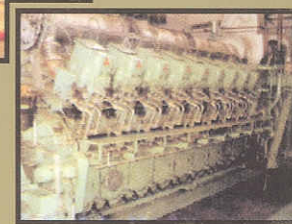


QUARTERLY FINANCIAL STATEMENTS

March 31, 2009



JAPAN POWER GENERATION LIMITED



JAPAN POWER GENERATION LIMITED

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COMPANY INFORMATION

Board of Directors	Col. © Shahid Qamar Yazdanie - Chairman Mr. Shahzad Mehmood Mr. Mansoor Ur Rehman Mr. Jehangir Shah Mr. Kashif Muhammad Khan Mr. Shahbaz Jameel Mr. Zafar Iqbal Mr. Muhammad Faisal Israr Mr. Syed Mujahid Hussain Naqvi Mr. Najeeb Ahmed Shaikh Mr. Adnan Qayum Khan - Nominee The Royal Bank of Scotland Ltd. Mr. Muhammad Hanif Abbasi - Nominee National Bank of Pakistan
Chief Executive Officer	Mr. Khan Ahmed Saleem
Company Secretary & Chief Financial Officer	Mr. Zain ul Abidin
Company's Audit Committee	Col. © Shahid Qamar Yazdanie - Chairman Mr. Kashif Muhammad Khan Mr. Zafar Iqbal
Auditors	Hyder Bhimji & Co. Chartered Accountants
Shares Registrar	Hameed Majeed Associates (Pvt.) Limited. HM House, 7 - Bank Square, Lahore Tel: +92-42-7235081-2, Fax: +92-42-7358817
Legal Advisor	Sami, Zafar & Islam
Bankers	The Royal Bank of Scotland Limited Allied Bank Limited
Lending Bank Syndicate	The Royal Bank of Scotland Limited Askari Bank Limited National Bank of Pakistan Faysal Bank Limited Allied Bank Limited Samba Bank Limited (Formerly Crescent Commercial Bank Limited) NIB Bank Limited (Formerly PICIC Commercial Bank Limited) Saudi Pak Commercial Bank Limited Prudential Investment Bank Limited
Registered Office/Plant	Near Jia Bagga Railway Station Chowk Araian Off Raiwind Road, Lahore Tel: +92-42-5835864-6 Fax: +92-42-5835860
Email	jpgl@brain.net.pk
Website	www.jpgl.pk.com



DIRECTORS' REVIEW REPORT TO THE MEMBERS

The Directors of your Company are presenting the un-audited accounts & brief review of the Company's operation for the quarter ended March 31, 2009.

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)

FINANCIAL PERFORMANCE

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

For the quarter ended March 31,	2009 Rupees '000'	2008 Rupees '000'
Turnover	249,528	851,294
Cost of Sales	(152,865)	(725,883)
Gross Profit	96,663	125,411
Operating Expenses	(21,674)	(8,585)
Operating Profit	74,989	116,826
Other Income	3,230	7,995
Financial /other Charges	(186,969)	(124,228)
Provision for Taxation	(56)	(98)
Net (Loss) / Profit After Taxation	(108,806)	495
(Loss) / Earning per Share (basic & diluted)	Rs. (0.70)	Rs. 0.00

The gross profit margin has increased as compared to last years' quarter due to the reason that operational losses of fuel consumption reduced as the plant remained shutdown during the current quarter. However, the operating expenses increased because of amount paid to Lawyers and International Chamber of Commerce's (the "ICC") fee for arbitration proceedings.

Moreover, financial charges have increased due to increase in applicable KIBOR rates.

RESOLUTION OF CONTRACTUAL ISSUES:

i) As reported in the last year's annual report, the Company was contingently liable for the liquidated damages claimed by WAPDA for the period from July 1, 2001 to March 31, 2009, to the tune of Rs. 1,420.835 million, out of which WAPDA has already arbitrarily deducted an amount of Rs. 458.255 million from Company's capacity invoices. The Company disputed the liquidated damages and arbitrary deduction by WAPDA from the Company's capacity invoices.

ii) WAPDA had disputed payments amounting to Rs. 384.032 million, relating to indexation of non-escalable components of capacity purchase price (CPP) already paid to the company from March 14, 2004 to March 13, 2006 and disputed further amount of Rs. 469.350 million against the Company's CPP invoices for the period from March 14, 2006 to March 31, 2009. The total amount disputed by WAPDA comes to Rs. 853.382 million, against which WAPDA has arbitrarily withheld a total amount of Rs. 505.169 million from the Company's CPP invoices up-till March 31, 2009.

These disputes were referred to a mutually agreed Expert, as per the dispute resolution mechanism provided in the Power Purchase Agreement (the "PPA"), who gave his recommendations that fully support the Company's position. Both Parties initialed a settlement based on the Expert's recommendations but with certain concessions given to WAPDA. WAPDA has failed to sign the said settlement. Therefore, neither the recommendations of the Expert are implemented nor the settlement was implemented by WAPDA. WAPDA is, therefore, in breach of the terms of the PPA. Under the circumstances, the Company is not able to continue its operations and hence has shutdown its plant in last week of December 2008.

In January 2009, the Company has 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 Expert's recommendations. The claimed amount as per recommendations of the Expert is Rs. 3.6 billion (approximately). After adjusting the Company's liabilities to WAPDA, net expected cash inflow could be Rs. 2.5 billion (approximately). Under ICC rules, an award can be granted in one year's time. The management of the Company is optimistic about the outcome of the arbitration.

FUTURE PROSPECTS:

As soon as the disputes with WAPDA are resolved in favor of the Company, its cash flows will improve. Accordingly, the Company will carry out plant improvements that are part of the turnaround strategy for which groundwork has already been completed, as well as meet its obligations towards lenders.

On behalf of the Board
Chief Executive Officer

Lahore: April 23, 2009

JAPAN POWER GENERATION LIMITED



CONDENSED INTERIM BALANCE SHEET

	Un-Audited March 31, 2009 Rupees	Audited June 30, 2008 Rupees
Capital and reserves		
Authorized capital		
160,000,000 ordinary shares of Rs. 10 each	1,600,000,000	1,600,000,000
Issued, subscribed and paid-up capital		
156,037,591 (June 2008: 147,618,846) ordinary shares of Rs. 10 each, fully paid in cash	1,560,375,910	1,476,188,460
Share deposit money	-	84,187,458
Accumulated loss	(2,097,096,024)	(1,601,333,151)
Shareholders' equity	(536,720,114)	(40,957,233)
Surplus on revaluation of fixed assets	485,895,870	501,446,952
Non current liabilities		
Long term loans / finances	4,744,874,774	5,027,949,689
Deferred liability	6,624,892	3,446,394
	4,751,499,666	5,031,396,083
Current liabilities		
Short term borrowings	221,400,000	235,353,602
Current portion of long term liabilities	377,433,220	94,358,305
Trade and other payables	767,206,775	1,185,140,572
Accrued markup	412,069,486	109,413,551
	1,778,109,481	1,624,256,030
Contingencies and commitments	4	
Total equity and liabilities	6,478,784,903	7,116,141,832

The annexed notes 1 to 10 form an integral part of these financial statements

Chief Financial Officer
Lahore: April 23, 2009

Chief Executive

JAPAN POWER GENERATION LIMITED



AS AT MARCH 31, 2009

	Note	Un-Audited March 31, 2009 Rupees	Audited June 30, 2008 Rupees
Non current assets			
Property, plant and equipment		5,349,790,449	5,515,726,628
Long term deposits and prepayments		100,000	100,000
		5,349,890,449	5,515,826,628
Current assets			
Stores and spares		37,213,613	41,418,994
Stock in trade		121,726,709	131,696,397
Trade debts-unsecured but considered good		592,411,919	865,225,802
Advances, deposits, prepayments and other receivables		306,436,553	541,076,130
Cash and bank balances		71,105,660	20,897,881
		1,128,894,454	1,600,315,204
Total assets		6,478,784,903	7,116,141,832

Chairman / Director

JAPAN POWER GENERATION LIMITED



CONDENSED INTERIM PROFIT & LOSS ACCOUNT FOR THE QUARTER & NINE MONTHS ENDED MARCH 31, 2009 (UN-AUDITED)

	Note	Quarter Ended		Nine Months Ended	
		Mar 31, 2009 Rupees	Mar 31, 2008 Rupees	Mar 31, 2009 Rupees	Mar 31, 2008 Rupees
Sales	6	249,527,412	851,294,011	3,281,720,445	3,277,755,324
Cost of sales	7	(152,864,518)	(725,883,449)	(3,159,918,793)	(2,961,874,800)
Gross profit		96,662,894	125,410,562	121,801,652	315,880,524
Operating expenses					
Administrative and general		(21,673,963)	(8,585,205)	(46,489,261)	(27,115,150)
Operating profit		74,988,931	116,825,357	75,312,391	288,765,374
Other income		3,230,357	7,994,768	13,039,692	67,134,423
		78,219,288	124,820,125	88,352,083	355,899,797
Financial and other charges					
Financial charges		(186,969,293)	(124,228,124)	(599,290,866)	(353,050,244)
Other charges		-	-	-	(1,140)
		(186,969,293)	(124,228,124)	(599,290,866)	(353,051,384)
Net (loss) / profit before taxation		(108,750,005)	592,001	(510,938,783)	2,848,413
Provision for taxation:					
Current - on other income		(56,146)	(97,629)	(375,172)	(379,709)
Net (loss) / profit after taxation		(108,806,151)	494,372	(511,313,955)	2,468,704
(loss) / Earning per share (Basic & Diluted)		(0.70)	0.00	(3.35)	0.01

The annexed notes 1 to 10 form an integral part of these financial statements

Chief Financial Officer
Lahore: April 23, 2009

Chief Executive

Chairman / Director



**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED MARCH 31, 2009 (UN-AUDITED)**

CASH FLOW FROM OPERATING ACTIVITIES	March 31, 2009 Rupees	Mar 31, 2008 Rupees
Net (loss) / profit before taxation	(510,938,783)	2,848,413
Adjustment for non-cash and other items:		
Depreciation	192,556,763	189,951,900
Loss / (Gain) on disposal of fixed assets	(1,007,240)	1,140
Provision for gratuity	3,187,298	1,858,934
Exchange gain	-	(1,634,549)
Financial charges	599,209,866	353,050,244
	<u>794,027,687</u>	<u>543,227,669</u>
Operating profit before working capital changes	283,088,904	546,076,082
Working capital changes		
Stores and spares	4,205,381	(27,343,688)
Stock in trade	9,969,688	25,614,826
Trade debts	272,813,883	(124,544,581)
Advances, deposits, prepayments and other receivables	234,444,052	(258,647,022)
Trade and other payables	(417,933,797)	9,122,771
	<u>103,499,207</u>	<u>(126,708,532)</u>
Cash inflow after working capital changes	386,588,111	419,367,550
Financial charges paid	(296,634,931)	(385,644,039)
Gratuity paid	(8,800)	(1,764,400)
Income tax paid	(179,647)	(957,103)
Net cash inflow from operating activities	89,764,733	31,002,008
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(26,620,592)	(226,905)
Proceeds from sale of property, plant and equipment	1,007,240	1,300
Net cash outflow from investing activities	(25,613,352)	(225,605)
CASH FLOW FROM FINANCING ACTIVITIES		
Change in long term loans/ finances	-	(137,285,485)
Change in short term borrowings	(13,943,602)	157,730,000
Net cash outflow/inflow from financing activities	(13,943,602)	20,444,515
Net increase in cash and cash equivalents	50,207,779	51,220,918
Cash and cash equivalents at beginning of the period	20,897,881	7,697,781
Cash and cash equivalents at end of the period	<u>71,105,660</u>	<u>58,918,699</u>

The annexed notes 1 to 10 form an integral part of these financial statements

Chief Financial Officer
Lahore: April 23, 2009

Chief Executive

Chairman / Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2009 (UN-AUDITED)**

	Share capital Rupees	Share deposit money Rupees	Accumulated loss Rupees	Total Rupees
Balance as at June 30, 2007	1,476,188,460	-	(1,459,397,998)	16,790,462
Incremental depreciation on revaluation of property, plant & equipment	-	-	15,551,082	15,551,082
Net loss for the first nine months	-	-	(379,709)	(379,709)
Balance as at March 31, 2008	1,476,188,460	-	(1,444,226,625)	31,961,835
Share deposit money	-	84,187,458	-	84,187,458
Incremental depreciation on revaluation of property, plant & equipment	-	-	5,183,694	5,183,694
Net loss for the last three months	-	-	(162,290,220)	(162,290,220)
Balance as at June 30, 2008	1,476,188,460	84,187,458	(1,601,333,151)	(40,957,233)
Share issued against share deposit money	84,187,450	(84,187,450)	-	-
Incremental depreciation on revaluation of property, plant & equipment	-	-	15,551,082	15,551,082
Net loss for the first nine months	-	(8)	(511,313,955)	(511,313,963)
Balance as at March 31, 2009	1,560,375,910	-	(2,097,096,124)	(536,720,114)

The annexed notes 1 to 10 form an integral part of these financial statements

Chief Financial Officer
Lahore: April 23, 2009

Chief Executive

Chairman / Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED MARCH 31, 2009
(UN-AUDITED)**

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Japan Power Generation Limited was incorporated in Pakistan on September 29, 1994 as public limited company under the Companies Ordinance, 1984 and its shares are quoted on Lahore and Karachi Stock Exchanges. The principal business of the company is to generate and supply electric power to WAPDA. The company commenced commercial operations from March 15, 2000. Through an agreement dated February 23, 2006 the management of the company has been vested to the new shareholders who acquired the entire shareholding of 35% of the outgoing management. The registered office and plant of the company is situated at Near Jia Bagga Railway Station, Chowk Araian, Off Raiwind, Lahore.

1.2 The major loss contributing factor has been shortfall in reimbursement from WAPDA of actual fuel cost incurred vis-à-vis WAPDA's standard formula. This issue has been addressed materially through amendment to the Power Purchase Agreement. The effect of this amendment together with proposed modification in engines would eliminate fuel loss and would contribute to the profitability of the company. The going concern assumption used by the management in preparing these financial statements is appropriate in view of the fact that the project has a long term contract with WAPDA, the largest electric utility provider of the country and is supported by the Syndicated Banks, as well as continuous financial and management support by the sponsoring directors. To provide adequate availability of funds to the Company, the management of the Company is working hard to ensure early resolution of disputes with WAPDA so that funds involved therein may be promptly received and future funds may not be unnecessarily blocked / retained by WAPDA. In this connection the Company has invoked arbitration proceedings against WAPDA, in January 2009, before the secretariat of the ICC International Court of Arbitration (the "ICA") under the Rules of International Chamber of Commerce (the "ICC"), for implementation of the recommendations of the mutually appointed Expert. The request has been duly acknowledged by ICC - ICA and is being processed at their end.

2. STATEMENT OF COMPLIANCE

These condensed interim financial information has been prepared in accordance with the requirements of section 245 of the Companies Ordinance, 1984 and the International Accounting Standard - IAS 34 "Interim Financial Reporting".

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial information are the same as applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2008.

4. CONTINGENCIES AND COMMITMENTS

Contingencies:

As reported in the last year's annual report, the Company was contingently liable for the liquidated damages claimed by WAPDA for the period from July 1, 2001 to March 31, 2009, to the tune of Rs. 1,420.835 million, out of which WAPDA has already arbitrarily deducted an amount of Rs. 458.255 million from Company's capacity invoices. The Company disputed the liquidated damages and arbitrary deduction by WAPDA from the Company's capacity invoices.



4.2 WAPDA had disputed payments amounting to Rs. 384,032 million, relating to indexation of non-escalable components of capacity purchase price (CPP) already paid to the company from March 14, 2004 to March 13, 2006 and disputed further amount of Rs. 469.350 million against the Company's CPP invoices for the period from March 14, 2006 to March 31, 2009. The total amount disputed by WAPDA comes to Rs. 853.382 million, against which WAPDA has arbitrarily withheld a total amount of Rs. 505.169 million from the Company's CPP invoices up-till March 31, 2009.

These disputes were referred to a mutually agreed Expert, as per the dispute resolution mechanism provided in the Power Purchase Agreement (the "PPA"), who gave his recommendations on September 1, 2007 that fully support the Company's position. Both Parties initiated a settlement based on the Expert's recommendations but with certain concessions given to WAPDA. WAPDA has failed to sign the said settlement. Therefore, neither the recommendations of the Expert are implemented nor the settlement was followed by WAPDA. WAPDA is, therefore, in breach of the terms of the PPA. Under the circumstances, the Company is not able to continue its operations and hence has shutdown its plant in last week of December 2008.

In January 2009, the Company has 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 Expert's recommendations. The claimed amount as per recommendations of the Expert is Rs. 3.6 billion (approximately). After adjusting the Company's liabilities to WAPDA, net expected cash inflow could be Rs. 2.5 billion (approximately). Under ICC rules, an award can be granted in one year's time. The management of the Company is optimistic about the outcome of the arbitration.

Under the circumstances, although the expert's recommendations were in favour of the Company, no adjustment has been made in these financial statements.

4.3 The remaining contingencies are the same as were disclosed in the preceding audited annual financial statements of the Company.

Commitments:

The Company has no capital or other commitments at the terminal date (June 2008: 12,565 million).

5. ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

The following assets have been added / disposed off (at cost) during the nine months ended March 31, 2009:

	MARCH 31, 2009		MARCH 31, 2008	
	Rupees		Rupees	
	Additions	Disposal	Additions	Disposal
Plant and machinery	25,637,842	-	1,634,549	-
Furniture and fixtures	-	-	5,500	9,600
Office Equipment	-	-	18,500	-
Electric installations	31,100	-	38,400	-
Computers	951,650	320,436	164,505	-
Vehicles	-	7,389,895	-	-
	<u>26,620,592</u>	<u>7,710,331</u>	<u>1,861,454</u>	<u>9,600</u>



6. SALES	Quarter Ended		Nine Months Ended	
	Rupees		Rupees	
	Mar 31, 2009	Mar 31, 2008	Mar 31, 2009	Mar 31, 2008
Energy payments	9,860,120	610,069,854	2,633,147,168	2,550,827,609
Capacity payments	239,667,292	241,224,157	648,573,277	726,927,715
	<u>249,527,412</u>	<u>851,294,011</u>	<u>3,281,720,445</u>	<u>3,277,755,324</u>
7. COST OF SALES				
Fuel and oils consumed	25,135,322	635,484,047	2,789,523,850	2,654,688,012
Salaries, wages and benefits	2,589,867	1,829,464	9,010,345	6,532,711
Operating and maintenance fee	15,600,000	13,500,000	47,400,000	40,500,000
Stores and spares consumed	20,491,089	1,060,228	69,059,428	33,426,725
Electricity consumed in-house	4,152,861	1,821,509	5,678,267	3,690,739
Communication charges	566,040	453,000	1,571,040	1,359,000
Repair and maintenance	14,119,353	3,842,780	31,244,958	13,123,880
Power generation licensing	318,546	262,110	955,638	786,330
Insurance	5,603,834	4,484,170	13,847,548	18,347,182
Depreciation	64,087,606	63,146,141	191,627,719	189,420,221
	<u>152,864,518</u>	<u>725,883,449</u>	<u>3,159,918,793</u>	<u>2,961,874,800</u>

8. PLANT CAPACITY AND ACTUAL PRODUCTION

Installed capacity in MWH	<u>260,280</u>	<u>263,172</u>	<u>792,408</u>	<u>795,300</u>
Actual energy delivered in MWH	<u>1,979</u>	<u>80,641</u>	<u>254,793</u>	<u>391,815</u>

Installed annual capacity is 1,055,580 MWH. Utilization of available capacity depends on the load demanded by WAPDA.

9. These financial statements were authorized for issue by the Board of Directors on April 23, 2009.

10. All figures except for June 30, 2008 figures appearing in these financial statements are un-audited. There has been no material re-arrangement or regrouping of figures of the corresponding period given in these financial statements for the purpose of comparison.

Chief Financial Officer
Lahore: April 23, 2009

Chief Executive

Chairman / Director