel oil (RFO)	First in first out basis
High speed diesel (HSD)	Moving average basis
Lube oil	Moving average basis
Chemicals and other lubricants	Moving average basis

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

4.6 Trade debts and other receivables

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

4.7 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.

4.8 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.

4.9 Foreign currency translation

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

4.10 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.

4.11 Contingencies and commitments

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

4.12 Borrowing costs

Borrowing costs are charged to income when incurred.

4.13 Financial instruments
Recognition and measurement

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

Offsetting of financial assets and financial liabilities

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

4.14 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.

4.15 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	2008	2007
			Rupees '000'	Rupees '000'
5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL				
2008	2007			
Number of	Number of			
Shares	Shares			
133,200	133,200	Ordinary shares of Rs. 10 each		
		Issued for cash	1,332,000	1,332,000
14,419	14,419	Ordinary shares of Rs. 10 each		
		Issued for consideration other than cash	144,188	144,188
147,619	147,619		1,476,188	1,476,188



Note	2008 Rupees '000'	2007 Rupees '000'
6. SHARE DEPOSIT MONEY	84,188	-

In compliance with the terms and conditions of the Syndicated Term Finance Agreement-II, an amount of Rs. 84,187,458 of the sponsors' interest free loan was transferred to the shareholders account as deposit money for further issue of share capital after obtaining prior approval of Statement Bank of Pakistan (SBP) and Securities & Exchange Commission of Pakistan (SECP).

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Opening balance	522,183	542,917
Less: Amortization equivalent to incremental depreciation	(20,735)	(20,734)
	501,448	522,183

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

Description	Basis
Land - freehold	Market value of land in surroundings
Buildings and civil works on freehold land	Replacement cost
Plant and machinery	Incremental markets rates for similar kind of plant & machinery

8. Loan from others - unsecured	-	84,188
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This interest free subordinated loan was payable to an ex-director of the outgoing sponsors that was also acquired by the existing sponsors and transferred as share deposit money during the year for further issue of shares after obtaining the prior approvals from SBP and SECP.

9. Long term loans / finances

Secured

Syndicated term finance agreement - I

9.1

Banking companies

Royal Bank of Scotland Limited
National Bank of Pakistan Limited
Askari Bank Limited
Allied Bank Limited
PICIC Commercial Bank Limited
Saudi Pak Commercial Bank Limited
Crescent Commercial Bank Limited

-	23,142
-	27,566
-	22,383
-	13,169
-	8,395
-	4,549
-	9,612
-	108,816

Non-banking financial institution

Prudential Investment Bank Limited

2,470

Morabaha finance agreement - I

9.2

Banking company

Faysal Bank Limited

18,635

Syndicated term finance agreement - II

9.3

Banking companies

Royal Bank of Scotland Limited
National Bank of Pakistan Limited
Askari Bank Limited
Allied Bank Limited
PICIC Commercial Bank Limited
Saudi Pak Commercial Bank Limited
Crescent Commercial Bank Limited
Trust Commercial Bank Limited

935,018	935,018
761,720	761,720
914,474	914,474
635,572	635,572
343,000	343,000
185,898	185,898
533,161	533,161
-	-

Non-banking financial institution

Prudential Investment Bank Limited

4,308,843

52,093

4,360,936



Morabaha finance agreement - II	9.4		
Banking company			
Faysal Bank Limited		761,372	761,372
Finance against discounted bills	9.5		
Banking company			
Allied Bank Limited		-	9,000
Unsecured			
Supplier's credit -			
Power cable	9.6	-	21,562
		5,122,308	5,282,791
Less: Current and overdue portion shown under current liabilities			
Overdue portion			
Supplier's credit - power cable		-	21,562
Finance against discounted bills		-	9,000
Syndicated term finance agreement - I		-	49,460
Morabaha finance agreement - I		-	8,282
		-	88,304
Current maturity			
Syndicated term finance agreement - I		-	61,825
Morabaha finance agreement - I		-	10,353
Syndicated term finance agreement - II		80,333	-
Morabaha finance agreement - II		14,025	-
		94,358	72,178
		94,358	160,482
		5,027,950	5,122,309

9.1 Syndicated term finance agreement - I

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

9.2 Morabaha finance agreement - I

As part of the restructuring arrangement of existing loans, a morabaha finance agreement was signed with the Faysal Bank Limited whereby the Bank had agreed to purchase the goods at a purchase price of Rs. 20.706 million and sold the same to the company at a price of Rs. 25.882 million. The principal was repayable in two equal installments as at March 31, 2007 and September 30, 2007 respectively. This finance has also been paid out / settled every respect during the year.

9.3 Syndicated term finance agreement - II

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

9.4 Morabaha finance agreement - II

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

9.5 Finance against discounted bills

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

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



9.6 Supplier's credit – power cable

This credit was obtained from Toyota Tsusho Corporation, Japan (TTC) amounting to US \$ 1,315,113 against the import of power cables, and has been adjusted / written back during the year owing to an agreement between the supplier and the company.

10. Deferred Liability - Staff Retirement Benefits

Defined benefit plan	2008	2007
	Rupees '000'	Rupees '000'
10.1 Movement during the year in the net liability recognized in the financial statements is:		
Opening net liability	3,512	2,910
Add: expense recognized	1,742	1,082
	<u>5,254</u>	<u>3,992</u>
Less: paid / adjusted during the year	610	480
Liability written back during the year	1,198	-
Closing net liability	<u><u>3,446</u></u>	<u><u>3,512</u></u>
10.2 The amounts recognized in balance sheet are as follow:		
Present value of defined benefit obligation	2,699	1,896
Payable as on June 30	520	1,718
Unrecognized actuarial gains / (losses)	227	(102)
Total balance sheet liability	<u><u>3,446</u></u>	<u><u>3,512</u></u>
10.3 The actuarial expense recognized in the profit and loss account is:		
Current service cost	1,552	963
Interest cost	190	119
Actuarial gain	-	-
	<u><u>1,742</u></u>	<u><u>1,082</u></u>

11. Short term borrowings - Secured

Names of lenders	Sanctioned Limit	Disbursed Amount	
		2008	2007
		Rupees '000'	Rupees '000'
11.1 Banking companies			
Royal Bank of Scotland Limited	Note 11.1.1	46,400	40,000
Allied Bank Limited (ABL)	Note 11.1.2	39,470	39,470
		<u>47,850</u>	<u>79,470</u>
Royal Bank of Scotland Limited	Note 11.1.3	2,494	-
11.2 Related Parties			
National Logistics Cell	Note 11.2.1	75,000	-
Pak Oman Investment Co. Ltd.	Note 11.2.2	75,000	-
Saudi Pak Industrial & Agriculture Investment Co	Note 11.2.3	35,000	-
		<u>185,000</u>	<u>-</u>
		<u><u>85,870</u></u>	<u><u>79,470</u></u>

11.1.1 The borrowing from RBS is secured by a first charge, ranking pari passu on all present and future assets including plant and machinery, equipment, inventories, trade debts and other receivables of the company and the personal guarantees of the existing directors. The facility carries mark up @ six months KIBOR plus 2% per annum on a daily basis, payable quarterly.

11.1.2 The borrowing from ABL is secured by a first charge, ranking pari passu on all present and future assets including plant and machinery, equipment, inventories, trade debts and other receivables of the company and the personal guarantees of the existing directors. The facility carries mark up @ six months KIBOR plus 2% per annum on a daily basis, payable quarterly.

11.1.3 This represents unrepresented cheques at the terminal date.

11.2.1 This amount represents loan obtained from National Logistics Cell to meet capital expenditure of the company and is secured against hypothecation charge on a pari passu basis on fixed and current assets of the company. It carries markup @ 14% per annum payable in lump sum at the time of maturity of the loan.

11.2.2 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 loan 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 @ 14% per annum.



- 11.2.3 This amount represents the term finance facility obtained from Saudi Pak Industrial & Agriculture Investment Company. 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 @ 6 months KIBOR plus 4% per annum (Ask Side) with cap of 14 % per annum, payable quarterly. This loan is secured against hypothecation charge on all fixed assets of the company with 25% margin.

	Note	2008 Rupees '000'	2007 Rupees '000'
12. Current portion of long-term liabilities			
Long term loans / finances	9.	94,358	160,482
13. Trade and other payables			
Creditors		33,099	35,400
Income tax deducted at source payable		871	-
Accrued liabilities		3,859	5,483
Advance from WAPDA for purchase of HFO	13.1	1,142,915	820,220
Provision for sales tax		-	2,238
Infrastructure tax payable		4,397	4,397
Guarantee commission payable		-	6,267
		1,185,141	874,005
13.1 This advance carries markup @ 11.00% to 16.00% (2007: @ 11.00% to 11.50%) per annum and is secured against company's billings to WAPDA.			
14. Accrued markup			
Interest / markup payable on secured borrowings		109,414	134,432
15. Contingencies and commitments			
Contingencies:			
15.1	WAPDA has disputed payments amounting to Rs. 384.032 million, relating to indexation of non-escalable components of capacity purchase price (CPP) already paid to the company from March 14, 2004 to March 13, 2006 and disputed further amount of Rs. 358.018 million against company's CPP invoices for the period from March 14, 2006 to June 30, 2008. The total disputed amount comes to Rs. 742.050 million, out of which WAPDA has arbitrarily withheld a total amount of Rs. 393.837 million from company's CPP invoices upto June 30, 2008. The dispute was referred to an expert for his recommendations, as per the dispute resolution mechanism provided in the Power Purchase Agreement (the PPA). The expert has given his recommendations, which fully support the company's position. As provided in the PPA, both Parties have agreed on a methodology to implement the recommendations. Therefore, the Company and WAPDA have agreed upon at a settlement along with the lines of the recommendations. The said settlement has now been forwarded to the Government of Pakistan (GOP) for its approval. After obtaining the approval from the GOP, the settlement would be signed by the parties and necessary adjustments would then be incorporated in the books of account of the company.		
15.2	The company is contingently liable for the liquidated damages claimed by WAPDA for the period from July 1, 2001 to June 30, 2008, to the tune of Rs.806.344 million which are disputed by the company. The dispute was referred to an expert for his recommendation, as per the dispute resolution mechanism provided in the Power Purchase Agreement (the PPA). The expert has given his recommendations, which fully support the company's position. As provided in the PPA, both parties have agreed on a methodology to implement the recommendation. Accordingly, the Company and WAPDA have agreed upon at a "settlement" along with the lines of the recommendations. The said settlement has now been forwarded to the GOP for its approval. After obtaining the approval from the GOP, the "settlement" would be signed by the parties; and necessary adjustments would then be incorporated in the books of account of the company.		
As mentioned at notes 15.1 and 15.2 above, on final approval of the "settlement" by the Government of Pakistan, the prospective adjustment will have a favourable impact on the company's profit to the tune of Rs. 350 million approximately upto the terminal date.			
15.3	The company is also contingently liable for infrastructure fee/cess amounting to Rs. 4,396,000 imposed by the Sindh Government under the provision of Sindh Finance (Amendment) Ordinance, 2001. The company challenged the levy and collection of the fee in the Sindh High Court. The suit was decided against the company, however, the verdict was suspended for 15 days by the honorable court to enable the company to file an intercourt appeal against the judgment. The appeal was filed before the Honorable Division Bench of the Sindh High Court and the Bench passed an order staying the recovery of the impugned cess on furnishing of a bank guarantee (non-encashable till the pendency of the suit) by the company to the satisfaction of the Excise department. The appeal is pending adjudication and the company is confident that the matter will be ultimately settled in its favour.		
Commitments in respect of :			
15.4	Letters of credit and purchase commitments other than capital expenditure were Rs. 12.565 million at the terminal date (2007: Nil).		



16. Property, plant and equipment

Description	Land / freehold	Building and civil work on freehold land	Plant and machinery	Workshop equipments	Weigh-bridge	Furniture and fixtures	Electric installation	Office equipment	Laboratory equipment	Computers	Tubewell	Vehicles		Total	
												Owned	Leased		
COST															
As at July 01, 2005	66,446	368,414	6,971,136	16,085	1,175	2,417	1,740	1,521	928	2,053	1,724	6,650	3,092	7,390	7,452,771
Additions during the year	-	-	-	-	-	-	25	-	470	-	-	-	-	-	495
Disposal	-	-	-	-	-	(895)	(353)	(498)	-	(1,045)	-	-	(943)	-	(3,734)
Transfer / adjustment	-	-	(1,257)	-	-	-	-	-	-	-	-	-	7,390	(7,390)	(1,257)
2007 Rupees in 000s	66,446	368,414	6,969,879	16,085	1,175	1,522	1,412	1,023	1,398	1,008	1,724	6,650	9,539	-	7,448,275
As at July 01, 2007	66,446	368,414	6,969,879	16,085	1,175	1,522	1,412	1,023	1,398	1,008	1,724	6,650	9,539	-	7,448,275
Additions during the year	-	-	10,152	-	-	94	175	323	-	206	-	-	2,971	-	13,921
Disposal	-	-	-	-	-	(10)	(204)	(134)	-	-	-	-	(2,078)	-	(2,426)
Transfer / adjustment	-	-	5,720	-	-	-	-	-	-	-	-	-	-	-	5,720
2008 Rupees in 000s	66,446	368,414	6,985,751	16,085	1,175	1,606	1,383	1,212	1,398	1,214	1,724	6,650	10,432	-	7,465,490
DEPRECIATION															
As at July 01, 2006	-	75,931	1,341,429	9,656	705	1,316	928	762	348	2,031	1,085	4,184	2,502	7,390	1,448,261
Charge for the year	-	12,340	237,524	1,608	118	232	164	144	105	77	177	665	295	-	253,390
Depreciation on disposal	-	-	-	-	-	(648)	(241)	(345)	-	(1,045)	-	-	(943)	-	(3,222)
Transfer / adjustment	-	-	(53)	-	-	-	-	-	-	-	-	-	7,390	(7,390)	(53)
2007 Rupees in 000s	-	88,271	1,578,900	11,259	823	900	85	561	453	1,008	1,257	4,849	9,244	-	1,698,376
As at July 01, 2007	-	88,271	1,578,900	11,259	823	900	85	561	453	1,008	1,257	4,849	9,244	-	1,698,376
Charge for the year	-	12,294	217,119	1,608	117	153	142	105	140	27	172	665	357	-	232,900
Depreciation on disposal	-	-	-	-	-	(7)	(143)	(53)	-	-	-	-	(2,045)	-	(2,248)
Transfer / adjustment	-	46	20,688	-	-	-	-	-	-	-	-	-	-	-	20,734
2008 Rupees in 000s	-	100,611	1,816,707	12,867	940	1,046	850	613	593	1,035	1,429	5,514	7,556	-	1,949,762
Written down value - 2007 Rs. in 000s	66,446	280,142	5,390,979	4,826	352	622	531	462	945	-	467	1,801	295	-	5,749,899
Written down value - 2008 Rs. in 000s	66,446	267,803	5,169,044	3,219	235	560	533	599	805	179	295	1,136	2,876	-	5,515,728
Rate of depreciation (%)	3.3 - 4.40	3.3 - 4.40	10	10	10	10	10	10	10	30	10	10	20	20	20

16.1 Adjustments to plant and machinery include exchange loss on the repayment of foreign currency loans amounting to Rs. 5,720 million (2007: exchange gain of Rs. 1,257 million) utilized on the acquisition of plant and machinery

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

	2008	2007
	Rupees '000'	Rupees '000'
Cost of sales	252,851	252,481
Administrative and general expenses	783	656
	253,634	253,137

16.3 As at 30 June 2008, un-depreciated balance of revaluation surplus included in the carrying value of cooperating assets, amounted to Rs. 501,447 million (2007: Rs. 522,183 million).

16.4 Had there been no revaluation, the carrying amount of revalued assets as on June 30, 2008 would have been as follows:

	Cost	Accumulated Depreciation	Written Down Value 2008	Written Down Value 2007
Land - freehold	16,979	-	16,979	16,979
Buildings and civil works on freehold land	367,307	100,519	266,788	279,083
Plant and machinery	6,479,537	1,775,331	4,704,206	4,921,325
Rupees in 000s	6,863,823	1,875,850	4,987,973	5,217,387

16.5 The detail of fixed assets disposed off during the year is as follows:

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Profit / (Loss)	Mode of Sale	Particulars of Buyer
Furniture & Fixture							
Office Table	4	3	1	1	-	Negotiation	Tariq Mahmood - Employee
Executive Chair	6	4	2	1	(1)	Negotiation	Tariq Mahmood - Employee
Office Equipment							
Telephone Exchange	134	53	81	71	(10)	Adjustment with new one	M/S Master Communication
Electric Installation							
Split AC 2 Ton (Mitsubishi)	60	43	17	4	(13)	Negotiation	M/S Split City, Wahdat Road Lahore
Window AC 1.5 Ton (Pel)	22	17	5	4	(1)	Negotiation	M/S Split City, Wahdat Road Lahore
Split AC 2 Ton (Daikan)	122	83	39	7	(32)	Negotiation	M/S Split City, Wahdat Road Lahore
Vehicles							
Hundai ShehZore LXX 9050	605	605	-	370	370	Negotiation	M/S Cherag Motors, Abbot Road Lahore
Suzuki Cultus LXW 3599	518	501	17	240	223	Negotiation	Mr. Mahmood Ali Awan - Employee
Honda Civic LXO 7582	955	939	16	450	434	Negotiation	Mr. Shoaib Elahi, Allama Iqbal Town Lahore
2008 Rupees in 000s	2,426	2,248	178	1,148	970		
2007 Rupees in 000s	3,734	3,222	512	390	(122)		



	Note	2008 Rupees '000'	2007 Rupees '000'
17. Long term deposits and prepayments			
Central Depository Company (CDC)		100	100
18. Stores and spares			
Stores		1,265	2,894
Spares		40,154	17,318
		41,419	20,212
19. Stock in trade-raw materials			
Residual fuel oil (RFO) (including in-transit Rs. 70.763 million (2007:Rs.Nil million)		122,094	83,908
High speed diesel (HSD)		3,721	4,919
Lube oil (including in-transit Rs. Nil million (2007: Rs. Nil million)		4,560	2,987
Chemicals and other lubricants		1,321	1,425
		131,696	93,239
20. Trade debts - considered good		865,226	764,455
These are receivable from WAPDA and are fully secured.			
21. Advances, deposits, prepayments and other receivables			
Advances - considered good			
To employees		139	14
For expenses		15,756	9
To suppliers		2,898	665
To Pakistan State Oil Co. Ltd. (PSO)		212,881	98,250
Income tax		1,305	891
Advances for expansion project		7,110	4,403
To others - Letter of credit	21.1	45,903	24
		285,992	104,256
Deposits			
Letters of credit margin		-	1,571
Others		6	6
		6	1,577
Prepayments-including current portion of long term prepayments		8,849	16,428
Other receivables:			
Sales tax recoverable		70,147	64,960
Claims receivable		3,361	1,825
Liquidated damages recoverable		172,038	172,038
Others		683	683
		246,229	239,506
		541,076	361,767
21.1 This amount includes Rs. 44.738 million of L/C margin deposited with Faysal Bank Limited.			
22. Cash and bank balances			
Cash in hand		295	148
Cash with banks :			
In current accounts		21	133
In saving accounts		20,582	7,417
		20,603	7,550
		20,898	7,698
23. Sales			
Energy payments		4,121,136	3,097,844
Capacity payments		915,548	920,346
		5,036,684	4,018,190
Less: sales tax		537,539	403,292
		4,499,145	3,614,898



	Note	2008 Rupees '000'	2007 Rupees '000'
24. Cost of sales			
Fuel and oils consumed		3,747,732	2,887,393
Salaries, wages and benefits	24.1	10,671	6,935
Operating and maintenance fee		54,000	45,000
Stores and spares consumed		90,595	81,333
Electricity consumed in-house		4,950	6,121
Communication charges		1,812	1,815
Repair and maintenance		28,085	19,226
Environmental monitoring		-	532
Power generation licensing expenditure		1,048	980
Insurance		22,325	34,669
Depreciation	16.2	252,851	252,481
		4,214,069	3,336,485
24.1 Salaries, wages and benefits include Rs. 0.531 million (2007: Rs. 0.486 million) for staff gratuity.			
25. Administrative and general expenses			
Directors' remuneration		6,000	6,000
Salaries and benefits	25.1	13,146	8,631
Plant security services		1,724	1,391
Staff transportation		1,204	1,039
Traveling and conveyance		1,216	1,157
Rent, rates and taxes		367	367
Postage and courier		83	127
Electricity and utility charges		20	-
Telephone, mobile and telex		1,085	735
Printing and stationery		571	748
Vehicle running and maintenance		1,795	1,758
Entertainment		643	606
Newspaper and periodicals		4	2
Legal, professional and consultancy charges		9,435	3,222
Registrar services		300	300
Fee and subscription		251	565
Auditors' remuneration	25.2	520	503
Charity and donation	25.3	400	-
Advertisement		497	562
Insurance		60	138
Repair and maintenance		1,679	267
Depreciation	16.2	783	856
		41,783	28,974
25.1 Salaries and benefits include Rs. 1.211 million (2007: Rs. 0.596 million) for staff gratuity.			
25.2 Auditors' remuneration			
Audit fee		320	303
Review engagement		170	170
Out of pocket expenses		30	30
		520	503
25.3 None of the directors or their spouses have any interest in the funds of the donees.			
26. Other income			
Profit on bank deposits		1,588	547
Sale of scrap / sludge		22,915	12,523
Profit on sale of fixed assets	16.5	970	-
Exchange gain		-	484
Financial Adjustments with ABL	26.1	40,177	-
Suppliers' credit - power cable written back on settlement	9.6	27,283	-
Unclaimed old liabilities written back		19,673	-
Excess provisions of prior years written back		5,964	-
Miscellaneous		-	12
		118,570	13,566



26.1 This amount has arisen due to restructuring of credit facilities by Allied Bank Limited. Through this arrangement Allied Bank has waived off Rs. 18.520 million of short term borrowings (note 12.1.2) and Rs. 9.0 million of finance against dishonored bills -FADB (note 9.5) and mark up on FADB amounting to Rs. 12.657 million.

	2008	2007
Note	Rupees '000'	Rupees '000'
27. Financial charges		
Interest / mark up on:		
Long term loans and finances	369,588	388,505
Short term borrowings	148,666	84,279
Lease finance	-	169
Guarantee commission	-	70
Exchange loss	301	-
Bank fee and other charges	5,421	6,304
	<u>523,976</u>	<u>479,327</u>
28. Other charges		
Loss on sale of fixed assets	-	122
29. Loss per share-basic and diluted		
Net loss for the year	<u>(162,670)</u>	<u>(216,635)</u>
Weighted average number of ordinary shares	<u>147,619</u>	<u>138,006</u>
Loss per share	<u>(1.10)</u>	<u>(1.57)</u>
30. Cash inflow after working capital changes		
Net loss before taxation	(162,113)	(216,444)
Adjustment for non-cash and other items:		
Depreciation	253,634	253,337
Gain/(loss) on disposal of fixed assets	(970)	122
Provision for gratuity	1,742	1,082
Gratuity payable written back	(1,198)	-
Adjustment of CWIP	-	2,340
Financial charges	523,976	479,327
	<u>777,184</u>	<u>736,208</u>
Operating profit before working capital changes	615,071	519,764
Working capital changes		
Stores and spares	(21,207)	(7,444)
Stock in trade	(38,456)	115,696
Trade debts	(100,771)	(223,509)
Advances, deposits, prepayments and other receivables	(178,895)	(1,113)
Creditors and other payables	311,135	85,340
	<u>(28,194)</u>	<u>(31,030)</u>
	<u>586,877</u>	<u>488,734</u>
31. Plant capacity and actual production		
Installed annual capacity in MWH	<u>1,054,584</u>	<u>937,320</u>
Actual energy delivered in MWH	<u>506,924</u>	<u>531,015</u>
Utilization of available capacity depends on the load demanded by WAPDA.		

**32.1 Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to change in market interest rates. The effective interest rates as at June 30, 2008 for the company's financial instruments are given in the relevant notes except for trade debts, liquidated damages, deposits in PLS account for which effective rates are given as follows:

		<u>2008</u>	<u>2007</u>
Trade debts-interest charged after 25 days of the invoice delivered to WAPDA.	Fixed	14.00%	11.50%
Liquidated damages-interest is payable after 25 days of invoice received from WAPDA	Fixed	14.00%	11.50%
Deposits in PLS accounts	Variable	As determined by the bank.	As determined by the bank.
Short term borrowings	Fixed	6 months KIBOR plus 2% ~ 4%	6 months KIBOR plus 2%
Long term loans/finances	Variable	three months KIBOR plus 0.25% and 1.5%	three months KIBOR plus 0.25% and 1.5%

32.2 Credit risk and concentration of credit risk

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

32.3 Foreign exchange risk management

Foreign exchange risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Total payables of Rs. 28.883 million (2007: Rs.23.696 million) in foreign currency are , exposed to foreign exchange risk.

32.4 Fair value of financial instruments

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

33. 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 othe 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, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The company monitors capital on the basis of the debt-equity ratio calculated as a ratio of total debt to equity.

34. Transactions with related parties

The related parties comprise of holding company, fellow subsidiaries, associated undertakings and key management personnel. The company in the normal course of business carries out transactions with various related parties. Amounts due to related parties are shown under short term borrowings (note - 11.2)

35. Remuneration of chief executive, directors and executives

The aggregate 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	
	2008	2007	2008	2007	2008	2007
No. of persons	1	1	-	-	4	5
Managerial remuneration	5,455	5,455	-	-	11,768	7,984
Medical allowance	545	545	-	-	2,039	798
Gratuity	-	-	-	-	855	724
Other benefits	948	956	-	-	736	-
Rupees in 000s	6,948	6,956	-	-	15,398	9,506

35.1 Board meeting fee was not paid to the directors.

35.2 Company maintained vehicle is provided only to the General Manager of the company.

36. Environmental risk exposure

The company is fully compliant with the environmental regulations.

37. Date of Authorization

These financial statements were authorized for issue on October 14, 2008 in accordance with the resolution of the Board of Directors.

38. General

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

Lahore:
October 14, 2008

Chairman / Director

Chief Executive

Chief Financial Officer

Consolidated
CDC+Non-CDC

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2008

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
	FROM	TO		
15	1	100	701	0.00
378	101	500	187,479	0.13
447	501	1000	446,720	0.30
728	1001	5000	2,280,900	1.55
250	5001	10000	2,182,100	1.48
80	10001	15000	1,053,500	0.71
62	15001	20000	1,186,600	0.80
32	20001	25000	756,500	0.51
27	25001	30000	780,642	0.53
14	30001	35000	473,500	0.32
10	35001	40000	386,500	0.26
6	40001	45000	259,000	0.18
21	45001	50000	1,042,000	0.71
4	50001	55000	212,500	0.14
8	55001	60000	468,900	0.32
4	60001	65000	252,000	0.17
2	65001	70000	140,000	0.09
5	70001	75000	373,000	0.25
3	75001	80000	237,000	0.16
2	80001	85000	169,000	0.11
3	85001	90000	265,500	0.18
1	90001	95000	95,000	0.06
11	95001	100000	1,100,000	0.75
4	105001	110000	432,000	0.29
2	115001	120000	238,000	0.16
1	130001	135000	133,000	0.09
1	145001	150000	150,000	0.10
1	155001	160000	160,000	0.11
1	160001	165000	160,500	0.11
2	165001	170000	340,000	0.23
1	170001	175000	174,000	0.12
2	175001	180000	355,500	0.24
1	185001	190000	188,500	0.13
1	190001	195000	194,000	0.13
4	195001	200000	797,000	0.54
1	200001	205000	203,000	0.14
1	205001	210000	208,000	0.14
2	215001	220000	435,000	0.29
1	220001	225000	225,000	0.15
1	225001	230000	230,000	0.16
1	235001	240000	237,500	0.16
1	240001	245000	243,500	0.16
1	250001	255000	255,000	0.17
1	265001	270000	266,500	0.18
1	280001	285000	285,000	0.19



NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
	FROM	TO		
2	295001	300000	600,000	0.41
1	365001	370000	367,500	0.25
1	395001	400000	400,000	0.27
2	445001	450000	900,000	0.61
1	450001	455000	451,000	0.31
2	595001	600000	1,195,100	0.81
1	795001	800000	800,000	0.54
1	1020001	1025000	1,025,000	0.69
1	1205001	1210000	1,208,500	0.82
1	1700001	1705000	1,703,500	1.15
1	1855001	1860000	1,858,000	1.26
1	2495001	2500000	2,500,000	1.69
1	2505001	2510000	2,507,000	1.70
2	3395001	3400000	6,800,000	4.61
1	3580001	3585000	3,584,281	2.43
1	3670001	3675000	3,672,000	2.49
1	4595001	4600000	4,600,000	3.12
1	5755001	5760000	5,756,793	3.90
1	7280001	7285000	7,284,350	4.93
1	10165001	10170000	10,169,081	6.89
1	11860001	11865000	11,862,500	8.04
1	14915001	14920000	14,915,150	10.10
1	17620001	17625000	17,622,878	11.94
1	25575001	25580000	25,576,171	17.33
2,173	<-----Total----->		147,618,846	100.00

**CATEGORIES OF SHAREHOLDERS**

AS ON JUNE 30, 2008

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
Sponsors/Directors/Chief Executive Officer and their spouse and minor Children			
National Logistics Cell	2	23,379,671	15.8379
Pak Oman Investment Company Limited	2	26,376,171	17.8678
Saudi Pak Investment Co. Ltd.	1	10,169,081	6.8887
Patagonia Corporation (Pvt.) Ltd.	1	3,584,281	2.4281
(The directors are nominees of Institutions)		-	-
TOTAL: -		63,509,204	43.0224
Executives			
N/A	-	-	0.0000
Associated Companies, Undertakings and related parties			
	-	-	0.0000
Public Sectors Companies & Corporations			
	-	-	0.0000
NIT and IDBP (ICP UNIT)			
	-	-	0.0000
Banks, Development Financial Institutions & Non-Banking Financial Institutions			
	12	27,287,750	18.4853
Insurance Companies			
	1	300,000	0.2032
Modarabas & Mutual Funds			
	5	4,887,500	3.3109
Others			
	94	24,606,592	16.6690
General Public			
	2,055	27,027,800	18.3092
TOTAL: -	2,173	147,618,846	100.0000

Shareholders holding 10% or more.

Pak Oman Investment Company Limited	2	26,376,171	17.8678
National Logistic Cell	2	23,379,671	15.8379
First Dawood Investment Bank Ltd.	1	14,915,150	10.1038
		<u>64,670,992</u>	<u>43.8094</u>