

JAPAN POWER GENERATION LTD

ANNUAL REPORT 2017

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COMPANY INFORMATION

Board of Directors	Mr. Muhammad Zalmai Rahmanuddin Khan – Chairman – (Nominee, Pak Oman Investment Co. Ltd) Mr. Nafees Ahmad – (Nominee, Pak Oman Investment Co Ltd) Mr. Muhammad Saeed Rana – (Nominee, Pak Oman Investment Co Ltd) Ms.Hina Mir- (Nominee, Pak Oman Investment Co Ltd) Mr. Nadeem Iqbal Raja- (Nominee, National Logistics Cell) Mr. Muhammad Arshad Tahir – (Nominee, National Logistics Cell) Mr. Habib Ur Rehman – (Nominee, National Logistics Cell) Mr. Mir Nunib Javed – (Nominee, Saudi Pak Industrial and Agricultural Investment Co. Ltd) Mr. Muhammad Azam – (Nominee, Saudi Pak Industrial and Agricultural Investment Co. Ltd) Mr. Ayaz Dawood - Independent Mr. Zahid Anjum – (Creditors Nominee, Faysal Bank Limited) Mr. Muhammad Hanif Abbasi – (Creditors Nominee, National Bank of Pakistan)
Chief Executive Officer	Mr. Amjad Awan
Company Secretary & Chief Financial Officer	Mr. Mohammad Mohsin
Company's Audit Committee	Mr. Ayaz Dawood - Chairman Mr. Muhammad Arshad Tahir Mr. Muhammad Saeed Rana Mr. Mir Munib Javed Mr. Muhammad Azam Mr. Zahid Anjum
Company's HR Committee	Mr. Ayaz Dawood - Chairman Mr. Nadeem Iqbal Raja Ms. Hina Mir Mr. Mir Nunib Javed 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: jpglpk.com
Website	www.jpglpk.com

NOTICE OF 23rd ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of Japan Power Generation Limited will be held on Thursday, October 26, 2017 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 22nd Annual General Meeting of the Company held on Wednesday, October 26, 2016.
2. To receive, consider and adopt the audited financial statements of the company for the financial year ended June 30, 2017, together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors for the year ending June 30, 2018 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.

   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 05, 2017

Mohammad Mohsin
Company Secretary

NOTES:

1. The Share Transfer Book of the Company will remain closed form October 19, 2017 to October 26, 2017 (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 (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 is pleased to present the 23rd Annual Report together with the audited financial statements of your Company and Auditors' Report thereon for the year ended June 30, 2017.

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 22 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,	2017	2016
	Rupees 'million'	
Sales -net	739,731	719,567
Cost of sales	(341,492)	(338,982)
Gross profit	398,239	380,585
Administrative expenses	(23,787)	(23,205)
Other operating charges	-	(65,432)
Operating profit	374,452	291,948
Other income	29,794	18,855
Finance and other costs	(727,673)	(771,609)
Net Loss after taxation	(323,427)	(460,806)
Loss per share - basic and diluted (Rupees)	(2.07)	(2.95)

The plant is shut down owing to discontinuation of fuel advance by WAPDA from October 2012 onwards. The revenue of the Company has increased for the current year as compared to the corresponding year due to increase of NEC component for CPP. Although WAPDA has refused to pay for capacity invoices from October 2012 onwards, under the provisions of the Power Purchase Agreement (PPA), Capacity Purchase Price (CPP) invoices are issued to WAPDA and due revenue is recognized in the financial statements.

Because of recognition of CPP revenue and as a result of shut down of plant from October 19, 2012 onwards, the financial results show a gross profit of Rs. 398.24 million for the period as compared to gross profit of Rs. 380.58 million for the corresponding period of last year. 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 an operating loss for the year amounting to Rs. 323 million (2016 : Rs. 461 million) and its accumulated loss has increased to Rs 8,206 million as at June 30, 2017, resulting in negative equity and adverse current assets ratio at that date.

The Company's major loss-contributing factors over the years have been the shortfall in reimbursement from WAPDA of actual fuel costs 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, and the Syndicate Banks have filed a suit against the Company to settle all outstanding amounts due to them. This suit is being contested by the Company's lawyers.

In addition, amounts from the Capacity Price Payments (CPP) were withheld by WAPDA to adjust against its own disputed dues and fuel advances, which has further increased the financial burden on the Company. The disputed amounts have been explained in detail in Note 22 of these financial statements.

The Company is thus 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 had demonstrated a 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 21 & 22 of the financial statements.

The Company's management remains fully engaged with the Government of Pakistan, WAPDA and all other relevant authorities for resumption of plant operations. The benefits that will accrue to the nation from the plant going back into production have been highlighted to all concerned and have been acknowledged as such, but regrettably a final decision is still awaited. Different proposals submitted by the Company remain under consideration with the Government.

Considering the above-stated factors and arrangements the Management of the Company considers that the going concern assumption used in the preparation of this financial information is appropriate.

SECP SHOW CAUSE NOTICE

A show-cause notice was served on the Company by SECP on July 11, 2016 under Clause (b) of Section 305 of the Companies Ordinance, 1984 to explain why a petition for winding up of the Company may not be presented by the Registrar of Companies to a competent court.

Subsequent three furthers hearings were held, however, the last hearing was held on Sept 11, 2017 where the company's efforts to revive the plant were once again explained to SECP. The decision from SECP in this regard is awaited.

EXTERNAL AUDITORS' APPOINTMENT:

The Company's auditors M/s BDO Ebrahim & Co., Chartered Accountants shall retire at the conclusion of the 23rd Annual General Meeting. The auditors have indicated their willingness to continue in office as auditors. The appointment 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
Ms. Hina Mir	3
Mr. Nafees Ahmad	4
Mr. Muhammad Saeed Rana	1
Mr. Nadeem Iqbal Raja	-
Mr. Muhammad Arshad Tahir	4
Mr. Habib ur Rehman	1
Mr. Mir Munib Javed	3
Mr. Mohammad Azam	2
Mr. Manzoor Hussain	2
Mr. Abdul Nasir	1
Mr. Ayaz Dawood	2
Mr. Zahid Anjum	2
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 six 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. Ayaz Dawood	2
Mr. Zahid Anjum	2
Mr. Mohammad Azam (new appointment)	1
Mr. Muhammad Saeed Rana (new appointment)	1
Mr. Muhammad Arshad Tahir (new appointment)	4
Mr. Mir Munib Javed (new appointment)	2
Mr. Manzoor Hussain (retired)	2
Mr. Abdul Nasir (retired)	-

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 2017 along with the necessary information is attached to this report.

FUTURE PROSPECTS

The Company is negotiating with the government to restart the plant. Insha'Allah if an amicable settlement is reached your plant is expected to be operational in due course

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.

September 21, 2017

On behalf of the Board
Chief Executive Officer

غیر حاضری کی چھٹی جب مانگی گئی تو اُن ڈائریکٹرز کو دے دی گئی جو بورڈ میٹنگ میں شرکت نہ کر سکے۔

j) بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جو کہ چھ ممبران پر مشتمل ہے اور وہ سارے کے سارے (Non Executive Directors) ہیں۔

k) مالیاتی سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے ہیں جن کی حاضری حسبِ ذیل ہے۔

نام	اجلاس میں شرکت کی تعداد
جناب ایاز داؤد	2
جناب زاہد انجم	2
جناب محمد اعظم (نئی تقرری)	1
جناب محمد سعید رانا (نئی تقرری)	1
جناب محمد ارشد طاہر (نئی تقرری)	4
جناب میر منیب جاوید (نئی تقرری)	2
جناب منظور حسین (ریٹائرڈ)	2
جناب عبدالناصر (ریٹائرڈ)	-

کارپوریٹ کے اصولوں پر عمل درآمد:

کمپنی کے بیان کردہ کارپوریٹ اصولوں پر عمل درآمد اس رپورٹ میں حسب ذیل ہیں

☆ **اخلاقی اور کاروباری عمل داری:**

کمپنی اپنے تمام کام امور اور کاروبار دیانتداری کے ساتھ اور قواعد وضوابط کے مطابق چلاتی ہے انتظامیہ اور ملازمین کے درمیان تعلقات مثالی ہیں ڈائریکٹرز کی طرف سے اس بات پر خوشی کا اظہار کیا جاتا ہے کہ ان کے ملازمین انتہائی محنت اور لگن سے کام کرتے ہیں

☆ **ماحولیات، صحت اور حفاظت**

ہم اس بات پر یقین رکھتے ہیں اور عمل پیرا ہیں کہ کمپنی ماحولیات، صحت اور حفاظت کے معیار پر عمل پیرا ہے۔ انتظامیہ کی طرف سے ہر ملازم کی ذاتی حفاظت پر خصوصی دھیان کیا جاتا ہے۔ پیشہ واران مسلسل ماحولیات کو نوٹ کرتے ہیں اور کسی بھی کام کا ماحول پر اثر دیکھا جاتا ہے اسی طرح تمام صحت اور حفاظت کے پرخطر معاملات کو جانچا جاتا ہے اور انتہائی شدت کیساتھ کسی بھی حادثے سے بچنے کا کام کیا جاتا ہے۔

☆ **حصص رکھنے کی ترتیب:**

کمپنی کے حصص رکھنے کی ترتیب 30 جون 2017 کی اس رپورٹ کے ساتھ لف ہے۔

☆ **مستقبل کے روشن امکانات:**

کمپنی واپڈا کے ساتھ پلانٹ کو دوبارہ چلانے کیلئے بات چیت کر رہی ہے انتظامیہ واپڈا کے ساتھ جیسے ہی معاملات طے ہوتے ہیں انشاءاللہ پلانٹ بہت مختصر مدت میں فعال ہو جائے گا۔

☆ **ماخذ:**

ہم اپنے حصص کے مالکان قرضہ دینے والے کاروباری شراکت دار اور پرزے بیچنے والوں کی قیمتی مدد اور تعاون کے بہت شکر گزار ہیں جن کی وجہ سے کمپنی اچھے طریقے سے اتنے مشکل حالات میں بھی اپنے کام کو جاری رکھے ہوئے ہے۔

September 21, 2017

On behalf of the Board
Chief Executive Officer

اسی سلسلے میں SECP کے اسلام آباد دفتر میں مزید تین عدد سماعت ہو چکی ہیں تاہم آخری سماعت جو 11 ستمبر 2017 کو ہوئی ہے
اس میں SECP کو پلانٹ چلانے کے متعلق کوششوں سے آگاہ کیا گیا ہے

بیرونی آڈیٹرز کی تقرری:

کمپنی کے آڈیٹرز M/S BDO EBRAHIM & Co. (Chartered Accountant) تیسویں سالانہ جنرل اجلاس کے بعد ریٹائر ہو جائیں گے موجودہ آڈیٹرز نے اپنی رضامندی ظاہر کی ہے کہ وہ آڈیٹرز کے طور پر کام کرتے رہیں گے۔ اگلے بیرونی آڈیٹرز کی تقرری سالانہ جلاس میں ہوگی۔

چیف ایگزیکٹیو کی مراعات

اس میں کوئی تبدیلی نہیں کی گئی

کمرشل اور مالی رپورٹ کا بنانا

a) مالیاتی گوشوارے اور نوٹس کو انتظامیہ نے کمپنی مجریہ ایکٹ 1984 کی رو سے اکٹھا کر دیا ہے۔ یہ بیانات صحیح طور پر کمپنی کی کام کرنے کی استعداد اور اس کے نتائج CASH FLOW اور قرضوں میں تبدیلی کا بتاتے ہیں۔

b) کمپنی کی طرف سے حساب کتاب کے کھاتے درست طور پر بنائے جا رہے ہیں۔

c) کھاتہ داری کام باقاعدگی اور نفاست سے مالیاتی گوشواروں اور کھاتہ داری کے اندازے بنانے کیلئے ٹھوس اور مناسب طریقے سے کام کیا جاتا ہے ۔

d) بین الاقوامی کھاتہ داری کے معیارات (IAS)/ بین الاقوامی سالانہ رپورٹس کے معیارات IFRS جو کہ پاکستان میں استعمال ہوتے ہیں کو مالیاتی گوشوارے بناتے وقت مدنظر رکھا گیا ہے۔

e) اندرونی کنٹرول کے نظام کو سخت قسم کا ڈیزائن کیا گیا ہے۔ جس کی موثر جانچ پڑتال بھی ہوتی ہے۔

f) انتظامیہ یہ خیال کرتی ہے کہ اس میں کوئی شعبہ نہیں ہے کہ کمپنی کی استعداد بہترین ہے۔

g) یہاں یہ کوئی ایسا کام نہیں ہوتا جو Code of Coporate Governance اور قواعد کے خلاف ہو

h) پچھلے چھ سال کے مالی اور عملی ریکارڈ کو اس رپورٹ کا حصہ بنا دیا گیا ہے۔

i) پورے مالیاتی سال میں بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے ہیں جن کی حاضری کی تفصیل حسبِ ذیل ہے۔

نام	اجلاس میں شرکت کی تعداد
جناب محمد ذلیئے رحمان الدین خان	4
محترمہ حناء میر	3
جناب نفیس احمد	4
جناب محمد سعید رانا	1
جناب ندیم اقبال راجہ	-
جناب محمد ارشد طاہر	4
جناب حبیب الرحمٰن	1
جناب میر منیب جاوید	3
جناب محمد اعظم	2
جناب منظور حسین	2
جناب عبدالناصر	1
جناب ایاز داؤد	2
جناب زاہد انجم	2
جناب محمد حنیف عباسی	2

کیونکہ CPP محاصل اوراس کے نتیجے میں طے شدہ آمدن جو کہ کمپنی کے اکتوبر 19، 2012 سے آگے مالیاتی نتائج میں مجموعی منافع جو کہ موجودہ سال میں 398.24 ملین روپے ہے۔ جو کے پچھلے سال کے مقابلے میں مجموعی منافع 380.58 ملین روپے تھا۔ مالیاتی اخراجات پچھلے سال کے مقابلے میں کم ہو گئے ہیں جس کی بنیادی وجہ KIBOR اور REPO کی شرح میں کمی ہے۔

منافع اور قرض کی عدم ادائیگی کی وجوہات:

منافع اور قرض کی عدم ادائیگی کی بنیادی وجوہات مالیاتی کھاتا جات کے نوٹ نمبر 1.2 میں تفصیلاً درج ہے کہ کمپنی کا سالانہ خسارہ 323 ملین روپے ہے۔ جو کہ 2016 میں 461 ملین تھا۔ اور یہ نقصانات مل کر 8206 ملین روپے جون 30، 2017 تک گئے ہیں جس کی وجہ منفی EQUITY اور بدترین موجودہ اثاثوں کی شرح ہے۔

کمپنی کے بڑے نقصان ہونے کی وجوہات میں واپڈا کی طرف سے اصل ایندھن کے اخراجات نہ ملنا اور زائد مالیاتی اخراجات کی وجہ سے قرضوں کی عدم ادائیگی/مالیاتی اور مزید Tariff جس میں 1999 میں کمی کی وجوہات شامل ہیں۔

ان نقصانات کی وجہ سے اور مستقل مالیاتی بحرانوں کی وجہ سے کمپنی اپنے قرضہ جات کی ادائیگی اپنے قرض فراہم کرنے والے اور بینکوں کے گروپ نے کمپنی کے خلاف کیس دائر کیا ہے کہ کمپنی بقایا جات جلد از جلد ادا کرے تاہم اس کیس کا کمپنی کے وکیل دفاع کر رہے ہیں

مزید براں CPP کی رقم جو واپڈا خود ہی اپنے اختلافات اور ایندھن کی سابقہ پیشگی فراہمی کی وجہ سے خود ہی شامل کر رہا ہے جو کہ کمپنی پر ایک بڑا معاشی بوجھ بن رہا ہے لہذا ان سب حقائق کی موجودگی میں کمپنی اس حالت میں کچھ نہیں کر سکتی کہ وہ اپنے قرض فراہم کرنے والو کو حصہ ادا کر سکے۔

آڈیٹرز کی رپورٹ پر تبصرہ:

کمپنی کی انتظامیہ نے تمام کام پرانی قیمتوں اور حقائق کو مدِ نظر رکھتے ہوئے کھاتہ جات کی تفصیل ایک سچی اور حقیقی معاملات کی عکاسی کی ہے۔ کمپنی کی پراپرٹی پلانٹ اور مشینری بالکل صحیح حالت میں ہے اور انتظامیہ آڈیٹرز کی رائے سے بالکل متفق نہیں ہے۔

کمپنی کا بجلی گھر بجلی پیدا کرنے کے لئے پورے طور پر دستیاب ہے جس کا مظاہرہ کمپنی نے 123 میگا واٹ ADC کی جانچ میں اگست 2012 میں کیا ہوا ہے۔

تفصیلاً وجوہات پہلے ہی نوٹ نمبر 1.2 اور اس کے ساتھ ساتھ 21 اور 22 مالیاتی کھاتا جات میں درج ہیں۔

کمپنی کی موجودہ انتظامیہ حکومت پاکستان، واپڈا اور دوسرے متعلقہ محکموں سے پلانٹ کو دوبارہ چلانے کے لیے مکمل رابطہ میں ہے۔ پلانٹ کے دوبارہ فعال ہونے کے قومی فوائد کو واضع کیا گیا ہے۔ اور ان کو متعلقہ اداروں نے تسلیم بھی کیا ہے لیکن بدقسمتی سے اس سلسلے میں کسی بھی حتمی فیصلہ کا انتظار ہے کمپنی کی طرف سے حکومت کو دی جانے والی مختلف تجاویز آج کل زیرِ غور ہیں

مندرجہ بالا حقائق اور کاوشوں کی وجہ سے کمپنی انتظامیہ اس مفروضے پر قائم ہے کہ فراہم کردہ مالیاتی معلومات حقائق پر مبنی ہیں۔

SECP کا شوکاز نوٹس:

SECP کی طرف سے کمپنی کو 11 جولائی 2016 کو ایک شوکاز نوٹس بھیجا گیا ہے۔ جس کے تحت کمپنی مجریہ ایکٹ 1984 کی شق بی کے سیکشن 305 میں تفصیلاً پوچھا گیا ہے کہ کمپنی کو رجسٹرار آف کمپنی کی عدالت میں پیش کر کے کمپنی ھذا مستقل طور پر بند کر دیا جائے۔

ڈائریکٹرز رپورٹ:

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2017 کو ختم ہونے والے تیسویں سالانہ آڈٹ شدہ مالی نتائج اور کمپنی کی کارکردگی کا جائزہ پیش کرتے ہوئے خوشی محسوس کررہے ہیں۔

بنیادی سرگرمیاں:

کمپنی کا اصل مقصد تیل سے چلنے والے پاور پلانٹ کو 120.5 میگاواٹ کی خالص (135 میگاواٹ مجموعی) اصلیت کے ساتھ چلانا اور اس کی دیکھ بھال کرنا ہے۔

کمپنی کی کارکردگی:

کمپنی اکتوبر 2012 سے واپڈا کی طرف سے ایندھن کی پیشگی عدم فراہمی کی وجہ سے بند ہے واپڈا نے پلانٹ بند ہونے کے عرصہ کی LDs چارج کی ہیں اور کمپنی کی CPP بل مسترد کردی ہے۔ کمپنی نے ایندھن کی پیشگی رقم کی فراہمی نہ ہونے کی وجہ سے LDs کی رقم کو متنازع قرار دیا ہے کیونکہ کمپنی کا واپڈا کے ساتھ دسمبر 2009 میں ایک خصوصی معائدہ طے پایا تھا۔ یہ جھگڑے مالیاتی رپورٹس کے نوٹ نمبر 22 میں تفصیلاً درج ہیں۔

مالیاتی کارکردگی:

بنیادی عملی اور مالیاتی ریکارڈ حسبِ ذیل جدول میں پچھلے سال کے ساتھ حوالتاً درج ہیں۔

Financial year ended June 30,	**2017**	**2016**
	Rupees 'million'	
Sales -net	739,731	719,567
Cost of sales	(341,492)	(338,982)
Gross profit	398,239	380,585
Administrative expenses	(23,787)	(23,205)
Other operating charges	-	(65,432)
Operating profit	374,452	291,948
Other income	29,794	18,855
Finance and other costs	(727,673)	(771,609)
Net Loss after taxation	(323,427)	(460,806)
Loss per share - basic and diluted (Rupees)	(2.07)	(2.95)

یہ کمپنی اکتوبر 2012 سے ایندھن کے لئے واپڈا کی طرف سے پیشگی رقم نہ ملنے کی وجہ سے بند ہے۔ ان محاصل میں پچھلے سال کی نسبت سے اضافہ کی وجہ CPP میں NEC جزو کا کم ہونا ہے۔ اگرچہ واپڈا نے کیپسٹی انوائسز اکتوبر 2012 سے اب تک روکی ہوئی ہیں تاہم PPA کی رو سے CPP انوائسز جن کا ہم نے واپڈا کو اجرا کیا ہے اور اُن کے محاصل کو ہم نے مالیاتی گوشواروں کا حصہ بنایا ہے۔

OPERATING AND FINANCIAL DATA

SIX YEARS SUMMARY

	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
DISPATCH LEVEL(%)	**-**	**-**	**-**	**-**	**9.63**	**26.75**
DISPATCH (MWh)	**-**	**-**	**-**	**-**	**101,656**	**282,383**
REVENUE (Rs. 000)						
Energy Purchase Price	-	-	-	-	1,514,313	4,212,304
Capacity Purchase Price	739,731	719,567	755,849	797,863	744,930	787,054
TOTAL REVENUE	**739,731**	**719,567**	**755,849**	**797,863**	**2,259,243**	**4,999,358**
Cost of Sales	(341,492)	(338,982)	(335,118)	(375,636)	(2,089,153)	(5,050,083)
GROSS (LOSS)/ PROFIT	**398,239**	**380,585**	**420,731**	**422,227**	**170,090**	**(50,725)**
PROFITABILITY (Rs. 000)						
Profit / (Loss) Before Tax	(323,427)	(460,806)	(553,967)	(879,785)	(881,441)	(1,377,643)
Provision for Taxation	-	-	-	(154)	(1,251)	(2,463)
PROFIT I (LOSS) AFTER TAX	**(323,427)**	**(460,806)**	**(553,967)**	**(879,939)**	**(882,692)**	**(1,380,106)**
FINANCIAL POSITION (Rs. 000)						
Non Current Assets	3,944,052	4,245,087	4,546,293	4,847,574	5,164,632	5,344,304
Current Assets	7,912,816	7,005,887	6,181,427	5,309,077	3,131,731	3,344,976
Less Current Liabilities	(16,042,776)	(14,736,022)	(13,374,529)	(11,872,060)	(8,738,263)	(7,871,403)
NET WORKING CAPITAL	**(8,129,960)**	**(7,730,135)**	**(7,193,102)**	**(6,562,983)**	**(5,606,532)**	**(4,526,427)**
CAPITAL EMPLOYED	**(5,015,147)**	**(4,375,446)**	**(3,598,374)**	**(1,893,208)**	**(698,268)**	**995,100**
Less Non Current Liabilities	(1,631,052)	(2,008,485)	(2,385,917)	(2,763,351)	(3,140,784)	(3,518,216)
SHAREHOLDERS' EQUITY	**(6,646,199)**	**(6,383,931)**	**(5,984,291)**	**(4,656,559)**	**(3,839,052)**	**(2,523,116)**
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	(8,206,575)	(7,944,307)	(7,544,660)	(7,051,852)	(6,233,522)	(5,401,794)
Fair value reserve						
	(6,646,199)	**(6,383,931)**	**(5,984,284)**	**(5,491,476)**	**(4,673,146)**	**(3,841,418)**
SHARE VALUE (RUPEES):						
Market Value	4.32	3.99	5.43	2.77	4.50	1.75
Breakup Value	(4.26)	(4.09)	(3.84)	(3.52)	(2.99)	(2.46)
RATIOS:						
Gross Profit to Sales (%)	53.84	52.89	55.66	52.92	7.53	(1.01)
Net Profit to Sales (%)	(43.72)	(64.04)	(73.29)	(110.29)	(39.07)	(27.61)
Earning per Share (Rupees)	(2.07)	(2.95)	(3.54)	(5.64)	(5.73)	(8.84)
Current Ratio (times)	0.49	0.48	0.46	0.45	0.36	0.42

Vision Statement

To become partner in progress of the Country

Mission Statements

- 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, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.24 of listing regulations of Pakistan Stock Exchange Limited 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	Names
Independent Directors	1.Mr. Ayaz Dawood
Executive Directors / CEO	1.Mr. Amjad Awan
Non-Executive Directors	1. Mr. Muhammad Zalmai Rahmanuddin Khan – Chairman – (Nominee, Pak Oman Investment Co. Ltd) 2. Mr. Habib ur Rehman - (Nominee, National Logistics Cell) 3. Mr. Muhammad Arshad Tahir - (Nominee, National Logistics Cell) 4. Mr. Nadeem Iqbal Raja - (Nominee, National Logistics Cell) 5. Ms. Hina Mir - (Nominee, Pak Oman Investment Company Limited) 6. Mr. Muhammad Saeed Rana - (Nominee, Pak Oman Investment Co Ltd) 7.Mr. Nafees Ahmad - (Nominee, Pak Oman Investment Co. Ltd) 8.Mr. Mir Munib Javed -(Nominee, Saudi Pak Industrial and Agricultural Investment Co Ltd) 9. Mr. Mohammad Azam - (Nominee, Saudi Pak Industrial and Agricultural Investment Co Ltd) 10. Mr. Zahid Anjum - (Creditors Nominee, Faysal Bank Limited) 11. Mr. Mohammad Hanif Abbasi - (Creditors Nominee, National Bank of Pakistan)

The independent Director meets the criteria of independence under clause 5.19.1(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. Causal vacancies occurred on the Board during the financial year but it was filled within the period mentioned in Regulation 5.19.3 of listing regulations of Pakistan Stock Exchange Limited.

Sr #	Name of Director	Date of casual vacancy	Date of filling casual vacancy
1	Mr. Manzoor Hussain	October 26, 2016	October 26, 2016
2	Mr. Abdul Nasir	October 26, 2016	October 26, 2016
3	Mr. Kashif Khan	September 27, 2016	October 26, 2016

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with 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 and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Chief Executive and Independent Director have got the certification in respect of director' training. In addition, Securities and Exchange Commission of Pakistan has granted exemption from Clause 5.19.7 of Pakistan Stock Exchange's Rule Book forming part of the Code of Corporate Governance (the "Code") to one of the Directors, Mr. Hanif Abbasi (Creditors Nominee, National Bank of Pakistan) till June 30, 2018. In addition, under Clause 5.19.7 of Pakistan Stock Exchange Regulations relating to Code of Corporate Governance, the mandatory requirement of half of the directors to have certification under any directors training program shall be fulfilled by June 30, 2018.
10. The appointment, remuneration and terms and conditions of employment of the CFO, Company Secretary and Head of Internal Audit are approved by the Board of Directors, however, there were no new appointment of CFO and Company Secretary. During the year a new head of internal audit was appointed by the Board, however, he resigned on March 31, 2017 so currently there is no head of internal audit of the Company.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG 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 CCG.
15. The Board has formed an Audit Committee. It comprises five members, all of whom are non-executive Directors and the chairman of the committee is an independent director.
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 CCG. 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 the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by 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 perio' 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 exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have complied with except for re-appointment of Head of Internal Audit as per clause 5.19.21 of CCG, as the already appointed head resigned in March 2017. However, the company is in search of suitable candidate to seek compliance.

Lahore
September 21, 2017

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, 2017 to comply with the requirements of Regulation No. 5.19 of Rule Book of Pakistan Stock Exchange Limited, 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, 2017.

Further, we highlight below instances of non-compliance with the requirement of the Code as reflected in the paragraph 24 of the Statement of Compliance.

Regulation No. 5.19.8 of Rule Book of Pakistan Stock Exchange Limited requires that the appointment, remuneration and terms and conditions of employment of the Head of Internal Audit of listed companies shall be determined by the Board of Directors.

However, we have observed that new Head of Internal Audit of the Company has not been appointed during the year upon the resignation of previous Head of Internal Audit.

KARACHI
September 21, 2017

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, 2017 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. 8,206.575 million and its current liabilities exceeded current assets by an amount of Rs. 8,129.957 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. 7,168.843 million at the balance sheet date and, consequently, no borrowing line or limit is available to the Company. Further, event of default have been communicated by the financiers as detailed in note 22.1 to the financial statements.

   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.1,153.305 millionincluding 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 detailed in note 1.2 to the financial statements, the entire financing facility falls due. Further, the Company has received a notice from legal advisor to Syndicate Agent dated November 28, 2015, served on behalf of Syndicate Agent, to make good the amount of Rs. 9,171.380 million outstanding towards Company up-to October 30, 2015, within 30 days of the receipt of the said notice. The impact of event of default for the period from November 1, 2015 to June 30, 2017 has not yet been ascertained. Subsequent to the notice served upon the Company, the lenders have formally filed, through their syndicate agent, a suit against the Company and its sponsoring shareholders, in the Lahore High Court (Banking Seat) for the Recovery of Rs, 9,522.907 million along - with markup / interest and cost of funds. Management has not incorporated the effect of the event of default and subsequent demand in preparation of the financial statements.

5. As per management, 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 21 and 22 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.

8. No movement in the Company's stores and spares since July 01, 2012 amounting to Rs, 117.388 million was observed. We have not been furnished any detail of obsolete items against stores and spares. In the absence of such a detail we are unable to assess whether the carrying values of stores and spares are accurately stated.

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, 2017 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 the following:

a) note 22.1 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.

b) Not 1.3 to the financial statements which provides details regarding the show cause notice issued by Securities and Exchange Commission of Pakistan with respect to winding up of the Company.

KARACHI
September 21, 2017

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017	2016
		(Rupees in '000)	
NON CURRENT ASSETS			
Property, plant and equipment	5	3,943,952	4,244,987
Long term deposit	6	100	100
		3,944,052	4,245,087
CURRENT ASSETS			
Stores and spares	7	117,814	117,779
Stock in trade	8	77,458	108,614
Trade debts	9	7,436,635	6,494,573
Loans and advances	10	622	689
Trade deposit	11	6	6
Other receivables	12	112,117	112,123
Tax refunds due from Government	13	167,028	171,526
Cash and bank balances	14	1,136	577
		7,912,816	7,005,887
TOTAL ASSETS		11,856,868	11,250,974
CAPITAL AND RESERVES			
Authorized capital			
160,000,000 (2016: 160,000,000) ordinary shares of Rs. 10 each		1,600,000	1,600,000
Issued, subscribed and paid-up capital	15	1,560,376	1,560,376
Accumulated loss		(8,206,575)	(7,944,307)
		(6,646,199)	(6,383,931)
SURPLUS ON REVALUATION OF PROPERTY , PLANT AND EQUIPMENT	16	829,239	890,398
NON CURRENT LIABILITIES			
Long term financing	17	1,631,052	2,008,485
CURRENT LIABILITIES			
Short term borrowings	18	168,200	168,200
Current portion of long term financing	17	3,407,129	3,029,696
Trade and other payables	19	4,263,127	4,258,769
Accrued markup	20	8,204,320	7,279,357
		16,042,776	14,736,022
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		11,856,868	11,250,974

The annexed notes 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Sales -net	23	739,731	719,567
Cost of sales	24	(341,492)	(338,982)
Gross profit		398,239	380,585
Administrative and general expenses	25	(23,787)	(23,205)
Other operating charges	26	-	(65,432)
Operating profit		374,452	291,948
Other income	27	29,794	18,855
Finance cost	28	(727,673)	(771,609)
Loss before taxation		(323,427)	(460,806)
Provision for taxation:			
Current		-	-
Loss for the year		(323,427)	(460,806)
Loss per share - basic and diluted (Rupees)	29	(2.07)	(2.95)

Appropriations are reflected in the statement of changes in equity.

The annexed notes 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Loss for the year		(323,427)	(460,806)
Other comprehensive income		-	-
Total comprehensive loss for the year		(323,427)	(460,806)

Appropriations are reflected in the statement of changes in equity.

The annexed notes 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash inflow / (outflow) after working capital changes	30	580	(6,986)
Income tax paid		(21)	(23)
Net cash inflow / (outflow) from operating activities		559	(7,009)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Net cash inflow / (outflow) from investing activities		-	-
CASH FLOW FROM FINANCING ACTIVITIES			
Long term financing		-	-
Net cash outflow from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		559	(7,009)
Cash and cash equivalents at the beginning of the year		577	7,586
Cash and cash equivalents at the end of the year	14	1,136	577

The annexed notes 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Share capital	Accumulated loss	Total
		(Rupees in '000)	
Balance as at July 01, 2015	1,560,376	(7,544,660)	(5,984,284)
Incremental depreciation on revaluation of property, plant and equipment	-	61,159	61,159
Loss for the year	-	(460,806)	(460,806)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(460,806)	(460,806)
Balance as at June 30, 2016	1,560,376	(7,944,307)	(6,383,931)
Incremental depreciation on revaluation of property, plant and equipment	-	61,159	61,159
Loss for the year	-	(323,427)	(323,427)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(323,427)	(323,427)
Balance as at June 30, 2017	1,560,376	(8,206,575)	(6,646,199)

The annexed notes 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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 Pakistan Stock Exchange. 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.

The Company has incurred loss for the year amounting to Rs. 323.428 million (2016: Rs. 460.806 million). The accumulated losses have increased to Rs. 8,206.582 million (2016: Rs. 7,944.307 million) and its current liabilities exceeded current assets by an amount of Rs. 8,129.957 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 22 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 fuel after October 19, 2012 and on non-implementation of ICC award.

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 management of the Company is engaged with WAPDA and Ministry of Water & Power to work out options to re-start the plant operations. Various meetings have been held and it is expected that keeping in view the power crises in the country, proposal for take & pay tariff submitted to ministry will be approved.
- 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 are taking keen interest in the long term sustainability of the Company and are taking up the matter at their highest level. 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 favours the Company's stance on the disputes, as fully disclosed and discussed in note 22. 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.

1.3 Subsequent to the year end, Securities and Exchange Commission of Pakistan (SECP) has issued a show cause notice to the Company vide their letter No. SCD/ARN/273/2016-23 dated July 11, 2016 under Clause (b) of Section 309 read with Clause © of Section 305 of the Companies Ordinance, 1984 as to why a petition for winding up of the Company may not be presented by the Registrar of Companies to a Competent Court. The hearing was conducted in this matter on September 26, 2016 and the Company has submitted their response to SECP. The SECP vide their letter dated September 27, 2016 and further subsequent dated January 05, 2017 granted further time period of three months for submission of evidence towards revival of the Company. Based on the Company reply dated January 19, 2017 and January 31, 2017 to SECP a hearing was fixed by SECP on March 29, 2017, where current position of the Project was explained to SECP. Subsequent to year a further letter dated August 25, 2017 from SECP has received for final opportunity of hearing has been fixed on September 11, 2017. The hearing was conducted in this matter on September 11, 2017 and the Company has submitted their response to SECP and are confident that the matter shall be decided in the Company's favour. The order from SECP

is awaited as of the date of issue of these financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

The financial statements of the Company have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan issued vide Circular No. 17 dated July 20, 2017.

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 on going 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 22).
d) Stores and spares (note 4.4)
e) Financial instruments (note 4.13)

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 PUBLISHED APPROVED ACCOUNTING STANDARDS

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

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements - Amendments regarding 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, 2016
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 27	Separate Financial Statements(as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2016
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 01, 2016

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2012-2014) Cycle:

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 34	Interim Financial Reporting

3.2 Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018

		Effective date (annual periods beginning on or after)
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	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	Deferred indefinitely
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017
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	Deferred indefinitely
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2017 are as follows:

Annual Improvements to IFRSs (2014-2016) Cycle:

IFRS 12	Disclosure of Interests in Other Entities	January 01, 2017
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

3.3 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
IFRS 16	Leases
IFRS 17	Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The Company expects that the adoption of the other 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 principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Taxation

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 are stated at cost less impairment losses, if any, and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

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	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 recognised 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 non occurrence 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 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to profit and loss account currently.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company are carried as loans and receivables.

These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Investments at fair value through profit or loss

A non-derivative financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit and loss when incurred.

Investments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit and loss account.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'loans and deposits', 'other receivables' and 'cash and cash equivalents' in the balance sheet.

Subsequent to initial recognition, the financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention to hold to maturity.

Subsequent to initial recognition, these financial assets are carried at amortised cost. Amortisation of premium / discount, if any, on the acquisition of investments is carried out using the effective yield method.

Available for sale

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless the investment matures or management intends to dispose of the financial assets within twelve months of the balance sheet date.

Impairment

At the end of each reporting period the Company assesses whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss will be reversed either directly or by adjusting provision account.

Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently carried at amortised cost.

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

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. Sale of scraps are recorded when the risks and rewards are transferred, that is, on dispatch of goods to customers.

4.17 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company has only one reportable segment.

4.18 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs, net of tax, directly attributable to the issue of new shares are shown as a deduction in equity.

4.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.20 Borrowings

Loans and borrowings are recorded at the proceeds received. Finance cost are accounted for on accrual basis and are shown as interest and markup accrued to the extent of the amount remaining unpaid.

Short term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowing cost on long term finances and short term borrowings which are obtained for the acquisition of qualifying assets are capitalized as part of cost of that asset. All other borrowing costs are charged to profit and loss account in the period in which these are incurred. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost as allowed under IAS 23 "Borrowing cost".

	Note	2017	2016
		(Rupees in '000)	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,815,295	4,116,330
Capital work in progress	5.2	125,451	125,451
Stores held for capitalization		3,206	3,206
		3,943,952	4,244,987

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, 2017														
Opening net book value (NBV)	85,129	177,668	3,850,641	45	-	406	417	1,626	294	5	99	-	-	4,116,330
Additions (at cost)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals (NBV)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers (NBV)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(12,967)	(287,433)	(6)	-	(77)	(93)	(321)	(114)	(5)	(19)	-	-	(301,035)
Closing net book value	85,129	164,701	3,563,208	39	-	329	324	1,305	180	-	80	-	-	3,815,295
Gross carrying value basis year ended June 30, 2017														
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	-	(215,121)	(4,267,155)	(16,110)	(1,175)	(1,935)	(1,703)	(2,608)	(2,004)	(2,125)	(1,837)	(6,650)	(2,023)	(4,520,446)
Net book value	85,129	164,701	3,563,208	39	-	329	324	1,305	180	-	80	-	-	3,815,295
Net carrying value basis year ended June 30, 2016														
Opening net book value (NBV)	85,129	190,635	4,138,074	51	-	483	510	1,947	420	53	118	-	116	4,417,536
Additions (at cost)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals (NBV)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers (NBV)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(12,967)	(287,433)	(6)	-	(77)	(93)	(321)	(126)	(48)	(19)	-	(116)	(301,206)
Closing net book value	85,129	177,668	3,850,641	45	-	406	417	1,626	294	5	99	-	-	4,116,330
Gross carrying value basis year ended June 30, 2016														
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	-	(202,154)	(3,979,722)	(16,104)	(1,175)	(1,858)	(1,610)	(2,287)	(1,890)	(2,120)	(1,818)	(6,650)	(2,023)	(4,219,411)
Net book value	85,129	177,668	3,850,641	45	-	406	417	1,626	294	5	99	-	-	4,116,330
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 - 2017		125,451	-	-	125,451
Total - 2016		125,451	-	-	125,451

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

Cost of sales	24	300,539	300,551
Administrative and general expenses	25	496	655
		301,035	301,206

5.4 As at June 30, 2017, undepreciated balance of revaluation surplus included in the carrying value of operating assets, amounted to Rs. 829.239 million (2016: Rs.890.398 million).

5.5 Had there been no revaluation, the carrying amount of revalued assets as on June 30, 2017 would have been as follows:

	Cost	Accumulated Depreciation	Written Down Value 2017	Written Down Value 2016
			(Rupees in '000)	
Land - freehold	16,979	-	16,979	16,979
Buildings and civil works on freehold land	374,228	215,121	159,107	173,742
Plant and machinery	6,588,518	4,267,155	2,321,363	3,182,284
	6,979,725	4,482,276	2,497,449	3,373,005

5.6 Fair value measurement (revalued property, plant and equipment)

Fair value measurement of free hold land is based on the valuations carried out by an independent valuer M/s. Messrs Surval as at June 30, 2011 on the basis of market value.

Fair value measurement of revalued land is based on assumptions considered to be level 2 inputs.

Valuation techniques used to derive level 2 fair values - Land and buildings

Fair value of land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input in this valuation approach is price / rate per canal in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

In the absence of current prices in an active market, the fair value is determined by taking into account the following factors:

- Make, model, country of origin etc.;
- Operational capacity;
- Present physical condition;
- Resale prospects; and
- Obsolescence.

The valuation is considered to be level 3 in the fair value hierarchy due to the above unobservable inputs used in the valuation. Most significant input in this valuation is the current replacement cost which is adjusted for factors above.

A reconciliation from opening balances to closing balances of fair value measurements categorised in level 3 is provided below:

	2017	2016
	(Rupees in thousand)	
Opening balance (level 3 recurring fair values)	3,850,641	4,138,074
Additions - Cost	-	-
Disposals - WDV	-	-
Depreciation charge	(287,433)	(287,433)
Deficit included in surplus on revaluation of fixed assets	3,563,208	3,850,641
Closing balance (level 3 recurring fair values)		

There were no transfers between levels 2 and 3 for recurring fair value measurements during the year.

		Note	2017	2016
			(Rupees in '000)	
6	**LONG TERM DEPOSIT**			
	Central Depository Company of Pakistan Limited		100	100

6.1 These deposits do not carry any interest or markup and are not recoverable within one year.

7	**STORES AND SPARES**			
	Stores		294	259
	Loose tools		132	132
	Spares	7.1	117,388	117,388
			117,814	117,779

7.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

8	**STOCK IN TRADE**			
	Residual fuel oil (RFO)		71,653	99,193
	High speed diesel (HSD)		646	1,293
	Lube oil		1,151	4,045
	Chemicals and other lubricants		4,008	4,083
			77,458	108,614

8.1 The inventory has been written down to net realizable values by an amount of Nil (2016: Rs. 64.611 million). However, during the year an amount of Rs. 25.291 million has been reversed against write down in prior year due to increase in fuel price.

9	**TRADE DEBTS**			
	Secured - considered good			
	WAPDA		4,643,494	3,903,763
	Receivables from WAPDA as per ICC Award	21	2,793,141	2,590,810
			7,436,635	6,494,573

9.1 These are receivable from WAPDA and are fully secured.

10	**LOANS AND ADVANCES**			
	Advances (Unsecured and considered good)			
	Advances to employees against salaries		10	3
	Advances to employees against expenses		379	321
	Advances to suppliers		211	343
	To Pakistan State Oil Company Limited		13	13
	LC Margin	10.1	9	9
		10.2	622	689

10.1 This amount includes Rs. 0.009 million (2016: Rs. 0.009 million) of letter of credit margin deposited with Faysal Bank Limited.

10.2 These advances do not carry any mark-up or interest.

	Note	2017	2016
		(Rupees in '000)	

11 TRADE DEPOSITS

Other	11.1	6	6

11.1 This deposit does not carry any mark-up or interest.

12 OTHER RECEIVABLES

Unsecured - considered good			
Claims receivable		1,558	1,558
Legal costs recoverable from WAPDA		110,559	110,559
Liquidated damages recoverable from WAPDA	21	-	-
Receivable from Staff Gratuity Fund	12.1	-	6
		112,117	112,123

12.1 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.

a) Movement during the year in the (net asset) / liability recognized in the financial statements is:

Opening net (asset) / liability	(6)	(86)
Add: Expense charged to profit and loss account	-	-
Add: Actuarial gain charged in other comprehensive income	-	-
	(6)	(86)
Less: Payments made during the year	6	80
Closing net asset	-	(6)

		Note	2017	2016
			(Rupees in '000)	
b)	**The amount recognized in balance sheet is as follow:**			
	Present value of defined benefit obligation		-	-
	Fair value of any plan assets		-	(6)
	Total balance sheet asset		-	(6)
c)	**The fair value of the plan assets comprise of:**			
	Bank deposits		-	(6)
d)	**Reconciliation of fair value of plan assets**			
	Opening balance		6	86
	Profit on bank deposits		-	-
	Benefits paid / received		(6)	(80)
	Return on plan assets, excluding interest income		-	-
	Closing balance		-	6
e)	**Reconciliation of present value of defined benefit obligation**			
	Opening balance		-	-
	Current service cost		-	-
	Interest cost on defined benefit obligation		-	-
	Benefits paid		-	-
	Gains and losses arising on plan settlements		-	-
	Closing balance		-	-
f)	**Actual return on plan assets**			
	Profit on bank deposits		-	-
	Return on plan assets, excluding interest income		-	-
			-	-
g)	**Expense charged to the profit and loss account is:**			
	Current service cost		-	-
	Gains and loss arising on plan settlements		-	-
	Interest cost		-	-
	Expected return on plan assets		-	-
			-	-

h) Expected charge for the year ended June 30, 2017

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

13 TAX REFUNDS DUE FROM GOVERNMENT

	2017	2016
Sales tax refundable	166,694	171,213
Income tax refundable	334	313
	167,028	171,526

	Note	2017	2016
		(Rupees in '000)	
14 CASH AND BANK BALANCES			
Cash in hand		1,093	561
Cash with banks :			
In current accounts	14.1	36	9
In saving accounts	14.2	7	7
		43	16
		1,136	577

14.1 Cash with bank in current accounts do not carry any interest or markup.

14.2 The saving account was dormant during the year, so no interest was earned during the year (2016: dormant).

15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		2017	2016
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

16 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2017	2016
Opening balance	890,398	951,557
Less: Incremental depreciation on revalued property, plant and equipment for the year transferred to accumulated loss	(61,159)	(61,159)
	829,239	890,398

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

	Note	2017	2016
		(Rupees in '000)	
17 LONG TERM FINANCING			
Secured - Banking companies			
Syndicated term finance agreement	17.1		
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	17.1		
Prudential Investment Bank Limited		52,093	52,093
		4,276,809	4,276,809
Secured - Banking company			
Morabaha financing agreement	17.2		
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		2,566,862	2,245,530
Morabaha financing agreement		462,834	406,733
		3,029,696	2,652,263
Current maturity			
Syndicated term finance agreement		321,332	321,332
Morabaha financing agreement		56,101	56,101
		377,433	377,433
		1,631,052	2,008,485

17.1 Syndicated term finance agreement

Syndicated loan II under financing arrangement was restructured on June 28, 2006 effective from April 01, 2006 as Syndicated Term Finance Agreement. 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.

17.2 Morabaha financing agreement

These finances have been obtained from Islamic window of Faysal Bank 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 and are secured against first pari passu fixed charge by way of hypothecation over the Company's entire present and future fixed and current assets under an arrangement permissible under Shariah. 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	2017	2016
		(Rupees in '000)	
18 SHORT TERM BORROWINGS			
Related parties - secured			
National Logistics Cell	18.1	68,200	68,200
Pak Oman Investment Company Limited	18.2	68,200	68,200
Saudi Pak Industrial and Agricultural Investment CO.Ltd	18.3	31,800	31,800
		168,200	168,200

18.1 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.

18.2 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.

18.3 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.

19 TRADE AND OTHER PAYABLES			
Creditors		80,752	80,647
Accrued liabilities		36,706	32,453
Advance from WAPDA for purchase of fuel	19.1	3,297,641	3,297,641
Liquidated damages payable to WAPDA as per ICC Award	21	778,222	778,222
Sales tax payable		65,409	65,409
Infrastructure tax payable	19.2	4,397	4,397
		4,263,127	4,258,769

19.1 This includes an advance amounting to Rs. 2,565.653 million (2016: 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 9.75% (2016: at 10.25% to 11%) per annum. It is adjustable against the Company's EPP billings to WAPDA.

19.2 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	2017	2016
		(Rupees in '000)	
20 ACCRUED MARKUP			
Markup payable on secured borrowings:			
Banking companies		4,139,148	3,772,422
Related parties		201,468	179,160
WAPDA - Fuel advance		1,449,151	1,199,000
WAPDA - as per ICC Award	19	2,414,553	2,128,775
		8,204,320	7,279,357

20.1 This includes overdue markup aggregating to Rs. 7,972.750 million (2016: Rs. 7,044.110 million).

21 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 totalling Rs. 859.611 million against the Company's CPP invoices for the period from March 14, 2006 to June 30, 2017. The total disputed amount aggregated to Rs. 1,243.642 million (2016: Rs. 1,243.642 million) against which WAPDA has arbitrarily withheld an amount of Rs. 895.429 million from the Company's CPP invoices until June 30, 2017.

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 CCP 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. 464.028 million for the period from March 2006 to January 2014 along with mark-up thereon amounting to Rs. 635.292 million (2016: Rs. 556.901 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. 403.759 million (2016: Rs. 342.927 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: 343.974 million (2016: Rs. 291.619 million).

iv) Payment of Rs. 100 million, being the interest waived in the Settlement Agreement and mark-up thereon are amounting to Rs. 46.763 million (2016: Rs. 36.009 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. 778.222 million for the period from November 2007 to February 2010 and interest thereon of Rs. 1,050.846 million (2016: Rs 918.970) were allowed to WAPDA.

ii) WAPDA fuel claims amounting to Rs. 731.988 million and mark up thereon of Rs. 1,363.707 million.(2016: Rs. 1,209.806 million)

The summary of the claims and counter claims of the parties are as follows:	2017	2016
	(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	430,869	430,869
Amendment 3 effect on EPP upto February 2014	368,458	368,458
EPP and CPP late payment invoices rejected by the Tribunal	-	-
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	635,292	556,901
Markup on additional capacity of 13.5MW upto February 2014	403,759	342,927
Markup on amendment 3 effect on EPP upto February 2014	343,974	291,619
Markup on interest on fuel advance paid to WAPDA	46,763	36,010
	2,903,702	2,701,371

	2017	2016
	(Rupees in '000)	

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	1,050,846	918,970
Mark up on fuel advance allowed to WAPDA	1,363,707	1,209,806
	3,924,763	3,638,986

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies:

a) As discussed in note 21, 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. 4,521.93 million (June 30, 2016: Rs. 3,711.37 million) upto June 30, 2017, 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, ignored certain legal contentions raised in the appeal, against which the Company has filed an appeal before the Appellate Tribunal Inland Revenue which 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 Commissioner Appeals order against the Company. However, the Company has filed appeal before the Appellate Tribunal against the Order of Commissioner Appeals. Further, Appellate Tribunal has also ordered against the Company. The Company has now filed an appeal with Lahore High Court and stay has been granted to the Company. The appeal is pending adjudication.

e) National Transition & Despatch Company (NTDC) has filed a law suit on October 19, 2015 in the Civil Court, Lahore for the recovery of outstanding fuel advance amounting to Rs. 2,565.000 million and outstanding electricity bills amounting to Rs. 12.409 million along with interest / markup / profit thereon from date of default. The aggregate amount of Rs.

2,577.409 million has already been recorded in these financial statements. However, the interest on outstanding liability has not been accounted for in these financial statements. The Company has engaged a legal counsel to defend civil action initiated by NTDC.

f) During the year 2016 the Company has received a notice from Mazhar Law Associates (Legal Advisor to Syndicate Agent named Faysal Bank Limited) dated November 28, 2015, in which it has mentioned that Company has failed to fulfill its obligations towards the repayment of the finance facilities and is under default and an amount of Rs. 9,171.380 million is still due and pending. Furthermore, it is mentioned in the notice that in accordance with clause 10 titled as "Event of default" of Syndicated Finance Agreement (SFA) and Clause 14 titled as "Termination" of Morabaha Financing Agreement (MFA), notice is being served on behalf of Syndicate Agent to make good the amount of Rs. 9,171.380 million outstanding towards Company up-to October 30, 2015, within 30 days of the receipt of the said notice, failing which, Syndicate Agent would be entitled to and at liberty to have recourse to any and all forms and methods for the recovery from the Company of the outstanding amount, stipulated under the law and also provided by the terms of SFA and MFA. Syndicate agent shall also be entitled to the recovery of all expenses incurred, including the legal fee and all other ancillary expenses towards the recovery of outstanding amount due against the Company.

Subsequent to the notice served upon the Company by Mazhar Law Associates on behalf of Faysal Bank Limited, etc., the Lenders have formally filed, through their syndicate agent, a suit against the Company and its sponsoring shareholders, in the Lahore High Court (Banking Seat) for the recovery of Rs. 9,522.907 million along-with mark up / interest and cost of funds. The Company has engaged a legal counsel to defend the civil action initiated by Faysal Bank Limited, etc., and case is pending adjudication.

However, as per legal advisor of the Company, the amount demanded by the Syndicated Banks need determination by a court of competent jurisdiction and currently the Company is not required to accrue any financial liability until any judgment and decree is passed against the Company and attains finality under the law. Further, currently the Company is not liable to acknowledge and pay the disputed claim which has arisen due to termination of the finance agreements.

g) For the tax year 2010, the Deputy Commissioner Inland Revenue, Audit Unit-02, Zone-1, RTO, Lahore had passed an order u/s 122(1) read with section 122(5) of the Income Tax Ordinance, 2001 on different issues i.e disallowing expenses u/s 174(2), 21(l), 34(5) and 39(3) amounting to Rs. 191.394 million. No tax demand is involved as the additions made by the DCIR only reduced the b/f losses. Against this order, the Company filed appeal before the Commissioner Inland Revenue Appeals-II, Lahore which is pending for adjudication.

h) For the tax year 2010, the Additional Commissioner Inland Revenue, Audit Range, Zone-1, RTO, Lahore had passed an order u/s 122(5A) of the Income Tax Ordinance, 2001 on the issue of other income and created a tax demand of Rs. 4.159 million. Against this order, the Company filed appeal before the Commissioner Inland Revenue Appeals-II, Lahore which is pending adjudication at this point in time.

i) For the tax year 2011, the Additional Commissioner Inland Revenue, Audit Range, Zone-VI, CRTO, Lahore has passed an order u/s 122(5a) of the Income Tax Ordinance, 2001 on different issues and created a tax demand of Rs. 5.566 million. Against this order, the Company has filed an appeal before the Commissioner Inland Revenue Appeals-II, Lahore which is pending for adjudication at this point in time.

22.2 Commitments:

Commitment in respect of contracts for capital expenditure at the balance sheet date amounted Rs. 486.150 million (2016: Rs. 484.761 million).

		Note	2017	2016
			(Rupees in '000)	
23	**SALES**			
	Energy payments		-	-
	Capacity payments		739,731	719,567
			739,731	719,567
	Less: Sales tax		-	-
			739,731	719,567
24	**COST OF SALES**			
	Fuel and oils consumed		32,182	30,033
	Salaries, wages and benefits	24.1	6,685	6,445
	Repair and maintenance		445	363
	Power generation licensing expenditure		1,641	1,590
	Depreciation	5.3	300,539	300,551
			341,492	338,982

24.1 There are no employee retirement benefits during the year. (2016: nil)

25	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries and benefits	25.1	13,331	13,967
	Plant security services		1,606	1,373
	Staff transportation		863	854
	Traveling and conveyance		773	883
	Rent, rates and taxes		712	569
	Postage and courier		110	78
	Telephone, mobile and telex		399	357
	Printing and stationery		558	442
	Vehicle running and maintenance		282	296
	Entertainment		159	142
	Legal, professional and consultancy charges		2,469	1,681
	Registrar services		209	220
	Fee and subscription		825	809
	Auditors' remuneration	25.2	485	524
	Advertisement		103	65
	Repair and maintenance		402	283
	Newspaper and periodicals		4	7
	Depreciation	5.3	497	655
			23,787	23,205

25.1 There are no employee retirement benefits relating to staff gratuity during the year. (2016: Rs. Nil)

25.2	**Auditors' remuneration**		
	Audit fee	315	315
	Review engagement	140	137
	Out of pocket expenses	30	72
		485	524

	Note	2017	2016
		(Rupees in '000)	
26 OTHER OPERATING CHARGES			
Write down of inventory to net realizable values		-	65,432
27 OTHER INCOME			
Income from financial assets		-	-
Profit on bank deposits			
Income from non-financial assets		29,783	18,511
Sale of scrap / sludge		11	344
Miscellaneous		29,794	18,855
		29,794	18,855
28 FINANCE COST			
Interest / mark up on:			
Long term finances	28.1	366,726	378,145
Short term borrowings -			
Related parties		22,308	22,586
Advance from WAPDA for purchase of fuel		250,151	272,082
Bank fee and other charges		5,041	5,043
Markup/ other income in ICC award		83,447	93,753
		727,673	771,609

28.1 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. 131.616 million (2016: Rs. 122.771 million).

29 LOSS PER SHARE - BASIC AND DILUTED			
Loss for the year (Rupees 000)		(323,427)	(460,806)
Weighted average number of ordinary shares		156,038	156,038
Loss per share - basic and diluted (Rupees)		(2.07)	(2.95)
30 NET CASH FLOW AFTER WORKING CAPITAL CHANGES			
Loss before taxation		(323,427)	(460,806)
Adjustment for non-cash and other items:			
Depreciation		301,035	301,206
Write down of inventory		-	65,432
Finance cost		924,963	976,677
		1,225,998	1,343,315
		902,571	882,509
Operating profit before working capital changes			
Working capital changes:			
Increase / (decrease) in current assets			
Stores and spares		(35)	(3)
Stock in trade		31,156	30,191
Trade debts		(942,062)	(929,676)
Loans and advances		67	8
Other receivables		6	-
Tax refunds due from Government		4,519	2,602
		(906,349)	(896,878)

	Note	2017	2016
		(Rupees in '000)	
Increase / (decrease) in current liabilities			
Trade and other payables		4,358	7,383
		(901,991)	(889,495)
		580	(6,986)

31 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.

32 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.

32.1 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	7,436,635	6,494,573
Loans and advances	622	689
Deposits	6	6
Other receivables	112,117	112,123
Tax refund due from Government	167,028	171,526
Bank balances	43	16
	7,716,551	6,779,033

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:

	2017	2016
	(Rupees in '000)	
Export	-	-
Domestic	7,436,635	6,494,573
	7,436,635	6,494,573

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

WAPDA	7,436,635	6,494,573
Others	-	-
	7,436,635	6,494,573

The aging of trade receivable at the reporting date is:

Not past due	112,261	111,917
Past due 1-30 days	124,181	119,107
Past due 30-150 days	496,924	476,428
Past due more than 150 days	6,703,269	5,787,121
	7,436,635	6,494,573

The Company's only significant customer, is WAPDA from whom the receivable is Rs. 7,436.635 million (2016: Rs. 6,494.573 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:

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

32.2 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)----------				
2017						
Financial liabilities						
Long term financing	5,038,181	5,449,944	3,329,936	300,240	283,075	1,536,693
Short term borrowing	168,200	180,476	179,338	1,138	-	-
Trade and other payables	895,680	895,680	895,680	-	-	-
Accrued markup	8,204,320	8,204,320	8,204,320	-	-	-
	14,306,381	14,730,420	12,609,274	301,378	283,075	1,536,693

	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	One to five years	Five years and above
			----------(Rupees in '000)----------			
2016						
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	891,322	891,322	891,322	-	-	-
Accrued markup	7,279,357	7,279,357	7,279,357	-	-	-
	13,377,060	14,093,402	11,026,108	260,000	1,450,339	1,356,955

32.3 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.

32.4 Currency risk

The Company is exposed to currency risk on trade creditors, 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:

	2017	2016
	(Rupees in '000)	
Trade creditor	9,235	9,246
Gross balance sheet exposure	9,235	9,246
Outstanding commitments	486,150	484,761
Net exposure	495,385	494,007

The following significant exchange rates applied during the year:

	Average rate		Reporting date rate	
	2017	2016	2017	2016
USD to PKR	105.00	104.50	105.00	104.70

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	924	925

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

32.5 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:

	2017	2016
	Carrying amount (Rupees in '000)	
Financial liabilities		
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 2016.

	Profit and loss	
	100 bp increase	100 bp decrease
As at June 30, 2017		
Cash flow sensitivity - Variable rate financial liabilities	(52,064)	52,064
As at June 30, 2016		
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.

32.6 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.

32.7 Financial instruments by category

	2017	2016
	(Rupees in '000)	
Financial assets		
Loans and receivables carried at amortized cost		
Long term deposit	100	100
Trade debts	7,436,635	6,494,573
Loans and advances	622	689
Deposits	6	6
Other receivables	112,117	112,123
Cash and banks	1,136	577
	7,550,616	6,608,068
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	895,680	891,322
Accrued markup	8,204,320	7,279,357
	14,306,381	13,377,060

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 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.

34 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

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		
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	-	(6)
		168,200	168,194
National Logistics Cell	Accrued mark up on outstanding balance	85,570	76,022
Pak Oman Investment Company Limited	Accrued mark up on outstanding balance	80,517	70,969
Saudi Pak Industrial and Agricultural Investment Company Limited	Accrued mark up on outstanding balance	35,381	32,169
		201,468	179,160

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	9,574
Pak Oman Investment Company Limited	Mark up on outstanding balance	9,548	9,574
Saudi Pak Industrial and Agricultural Investment Company Limited	Mark up on outstanding balance	3,212	3,438
		22,308	22,586

35 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	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Managerial Remuneration	7,200	7,200	-	-	3,882	3,674
Perquisites and benefits						
Medical	-	-	-	-	-	-
Gratuity	-	-	-	-	-	-
Other benefits	600	600	-	-	-	-
	7,800	7,800	-	-	3,882	3,674
Number of persons	1	1	-	-	4	4

35.1 Board meeting fee was not paid to any Director, except travelling expenses amounting to Rs. 105,108.

35.2 Chief Executive Officer has been provided with conveyance allowance.

36 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:

	2017	2016
	(Rupees in '000)	
Decrease in accumulated loss at the beginning of the year	4,820	4,464
Decrease in loss for the year	137	356
Decrease in accumulated loss at the end of the year	4,957	4,820

37 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements 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.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no financial instruments held by the Company which are measured at fair value as of June 30, 2017 and June 30, 2016, except otherwise reported.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

38 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the period, except "other operating charges" amounting to Rs. 93.753 million has been reclassified to "finance cost" for correct presentation. Advances, deposits and other receivables amounting to Rs. 112.818 million have been split into Loan and advances amounting to Rs. 0.689, Trade deposits amounting to Rs.0.006 million and Other receivables amounting to Rs. 112.123 million for better presentation.

39 DATE OF AUTHORIZATION FOR ISSUE

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

40 NUMBER OF EMPLOYEES

The number of employees as at year end was 38 (2016: 45) and average number of employees during the year was 42 (2016: 45).

41 GENERAL

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

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

PATTERN OF SHAREHOLDING
AS ON JUNE 30, 2017

Number of ShareHolders	Shareholding		Total Number of Shares Held	Percentage of Total Capital
	From	To		
133	1	100	2,747	0.00
697	101	500	337,004	0.22
793	501	1000	786,583	0.50
1749	1001	5000	5,452,961	3.49
737	5001	10000	6,310,776	4.04
273	10001	15000	3,665,847	2.35
214	15001	20000	4,049,468	2.60
149	20001	25000	3,587,245	2.30
89	25001	30000	2,549,140	1.63
40	30001	35000	1,338,500	0.86
37	35001	40000	1,435,500	0.92
20	40001	45000	867,500	0.56
100	45001	50000	4,957,500	3.18
16	50001	55000	865,000	0.55
22	55001	60000	1,281,157	0.82
5	60001	65000	314,500	0.20
10	65001	70000	688,000	0.44
18	70001	75000	1,334,000	0.85
6	75001	80000	472,000	0.30
6	80001	85000	499,000	0.32
4	85001	90000	353,000	0.23
6	90001	95000	554,000	0.36
41	95001	100000	4,092,000	2.62
5	100001	105000	511,500	0.33
4	105001	110000	438,000	0.28
1	110001	115000	111,000	0.07
5	115001	120000	592,100	0.38
2	120001	125000	250,000	0.16
3	125001	130000	385,120	0.25
4	130001	135000	531,783	0.34
2	135001	140000	279,000	0.18
11	145001	150000	1,650,000	1.06
1	150001	155000	153,000	0.10
3	160001	165000	489,500	0.31
2	170001	175000	350,000	0.22
4	175001	180000	720,000	0.46
3	180001	185000	545,160	0.35
2	185001	190000	377,000	0.24
1	190001	195000	194,000	0.12
7	195001	200000	1,400,000	0.90
3	200001	205000	610,000	0.39
1	205001	210000	210,000	0.13
1	210001	215000	215,000	0.14
1	215001	220000	217,000	0.14
1	225001	230000	230,000	0.15
1	230001	235000	235,000	0.15
2	245001	250000	495,500	0.32
1	255001	260000	258,500	0.17

Number of ShareHolders	Shareholding		Total Number of Shares Held	Percentage of Total Capital
	From	To		
1	265001	270000	266,500	0.17
2	270001	275000	550,000	0.35
1	285001	290000	290,000	0.19
9	295001	300000	2,700,000	1.73
1	330001	335000	334,000	0.21
1	340001	345000	345,000	0.22
2	345001	350000	699,000	0.45
2	350001	355000	705,500	0.45
1	365001	370000	370,000	0.24
1	375001	380000	376,000	0.24
1	380001	385000	384,000	0.25
1	395001	400000	400,000	0.26
1	415001	420000	418,500	0.27
2	420001	425000	850,000	0.54
1	430001	435000	435,000	0.28
2	445001	450000	900,000	0.58
1	465001	470000	467,500	0.30
3	495001	500000	1,500,000	0.96
1	510001	515000	511,500	0.33
1	515001	520000	520,000	0.33
1	565001	570000	569,500	0.36
1	645001	650000	649,500	0.42
1	740001	745000	744,500	0.48
1	795001	800000	800,000	0.51
1	800001	805000	800,500	0.51
1	820001	825000	825,000	0.53
1	855001	860000	855,500	0.55
1	895001	900000	900,000	0.58
1	1120001	1125000	1,125,000	0.72
1	1205001	1210000	1,208,500	0.77
1	2585001	2590000	2,587,500	1.66
2	3395001	3400000	6,800,000	4.36
1	3580001	3585000	3,584,281	2.30
1	3595001	3600000	3,600,000	2.31
1	4260001	4265000	4,261,500	2.73
1	7765001	7770000	7,765,963	4.98
1	13450001	13455000	13,450,500	8.62
2	17620001	17625000	35,245,756	22.59
5,291	**<-----Total----->**		**156,037,591**	**100.00**

CATEGORIES OF SHAREHOLDERS
AS ON JUNE 30, 2017

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. Nafees Ahmad	1	500	0.0
Mr. Muhammad Saeed Rana	1	500	0.0
Ms. Hina Mir	1	500	0.0
Mr. Ayaz Dawood	1	500	0.0
Mr. Mir Munib Javed	1	500	0.0
Mr. Muhammad Azam	1	500	0.0
TOTAL:-	**7**	**3500**	**0.0**
(The directors are nominees of Sponsoring Institutions)			
B) Sponsoring Institutions / Associated Companies, Undertakings and related			
Pak Oman Investment Company Limited	1	17,622,878	11.29
National Logistics Cell	1	17,622,878	11.29
Saudi Pak Industrial and Agricultural Investment Company Limited	1	7,765,963	4.98
Patagonia Corporation (Pvt.) Ltd.	1	3,584,281	2.30
C) Mutual Funds	3	4,336,500	2.78
TOTAL:-	**4**	**46,596,000**	**29.86**
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,	11	14,085,100	9.03
G) *Shareholding 5% or more	3	48,696,256	31.21
H) Joint Stock Companies	51	6,647,102	4.26
I) Others	23	7,305,500	4.68
J) General Public	5,199	77,067,389	49.39
TOTAL: -	**5,291**	**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	17,622,878	11.29
National Logistic Cell	17,622,878	11.29
Summit Bank Limited	13,450,500	8.62
TOTAL :-	**48,696,256**	**31.21**

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 23rd Annual General Meeting of the Company to be held at registered office/plant located at Jia Bagga, Off Raiwind Road, Lahore on Thursday , 26th October 2017 at 9:00 AM. and every adjornement thererof.

As witness my/our hand this_____day of _____2017.

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 ,Distriect Lahore at least 48 hours before the time for holding the meeting.