



**The Hub Power Company Limited**

Unaudited Quarterly Financial Statements  
for the nine months ended  
March 31, 2015

## Contents

<b>The Hub Power Company Limited</b>	<b>Page</b>
Company Information	1
Directors' Report	4
Condensed Interim Profit & Loss Account	8
Condensed Interim Statement of Comprehensive Income	9
Condensed Interim Balance Sheet	10
Condensed Interim Cash Flow Statement	11
Condensed Interim Statement of Changes in Equity	12
Notes to the Condensed Interim Financial Statements	13
<b>The Hub Power Company Limited and its Subsidiary Company</b>	
Condensed Interim Consolidated Profit & Loss Account	20
Condensed Interim Consolidated Statement of Comprehensive Income	21
Condensed Interim Consolidated Balance Sheet	22
Condensed Interim Consolidated Cash Flow Statement	23
Condensed Interim Consolidated Statement of Changes in Equity	24
Notes to the Condensed Interim Consolidated Financial Statements	25

## **Company Information**

### **Board of Directors**

Hussain Dawood	Chairman
Khalid Mansoor	Chief Executive
Syed Ahmed Iqbal Ashraf	NBP Nominee
Masood Ahmed	GOB Nominee
Qaiser Javed	
Syed Muhammad Ali	
Iqbal Alimohamed	
Abdul Samad Dawood	
Shabbir H.Hashmi	
Ajaz Ali Khan	
Ruhail Mohammed	
Ali Munir	
Shahid Hamid Pracha	
Inam ur Rahman	
Syed Khalid Siraj Subhani	

### **Audit Committee**

Iqbal Alimohamed
Shabbir Hussain Hashmi
Qaiser Javed
Ruhail Mohammed
Ali Munir

### **Company Secretary**

Shamsul Islam

### **Management**

Khalid Mansoor  
Syed Hasnain Haider  
Shamsul Islam

Tahir Jawaid  
Mohammad Kaleem Khan  
Shahid Mahmood  
Abdul Nasir  
M. Inam ur Rahman Siddiqui  
Nazoor Baig

**Registered & Head  
Office**

11<sup>th</sup> Floor, Ocean Tower,  
G-3, Block 9, Main Clifton Road,  
P.O. Box No. 13841, Karachi-75600  
Email: Info@hubpower.com  
Website: <http://www.hubpower.com>

**Principal Bankers**

Allied Bank of Pakistan  
Askari Bank Limited  
Bank Al-Falah Limited  
Bank Al-Habib Limited  
Bank of Punjab  
Bank Islami Pakistan Limited  
Barclays Bank PLC Pakistan  
Burj Bank Limited  
Citibank N.A. Karachi.  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Industrial and Commercial Bank of China

Pak Brunei investment Company Limited  
Pak China Investment Company Limited  
Pak Kuwait Investment Company (Pvt) Ltd.,  
Samba Bank Limited  
Standard Chartered Bank (Pakistan) Ltd.,  
Sumitomo Mitsui Banking Corp. Europe Ltd., London  
United Bank Limited

**Inter-Creditor Agents**

National Bank of Pakistan  
Habib Bank Limited  
Allied Bank Limited  
NIB Bank Limited

**Legal Advisors**

RIAA LAW, Karachi

**Auditors**

Ernst & Young Ford Rhodes Sidat Hyder

**Registrar**

Famco Associates (Pvt) Limited

**Hub Plant**

Mouza Kund,  
Post Office Gaddani,  
District Lasbela, Balochistan

**Narowal Plant**

Mouza Poong,  
5 KM from Luban Pulli Point on Mureedkay-Narowal  
Road, District Narowal, Punjab

**Laraib Energy Limited  
(Subsidiary)**

12-B/1, Multi Mansion Plaza,  
G-8, Markaz, Islamabad

## Report of the Directors on the Consolidated and Un-Consolidated Financial Statements for nine months ended March 31, 2015

The Board of Directors of the Company are pleased to present the consolidated and unconsolidated un-audited financial statements for nine months ended March 31, 2015.

### The Company

The Hub Power Company is the largest Independent Power Producer (IPP) in the Country with a combined power generation capacity of over 1600 MW. Our Hub Plant, situated at Mouza Kund, Hub in Balochistan, is one of the most efficient steam turbine based thermal power plants in Pakistan. It supplies reliable and uninterrupted electricity to the National grid. Our Narowal Plant is an oil-fired, engine based, combined cycle thermal power station, located at Mouza Poong, Narowal in Punjab. The Company also holds 75% controlling interest in Laraib Energy Limited which owns and operates an 84 MW run off the river hydel power plant near the New Bong Escape, 8 km downstream of Mangla Dam in Azad Kashmir. The Company has also recently established wholly owned subsidiaries for its future initiatives. Hub Power Holding Limited has been incorporated to invest in the coal based 2x660 MW power project while Hub Power Services Limited has been incorporated to take over the O&M of the Hub Plant and upcoming coal plant.

### Financial Highlights

Financial highlights of the holding company and its subsidiaries during the period under review are as follows:

	Quarter ended March 31, 2015	Quarter ended March 31, 2014	Nine Months ended March 31, 2015	Nine Months ended March 31, 2014
	Rs. In Million			
Turnover	27,965	44,261	108,546	123,996
Operating costs	(22,730)	(40,294)	(94,139)	(113,632)
Net Profit*	2,953	2,198	8,356	5,528
Earnings per share (Rs.)	2.55	1.90	7.22	4.78

\*Attributable to the Owners of the holding company.

Unconsolidated Net profit earned by the Company during the nine months period under the review was Rs. 6,561 million (2013-14: Rs. 4,994 million) and earnings per share was Rs. 5.67 (2013-14: Rs. 4.32) as compared to the same period last year. The increase in profit is mainly due to net effect of lower repair & maintenance expenditures, currency devaluation, higher generation bonus, lower efficiency loss and write-off of damaged assets at Narowal.

Consolidated earnings per share for the nine months period under review was Rs. 7.22 compared to Rs. 4.78 in the same period last year. The increase in consolidated earnings, in addition to the factors mentioned in the preceding paragraph, is mainly due to recognition of O&M indexation and interim tariff relief after NEPRA's approval as part of Laraib's tariff true-up process.

## Operational Highlights

Operational highlights of all three plants during the period under review are as follows:

	Unit	Quarter ended March 31, 2015	Quarter ended March 31, 2014	Nine Months ended March 31, 2015	Nine Months ended March 31, 2014
<b>Hub Plant</b>					
Generation	GWh	1,652	1,883	5,099	5,104
Load factor	%	63.8	72.3	64.5	65.7
<b>Narowal Plant</b>					
Generation	GWh	350	377	1,095	1,166
Load factor	%	76	82	78	83
<b>Laraib Energy</b>					
Generation	GWh	122	101.5	361	308
Load factor	%	67	56	65	56

### Hub Plant:

During the quarter under review, plant operated at an average load factor of 64%. Available capacity was 82 % and electricity sold to WAPDA was 1,652 GWh. During the first nine months of current FY, plant operated at an average load factor of 65% and the available capacity was 79 %. Electricity sold to WAPDA during the nine-month period was 5,099 GWh compared to dispatch of 5,104 GWh during the corresponding period last year. Lower Net Electrical Output (NEO) was due to lesser dispatch during the month of November 2014 and February 2015 by NPCC.

The total allowance of equivalent weighted unit forced outage and partial derating energy for the Operating Year (April 2014- Mar 2015) is 960 GWh. By end of the third quarter 937 GWh allowance was consumed, which is 97.6% of the total allowance. The schedule outage of Unit-2 started from February 15, 2015. During the outage, the modified geometry section of Re-heater tubes with upgraded material, tube elements of Secondary Super Heater (SSH) and Final Super Heater (FSH) are being replaced on this Unit. Boiler chemical cleaning, bottom hopper repair, Gas Air Heater (GAH) refurbishment, FD fan duct repair and replacement, boiler stack external repair, fuel oil day tank-3 rehabilitation works are also in progress.

The Residual Fuel Oil (RFO) stock was 63,000 MT at the start of January 2015 and 57,000 MT at the end of this review period.

### Narowal Plant:

During the quarter under review, the plant operated at an average load factor of 76% and at billable availability capacity of 100%. During this period, electricity sold to WAPDA was 350 GWh compared to 376 GWh (82% load factor) during the comparative period in last year. For the nine-month period, the average load factor was 78% compared to 83% in the corresponding period last year.

During the quarter, an engine tripped on full load due to Crankshaft failure. The crankshaft was subsequently replaced and the engine was restored in a record time of three months. An Alternator also got damaged due to fire and a replacement Alternator was ordered. The mid section of Heat Recovery

Steam Generator was also damaged due to soot fire and the replacement has been ordered. All three incidents are covered under the insurance and are under the investigation to establish the root cause.

#### **Laraib Plant:**

During the quarter, the plant load factor was 67 % and the electricity sold to NTDC was 122 GWh. For the nine month period, the load factor was 65% compared to 56% for the corresponding period last year.

Complex has completed its 2nd Agreement Year. During the Agreement Year (March 23, 2014 – March 22, 2015), the plant load factor was 71 % and the electricity sold to NTDC was 526 GWh compared to PPA requirement to dispatch 470 GWh in an Agreement Year. The positive impact in additional energy is attributable to the improved hydrology and better plant availability.

#### **Narowal Demerger**

The Company is now working to demerge its Narowal Plant into a separate entity. Work on scheme of arrangement, valuation of assets and approvals from the relevant stakeholders are in progress.

#### **Change of Corporate Logo**

The Company has launched a new logo which uses the power-structure inherent in a triangle to convey a trusted image of strength. By placing the triangles together, we reveal the letter 'H' both as a surprise and as a tribute. This initiative was undertaken to better represent where the company is headed in the future.

#### **Growth Initiative:**

##### **a. 2x660MW Power Project at Hub Site**

The Hub Power Company has signed a joint venture agreement (JVA) with China Power International Holding Limited (CPIH), a wholly-owned core enterprise of China Power Investment Corporation. The JVA was signed amid the presence of the Honorable Prime Minister of Pakistan Mian Nawaz Shari and the Honorable President of People's Republic of China, Mr. Xi Jinping, by the senior management of HUBCO and CPIH.

By virtue of this agreement, HUBCO and CPIH will jointly develop 2x660MW imported coal-based power plant and a coal jetty at HUBCO's existing site at Hub, Balochistan. Feasibility study, along with the Field Investigation and Geo-Technical Investigation for plant and the jetty has been carried out. Environmental and Social Impact Assessment (ESIA) for the plant and the jetty is also being conducted.

Currently 1x660MW has been included in the China-Pakistan Economic Corridor. The additional unit is also expected to be added at the next Joint Coordination Committee meeting.

##### **b. Sindh Engro Coal Mining Company Limited (SECMC)**

The Company has committed to invest US\$20 million equivalent in the coal mining project at Thar and has invested Rs. 240 million to-date.

#### **Sustainable Development:**

##### **a. Corporate Social Responsibility (CSR)**

The Company remained committed to its social responsibilities and focused on the development of the Community Physical Infrastructure; provision of Basic and Technical Education; Health and various Livelihood Interventions. Solar street lights have been installed in three villages around Hub Plant Site and

Hepatitis C vaccination was also carried out in these villages. Construction of sewerage improvement project i.e. underground sewerage pipeline with water disposal station progressed well in one of the villages around Narowal Plant Site.

**b. Health Safety and Environment (HSE)**

The Company continued with its practice of upholding the highest environmental standards and stringently monitored the Safety and Security procedures at the Head Office and at the plants. The Company has launched DuPont Safety Management System Alignment Program by carrying out Safety Perception Survey and Gap Analysis of systems at all sites.

**Information in relation to Luxembourg Stock Exchange**

The Directors, in compliance with the requirements of the “Commission De Surveillance Du Secteur Financier, Societe de Bourse de Luxembourg SA”, are pleased to confirm that to the best of their knowledge, the condensed interim financial statements for the quarter ended March 31, 2015 give a true and fair view of the assets, liabilities, financial position and financial results of the Company and are in conformity with approved accounting standards as applicable in Pakistan. Further, the aforementioned management report includes a fair review of the development and performance of the Company together with the potential risks and uncertainties faced, if any.

The Company remains grateful to the shareholders, operators, employees and contractors for their confidence in the company and their tireless efforts in driving the Company on the path of growth.

By Order of the Board



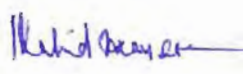
Khalid Mansoor  
Chief Executive

Karachi – April 30, 2015

**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED**  
**PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	Note	3 months ended Mar 2015 (Rs. '000s)	3 months ended Mar 2014 (Rs. '000s)	9 months ended Mar 2015 (Rs. '000s)	9 months ended Mar 2014 (Rs. '000s)
Turnover		25,801,273	43,395,114	104,120,882	121,215,386
Operating costs	4	(22,340,266)	(39,969,687)	(93,010,240)	(112,561,847)
<b>GROSS PROFIT</b>		<b>3,461,007</b>	<b>3,425,427</b>	<b>11,110,642</b>	<b>8,653,539</b>
General and administration expenses		(251,085)	(155,605)	(616,583)	(416,701)
Other income		7,965	8,062	27,867	80,361
Other expenses	5	(381,794)	-	(381,794)	-
<b>PROFIT FROM OPERATIONS</b>		<b>2,836,093</b>	<b>3,277,884</b>	<b>10,140,132</b>	<b>8,317,199</b>
Finance costs	6	(1,019,622)	(1,219,838)	(3,577,147)	(3,320,403)
<b>PROFIT BEFORE TAXATION</b>		<b>1,816,471</b>	<b>2,058,046</b>	<b>6,562,985</b>	<b>4,996,796</b>
Taxation		(626)	(978)	(2,368)	(2,933)
<b>PROFIT FOR THE PERIOD</b>		<b>1,815,845</b>	<b>2,057,068</b>	<b>6,560,617</b>	<b>4,993,863</b>
Basic and diluted earnings per share (Rupees)		<u>1.57</u>	<u>1.78</u>	<u>5.67</u>	<u>4.32</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

  
Khalid Mansoor  
Chief Executive

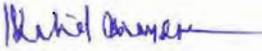
  
Ruhail Mohammed  
Director




THE HUB POWER COMPANY LIMITED  
CONDENSED INTERIM UNCONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2015

	3 months ended Mar 2015 (Rs. '000s)	3 months ended Mar 2014 (Rs. '000s)	9 months ended Mar 2015 (Rs. '000s)	9 months ended Mar 2014 (Rs. '000s)
Profit for the period	1,815,845	2,057,068	6,560,617	4,993,863
Other comprehensive income for the period				
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>				
Loss on remeasurements of post employment benefit obligation	(5,954)	(2,983)	(5,427)	(8,949)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,809,891</b>	<b>2,054,085</b>	<b>6,555,190</b>	<b>4,984,914</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

  
Khalid Mansoor  
Chief Executive

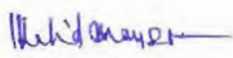
  
Ruhail Mohammed  
Director




**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED**  
**BALANCE SHEET**  
**AS AT MARCH 31, 2015**

	Note	Mar 2015 (Rs. '000s) (Unaudited)	Jun 2014 (Rs. '000s) (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
Property, plant and equipment	7	39,256,745	41,223,196
Intangibles		4,856	11,857
Long term investments	8	4,917,276	4,674,189
Long term loan		60,296	62,529
Long term deposits and prepayments		21,303	21,303
<b>CURRENT ASSETS</b>			
Stores, spares and consumables	9	2,375,264	1,599,161
Stock-in-trade		2,922,081	2,388,435
Trade debts	10	68,373,763	79,879,236
Loan and advances		124,761	78,201
Prepayments and other receivables		2,915,217	2,817,541
Cash and bank balances		709,185	2,676,177
		77,420,271	89,438,751
<b>TOTAL ASSETS</b>		<b>121,680,747</b>	<b>135,431,825</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVE</b>			
Share Capital			
Authorised		12,000,000	12,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		16,771,172	19,473,218
		28,342,716	31,044,762
<b>NON-CURRENT LIABILITIES</b>			
Long term loans	11	19,546,149	20,033,860
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	60,258,831	62,794,145
Interest / mark-up accrued		901,789	1,157,756
Short term borrowings	13	8,745,094	16,878,118
Current maturity of long term loans	11	3,886,168	3,523,184
		73,791,882	84,353,203
<b>COMMITMENTS AND CONTINGENCIES</b>			
	14		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>121,680,747</b>	<b>135,431,825</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

  
Khalid Mansoor  
Chief Executive

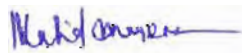
  
Ruhail Mohammed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	Note	9 months ended Mar 2015 (Rs. '000s)	9 months ended Mar 2014 (Rs. '000s)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		6,562,985	4,996,796
Adjustments for:			
Depreciation		2,046,277	2,015,111
Amortisation		7,001	12,568
Gain on disposal of fixed assets		(1,537)	(35)
Loss on write-off of damaged assets		381,794	-
Staff gratuity		15,712	11,964
Interest income		(23,721)	(72,127)
Interest / mark-up		3,434,904	3,196,269
Amortisation of transaction cost		65,139	45,637
Operating profit before working capital changes		12,488,554	10,206,183
Working capital changes		2,873,984	(23,334,808)
Cash generated from / (used in) operations		15,362,538	(13,128,625)
Interest received		13,634	73,706
Interest / mark-up paid		(3,690,871)	(3,466,172)
Taxes paid		(2,368)	(2,933)
Net cash generated from / (used in) operating activities		11,682,933	(16,524,024)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(468,725)	(145,347)
Proceeds from disposal of fixed assets		8,642	1,588
Investment in an associate		(243,087)	-
Long term loan and advance		2,233	22,004
Long term deposits and prepayments		-	(2,236)
Net cash used in investing activities		(700,937)	(123,991)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(4,626,098)	(5,195,225)
Proceeds from long term loans		2,500,000	-
Repayment of long term loans - Hub plant		(979,063)	(979,062)
Repayment of long term loans - Naroval plant		(1,237,523)	(1,064,315)
Repayment of long term loans - Larail's investment		(473,280)	-
Net cash used in financing activities		(4,815,964)	(7,238,602)
Net increase / (decrease) in cash and cash equivalents		6,166,032	(23,886,617)
Cash and cash equivalents at the beginning of the period		(14,201,941)	12,542,050
Cash and cash equivalents at the end of the period	16	(8,035,909)	(11,344,567)

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

  
 Khalid Mansoor  
 Chief Executive

  
 Ruhail Mohammed  
 Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	9 months ended Mar 2015 (Rs. '000s)	9 months ended Mar 2014 (Rs. '000s)
<b>Issued capital</b>		
Balance at the beginning of the period	11,571,544	11,571,544
Balance at the end of the period	<u>11,571,544</u>	<u>11,571,544</u>
<b>Unappropriated profit</b>		
Balance at the beginning of the period	19,473,218	21,038,569
Total comprehensive income for the period	6,555,190	4,984,914
<b>Transactions with owners in their capacity as owners</b>		
Final dividend for the fiscal year 2013-2014 @ Rs. 4.00 (2012-2013: @ Rs. 4.50) per share	(4,628,618)	(5,207,195)
Interim dividend for the fiscal year 2014-2015 @ Rs. 4.00 (2013-2014: @ Rs. 2.50) per share	(4,628,618)	(2,892,886)
	(9,257,236)	(8,100,081)
Balance at the end of the period	<u>16,771,172</u>	<u>17,923,402</u>
<b>Total equity</b>	<u><u>28,342,716</u></u>	<u><u>29,494,946</u></u>

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

Khalid Mansoor  
Chief Executive

Ruhail Mohammed  
Director

**THE HUB POWER COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED**  
**FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

**1. THE COMPANY AND ITS OPERATIONS**

The Hub Power Company Limited (the "Company") was incorporated in Pakistan on August 1, 1991 as a public limited company under the Companies Ordinance, 1984 (the "Ordinance"). The shares of the Company are listed on the Karachi, Lahore and Islamabad Stock Exchanges and its Global Depository Receipts are listed on the Luxembourg Stock Exchange. The principal activities of the Company are to develop, own, operate and maintain power stations. The Company owns an oil-fired power station of 1,200 MW (net) in Balochistan (Hub plant) and a 214 MW (net) oil-fired power station in Punjab (Narowal plant). The Company also has a 75% controlling interest in Laraib Energy Limited ("Subsidiary"). The subsidiary owns a hydel power station of 84 MW which commenced operations on March 23, 2013.

During the quarter, the Company has incorporated two wholly owned subsidiaries, Hub Power Services Limited (HPSL) and Hub Power Holdings Limited (HPHL). HPSL will manage the operation & maintenance of the power plants and HPHL will invest in new business opportunities in the power sector.

**Proposed Narowal Demerger**

Under the tax laws of Pakistan, if Narowal were demerged into a separate legal entity, it would have lost its tax exempt status from taxation on the income from power generation. The Company requested the PPIB for the appropriate changes in the tax laws so that Narowal could be demerged into a separate legal entity. During the period, the Company received the Economic Coordination Committee's (ECC) approval for the changes in tax laws to be incorporated enabling the Company to demerge Narowal into a separate legal entity having the same tax exempt status, after demerger, as it enjoys now. The Company has started the process to demerge Narowal into a separate legal entity. It is expected that this process will be completed by December 2015.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation followed for the preparation of these condensed interim unconsolidated financial statements are same as those applied in preparing the unconsolidated financial statements for the year ended June 30, 2014.

**3. BASIS OF PREPARATION**

These unaudited condensed interim unconsolidated financial statements of the Company for the third quarter ended March 31, 2015 have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of and directives issued under the Ordinance have been followed.

These condensed interim unconsolidated financial statements do not include all the information and disclosures as required in the annual unconsolidated financial statements and should be read in conjunction with the Company's annual unconsolidated financial statements for the year ended June 30, 2014.

These condensed interim unconsolidated financial statements are the separate condensed interim financial statements of the Company in which investment in a subsidiary and investment in an associate have been accounted for at cost less accumulated impairment losses, if any.

	3 months ended Mar 2015 (Rs. '000s)	3 months ended Mar 2014 (Rs. '000s)	9 months ended Mar 2015 (Rs. '000s)	9 months ended Mar 2014 (Rs. '000s)
<b>4. OPERATING COSTS</b>				
Fuel cost	19,962,387	37,623,837	86,339,707	105,298,563
Stores and spares	63,362	186,947	177,846	406,794
Operation and Maintenance	968,663	1,036,512	2,926,397	2,941,025
Insurance	208,151	242,081	620,234	723,864
Depreciation	673,900	666,600	2,023,318	1,997,072
Amortisation	1,397	2,683	6,763	12,112
Repairs, maintenance and other costs	462,406	211,027	915,975	1,182,417
	<u>22,340,266</u>	<u>39,969,687</u>	<u>93,010,240</u>	<u>112,561,847</u>
<b>5. OTHER EXPENSES</b>				
Write-off of damaged assets	5.1 381,794	-	381,794	-
Workers' profit participation fund	5.2 -	-	-	-
	<u>381,794</u>	<u>-</u>	<u>381,794</u>	<u>-</u>

5.1 This represents write-off of three damaged assets at Narowal plant. The incidents took place during the quarter and consequently resulted in shut down of three engines. These incidents are covered under the Company's insurance policies and are subject to the final assessments and approval by the insurers. Efforts were made to bring the engines back to the service in the shortest possible time and two engines are back in service whereas third one is expected to be back in service by August 2015.

	3 months ended Mar 2015 (Rs. '000s)	3 months ended Mar 2014 (Rs. '000s)	9 months ended Mar 2015 (Rs. '000s)	9 months ended Mar 2014 (Rs. '000s)
<b>5.2 WORKERS' PROFIT PARTICIPATION FUND</b>				
Provision for Workers' profit participation fund	90,823	102,902	328,149	249,840
Workers' profit participation fund recoverable from WAPDA / NTDC	(90,823)	(102,902)	(328,149)	(249,840)
	-	-	-	-

The Company is required to pay 5% of its profit to the Workers' profit participation fund (the "Fund"). However, such payment does not affect the Company's overall profitability because after payment to the Fund, the Company bills this to Water and Power Development Authority (WAPDA) / National Transmission and Despatch Company Limited (NTDC) as a pass through item under the PPAs.

	3 months ended Mar 2015 (Rs. '000s)	3 months ended Mar 2014 (Rs. '000s)	9 months ended Mar 2015 (Rs. '000s)	9 months ended Mar 2014 (Rs. '000s)
<b>6. FINANCE COSTS</b>				
Interest / mark-up on long term loans	715,429	770,911	2,184,076	2,328,307
Mark-up on short term borrowings	259,891	406,560	1,250,828	867,962
Amortisation of transaction cost	20,859	14,895	65,139	45,637
Other finance costs	23,443	27,472	77,104	78,497
	<u>1,019,622</u>	<u>1,219,838</u>	<u>3,577,147</u>	<u>3,320,403</u>

## 7. PROPERTY, PLANT AND EQUIPMENT

		Mar 2015 (Rs. '000s) (Unaudited)	Jun 2014 (Rs. '000s) (Audited)
Operating property, plant and equipment		38,947,143	41,095,800
Capital work-in-progress	7.1	309,602	127,396
		<u>39,256,745</u>	<u>41,223,196</u>

7.1 Additions to property, plant and equipment during the period were Rs. 468.725 million and disposal therefrom at net book value were Rs. 388.899 million.

## 8. LONG TERM INVESTMENTS

		Mar 2015 (Rs. '000s) (Unaudited)	Jun 2014 (Rs. '000s) (Audited)
Investment in Subsidiaries		4,674,189	4,674,189
Investment in an Associate	8.1	243,087	-
		<u>4,917,276</u>	<u>4,674,189</u>

8.1 During the period, the Company entered into a Shareholders Agreement with Engro Powergen Limited and Thal Limited for Joint Investment in Sindh Engro Coal Mining Company Limited (SECMC), the Company invested Rs. 240 million to acquire 16,194,332 Ordinary shares having face value of Rs. 10 each at a price of Rs. 14.82 per share representing shareholding of 6.3%. The Company's total investment commitment in SECMC is USD 20 million and the remaining amount will be invested at or soon after SECMC achieving financial close which is expected to be achieved by December 2015. The Investment in an associate is recognised at cost less impairment losses, if any.

Although the Company has less than 20% equity interest in SECMC, the management believes that the significant influence over the associate exists due to the Company's representation on the Board of Directors of SECMC and participation in policy making process by virtue of Shareholders Agreement hence classified as an Associate.

## 9. STORES, SPARES AND CONSUMABLES

This includes material purchased for boiler rehabilitation works at Hub plant amounting to Rs. 680.918 million (June 2014: Rs. Nil) which will be charged to profit and loss account when consumed.

	Note	Mar 2015 (Rs. '000s) (Unaudited)	Jun 2014 (Rs. '000s) (Audited)
<b>10. TRADE DEBTS - Secured</b>			
Considered good	10.1	68,373,763	79,879,236

10.1 These receivables include an overdue amount of Rs. 58,282 million (June 2014: Rs. 61,540 million) from WAPDA and Rs. 5,328 million (June 2014: Rs. 4,631 million) from NTDC. These are not impaired because the trade debts are secured by a guarantee from the Government of Pakistan (GOP) under Implementation Agreements.

The delay in payments from WAPDA carries mark-up at State Bank of Pakistan (SBP) discount rate plus 2% per annum compounded semi-annually and the delay in payment from NTDC carries mark-up at a rate of 3 month KIBOR plus 4.5% per annum compounded semi-annually.

	Note	Mar 2015 (Rs. '000s) (Unaudited)	Jun 2014 (Rs. '000s) (Audited)
<b>11. LONG TERM LOANS - Secured</b>			
Hub plant		1,417,729	2,396,791
Narowal plant		15,775,336	16,967,786
Laraib's investment		3,739,252	4,192,467
Musharaka agreement	11.1	2,500,000	-
		<u>23,432,317</u>	<u>23,557,044</u>
Less: Current portion of long term loans		<u>(3,886,168)</u>	<u>(3,523,184)</u>
		<u>19,546,149</u>	<u>20,033,860</u>

11.1 During the period, the Company entered into a long term Musharaka arrangement with a bank for an amount of Rs. 2,500 million to finance boiler rehabilitation works at Hub Plant. The facility is repayable in sixteen equal installments on quarterly basis at a mark-up rate of 3 month KIBOR plus 1.10% per annum. The mark-up is payable on quarterly basis in arrear. Any late payment by the Company is subject to a markup of 14% per annum. This loan is secured by way of second ranking / subordinated charge over all present and future assets (excluding land and buildings) pertaining to Hub River Project of the Company other than: (i) assets relating to the Narowal power plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the Company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal project); and (iv) present and future shares acquired in the Subsidiary including bonus shares and right shares.

## 12. TRADE AND OTHER PAYABLES

This includes Rs. 51,570 million (June 2014: Rs. 57,680 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 45,154 million (June 2014: Rs. 52,608 million).

The delay in payments to PSO carries mark-up at SBP discount rate plus 2% per annum compounded semi-annually.

	Note	Mar 2015 (Rs. '000s) (Unaudited)	Jun 2014 (Rs. '000s) (Audited)
<b>13. SHORT TERM BORROWINGS - Secured</b>			
Finances under mark-up arrangements	13.1 to 13.3	8,745,094	16,878,118

13.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 27,365 million (June 2014: Rs. 25,165 million) at mark-up ranging between 0.70% to 3.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities will expire during the period from March 31, 2015 to March 31, 2016. Any late payment by the Company is subject to an additional payment of 1.00% to 2.00% per annum above the normal mark-up rate

13.1.1 The facilities amounting to Rs. 22,440 million (June 2014: Rs. 20,240 million) are secured by way of charge over the trade debts and stocks of the Company pari passu with the existing charge.

13.1.2 The facilities amounting to Rs. 4,925 million (June 2014: Rs. 4,925 million) are secured by way of:

- (a) a first ranking charge on all present and future (i) amounts standing to the credit of the Energy Payment Collection Account and the Master Facility Account, (ii) Fuel, lube, fuel stocks at the Narowal plant and Spares parts; and (iii) the Energy Payment Receivables of Narowal plant.

- (b) a subordinated charge on all present and future plant, machinery and equipment and other moveable assets of the Narowal plant excluding: (i) the immoveable properties; (ii) Hypothecated Assets under first ranking charge; (iii) the Energy Payment Collection Account, Working Capital Facility Accounts and the Master Facility Account; (iv) the Energy Payment Receivables; (v) all of the Project Company's right, title and interest in the Project Documents (including any receivables thereunder); and (vi) all current assets.

13.1.3 This includes a sum of Rs. 775 million (June 2014: Rs. 275 million) payable to an associated undertaking. The available facilities amounted to Rs. 775 million (June 2014: Rs. 275 million). These facilities are secured by way of securities mentioned in note 13.1.1 and 13.1.2.

- 13.2 The Company also has Murabahah facility agreements with banks for an amount of Rs. 625 million (June 2014: Rs. 625 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on August 29, 2015. Any late payment by the Company is subject to an additional payment of 4.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 13.1.2.
- 13.3 The Company also entered into a Musharaka agreement amounting to Rs. 635 million (June 2014: Rs. 635 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on October 31, 2015. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 13.1.2 (a).
- 13.4 The Company also entered into a Musharaka agreement amounting to Rs. 400 million (June 2014: Nil) at a mark-up of 0.70% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on June 30, 2015. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 13.1.1.

#### 14. COMMITMENTS AND CONTINGENCIES

There is no material change in the status of contingencies and commitments as disclosed in the annual unconsolidated financial statements of the Company for the year ended June 30, 2014 except as follows:

- 14.1 In 1998, the Federal Board of Revenue ("FBR") made assessments under section 52/86 of the Income Tax Ordinance, 1979 ["ITO,79"] amounting to Rs. 1,896 million stating that the Company did not withhold tax at the time of issue of shares to sponsors against project development costs incurred by them. The Company deposited Rs. 297 million against the above assessments in accordance with the departmental procedures prevalent at that time. Appeals filed by the Company before the Commissioner of Income tax (Appeals) [the "CIT (A)"] and thereafter with the Income Tax Appellate Tribunal ("ITAT") were decided against the Company. Against the decision of the ITAT, the Company filed appeals before the High Court ("HC") which were also decided against the Company in March 2012. Against the decision of the HC, the Company filed further appeals before the Honourable Supreme Court of Pakistan ("SCP").

In order to restrict the penal exposure of the Company, in May 2012 the Company availed the scheme offered by the FBR vide SRO 547(I)/2012 dated May 22, 2012 and made payment of Rs. 1,615 million. In July 2014, the SCP decided the case in favor of the Company. The FBR is seeking a review of the SCP decision and has filed a review petition before the SCP which is pending adjudication.

- 14.2 (i) Under the Implementation Agreement (IA) with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, the tax authorities issued a tax demand for the tax years 2006-2010 amounting to Rs. 143 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The Company's appeal before the Commissioner of Inland Revenue Appeals (CIR-A) and the Appellate Tribunal Inland Revenue (ATIR) were rejected. Against the order of the ATIR the Company filed Income Tax Reference Applications (ITRAs) before the Honourable Islamabad High Court (IHC). The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. The ATIR re-heard the appeals and has decided against the Company. The Company filed appeals before the IHC which were heard during November 2014 and the judgements were reserved. The Company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 234.5 million.

The management and their tax and legal advisors are of the opinion that the position of the Company is sound on technical basis and eventual outcome ought to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these condensed interim unconsolidated financial statements.

- (ii) FBR also imposed 2% WWF for tax years 2006-2010 and issued a demand for Rs. 191 million which was subsequently reduced to Rs. 8 million by the CIR-A. The Company's appeals filed in IHC mentioned in (i) above also included this matter. The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. The ATIR re-heard the appeals and decided against the Company. The Company filed appeals before the IHC which were heard during November 2014 and judgements were reserved. The Company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 10.4 million.

WWF is a pass through under the PPA and is recoverable from the WAPDA. No provision has been made in these condensed interim unconsolidated financial statements as any payment made by the Company is a pass through item under the PPA.

- 14.3 (i) Under the IA with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, during March 2014, the FBR issued tax demand for the tax year 2011 amounting to Rs. 3.2 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. Appeals filed by the Company before the CIR-A and thereafter with the ATIR were decided against the Company. The Company filed appeal with the IHC which was heard during November 2014 and the judgements were reserved. The Company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 3.9 million.

The management and their tax and legal advisors are of the opinion that the position of the Company is sound on technical basis and eventual outcome ought to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these condensed interim unconsolidated financial statements.

- (ii) FBR also imposed 2% WWF for the tax year 2011 and issued a demand for Rs. 108.5 million. Appeals filed by the Company before the CIR-A and thereafter with the ATIR were decided against the Company. The Company filed appeal with the IHC which was heard during November 2014 and the judgements were reserved. The Company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 117 million.

WWF is a pass through under the PPA and is recoverable from the WAPDA. No provision has been made in these condensed interim unconsolidated financial statements as any payment made by the Company is a pass through item under the PPA.

- 14.4 (i) Under the IA with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, during March 2015, the FBR issued tax demand for the tax year 2013 amounting to Rs. 3.6 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The Company filed appeal before the CIR-A which is pending adjudication. The Company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 3.6 million.

The management and their tax and legal advisors are of the opinion that the position of the Company is sound on technical basis and eventual outcome ought to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these condensed interim unconsolidated financial statements.

- (ii) FBR also imposed 2% WWF for the tax year 2013 and issued a demand for Rs. 187.8 million. Appeal filed by the Company before the CIR-A is pending adjudication. The Company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 187.8 million.

WWF is a pass through under the PPA and is recoverable from the WAPDA. No provision has been made in these condensed interim unconsolidated financial statements as any payment made by the Company is a pass through item under the PPA.

- 14.5 (i) The FBR passed an order for the recovery of sales tax amounting to Rs. 4,001 million relating to fiscal year ended June 2012. In FBR's view, the Company had claimed input tax in excess of what was allowed under the law. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which also decided the case against the Company. Against the decision of ATIR, the Company filed appeal with IHC which is pending adjudication. The Company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 6,174 million.

- (ii) During the period, the FBR issued a Show Cause Notice to recover sales tax amounting to Rs. 5,008 million relating to fiscal year ended June 2014. In FBR's view, the Company had claimed input tax in excess of what was allowed under the law. The Company filed a Writ Petition in the IHC which issued notice to FBR and has directed the FBR not to pass any final order. The Company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 5,008 million.

The management and their tax and legal advisors are of the opinion that the position of the Company is sound on technical basis and eventual outcome ought to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these condensed interim unconsolidated financial statements.

- 14.6 Under the Operation and Maintenance (O&M) agreement for the Hub plant, the Company pays fixed and variable fees to the operator. On January 17, 2015, the FBR passed an order amounting to Rs. 1,034 million relating to the tax years 2010 to 2013 for the recovery of Federal Excise Duty (FED). The FBR is of the view that the O&M is a franchise agreement and not a service agreement and payments made thereon are in nature of technical fees which are subject to FED. The Company has filed appeal before the CIR-A which is pending adjudication.

The management and their tax and legal advisors are of the opinion that the position of the Company is sound on technical basis and eventual outcome ought to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these condensed interim unconsolidated financial statements.

- 14.7 In January 2015, the Company gave notice to the Operator of its Hub Plant for the termination of the Operations & Maintenance (O&M) Agreement. As per the O&M Agreement, the Company is required to serve 12 months prior written notice, however, the parties may also mutually decide to reduce the notice period. It has been agreed between the parties to work together to target the termination of the O&M contract on June 30, 2015 after which the Company will manage the Operations & Maintenance of the Hub Plant through a 100% owned subsidiary, Hub Power Services Limited. Pursuant to the terms of Termination Agreement with the Operator, the Company is required to pay an amount of US\$ 3.80 million if the termination is achieved by June 30, 2015. In addition, the Company will be purchasing certain spares from the Operator after mutually carrying out a physical count. In the initial years, the Company may incur additional expenditures on the operation & maintenance of the power plant which cannot be measured reliably at this stage.

## 15. RELATED PARTY TRANSACTIONS AND BALANCES

Related party comprises subsidiary, associated companies, companies where directors also hold directorship, retirement benefits fund and key management personnel. Significant transactions and balances with related parties, other than those which have been disclosed elsewhere in these condensed interim unconsolidated financial statements are as follows:

### 15.1 Details of Transactions

	Note	9 months ended Mar 2015 (Rs. '000s)	9 months ended Mar 2014 (Rs. '000s)
<b>Subsidiary</b>			
Interest income on subordinated loan		10,922	9,038
Reimbursement of expenses		26,814	49,035
<b>Associated Undertakings</b>			
Interest income on placement of funds		-	17,939
Amounts paid for the purchase of assets		-	9,247
Amounts paid for services rendered		6,969	9,936
Donation		5,000	10,000
Reimbursement of expense		-	32
Repayment of long term loans		98,674	658,565
Interest / mark-up on long term loans		112,710	391,636
Mark-up on short term borrowings		40,809	11,341
Other finance costs		51	11,684
<b>Other related parties</b>			
Other income		327	-
Mark-up on short term borrowings		-	49
Repayment of short term borrowings and related mark-up		-	15,537
<b>Remuneration to key management personnel</b>			
Salaries, benefits and other allowances		86,138	71,626
Retirement benefits		5,621	10,362
	15.1.1	91,759	81,988
Directors' fee	15.1.2	10,750	8,800
Contribution to staff retirement benefit plans		8,783	5,982

15.1.1 Transactions with key management personnel are carried out under the terms of their employment. Key management personnel are also provided with the use of Company maintained automobiles and certain other benefits.

15.1.2 This represents fee paid to Board of Directors for attending meetings.

15.1.3 The transactions with related parties are made under normal commercial terms and conditions.

### 15.2 Details of Outstanding Balances

	Mar 2015 (Rs. '000s) (Unaudited)	Jun 2014 (Rs. '000s) (Audited)
<b>Subsidiary</b>		
Outstanding balance of subordinated loan	80,395	80,395
Interest receivable on subordinated loan	27,759	16,837
Receivable against reimbursement of expenses	119,115	103,263
<b>Associated Undertakings</b>		
Outstanding balance of long term loans	1,166,389	1,265,062
Accrued markup on long term loans	40,433	39,913
Accrued markup on short term borrowings	5,320	2,107

	Mar 2015 (Rs. '000s)	Mar 2014 (Rs. '000s)
<b>16. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	709,185	659,766
Finances under mark-up arrangements	<u>(8,745,094)</u>	<u>(12,004,333)</u>
	<u>(8,035,909)</u>	<u>(11,344,567)</u>

**17. SUBSEQUENT EVENTS**

17.1 The Company entered into a Joint Venture Agreement (JVA) with the China Power International Holding Limited (CPIH) to target the development of 2 x 660 MW Coal based Power Plant at Hub Site. As per the terms of JVA, the Company will have 49% equity interest and CPIH will have 51% equity interest in the project. The Company and CPIH have jointly applied for issuance of Letter of Intent to the Private Power and Infrastructure Board (PIIB).

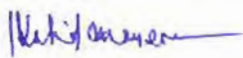
17.2 The Company has entered into a facility agreement with MCB Bank Limited for issuance of guarantee in favour of the PIIB for an amount of USD 0.647 million (Company's share) for the development of the above project. This facility is valid for one year from the date of agreement (i.e. April 03, 2015) and is secured by way of securities mentioned in note 13.1.1.

**18. DATE OF AUTHORISATION**

These condensed interim unconsolidated financial statements were authorised for issue on April 30, 2015 in accordance with the resolution of the Board of Directors.

**19. GENERAL**

Figures have been rounded off to the nearest thousand rupees.



Khalid Mansoor  
Chief Executive



Ruhail Mohammed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	Note	3 months ended Mar 2015 (Rs. '000s)	3 months ended Mar 2014 (Rs. '000s)	9 months ended Mar 2015 (Rs. '000s)	9 months ended Mar 2014 (Rs. '000s)
Turnover		27,965,172	44,261,111	108,546,479	123,995,559
Operating costs	4	(22,730,111)	(40,294,134)	(94,138,949)	(113,631,522)
<b>GROSS PROFIT</b>		<u>5,235,061</u>	<u>3,966,977</u>	<u>14,407,530</u>	<u>10,364,037</u>
General and administration expenses		(285,811)	(181,163)	(704,811)	(506,000)
Other income		34,632	18,035	91,445	105,744
Other expenses	5	(381,794)	-	(381,794)	-
Share of profit of an associate		1,321	-	1,321	-
<b>PROFIT FROM OPERATIONS</b>		<u>4,603,409</u>	<u>3,803,849</u>	<u>13,413,691</u>	<u>9,963,781</u>
Finance costs	6	(1,266,322)	(1,554,594)	(4,445,406)	(4,244,456)
<b>PROFIT BEFORE TAXATION</b>		<u>3,337,087</u>	<u>2,249,255</u>	<u>8,968,285</u>	<u>5,719,325</u>
Taxation		(626)	(978)	(2,368)	(2,933)
<b>PROFIT FOR THE PERIOD</b>		<u><u>3,336,461</u></u>	<u><u>2,248,277</u></u>	<u><u>8,965,917</u></u>	<u><u>5,716,392</u></u>
Attributable to:					
- Owners of the holding company		2,953,109	2,197,898	8,355,990	5,527,956
- Non-controlling interest		383,352	50,379	609,927	188,436
		<u><u>3,336,461</u></u>	<u><u>2,248,277</u></u>	<u><u>8,965,917</u></u>	<u><u>5,716,392</u></u>
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)		<u>2.55</u>	<u>1.90</u>	<u>7.22</u>	<u>4.78</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

Khulid Mansoor  
Chief Executive


Ruhail Mohammed  
Director




THE HUB POWER COMPANY LIMITED  
CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2015

	3 months ended Mar 2015 (Rs. '000s)	3 months ended Mar 2014 (Rs. '000s)	9 months ended Mar 2015 (Rs. '000s)	9 months ended Mar 2014 (Rs. '000s)
Profit for the period	3,336,461	2,248,277	8,965,917	5,716,392
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>				
Loss on remeasurements of post employment benefit obligation	(5,954)	(2,983)	(5,427)	(8,949)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>3,330,507</u>	<u>2,245,294</u>	<u>8,960,490</u>	<u>5,707,443</u>
Attributable to:				
- Owners of the holding company	2,947,155	2,194,915	8,350,563	5,519,007
- Non-controlling interest	383,352	50,379	609,927	188,436
	<u>3,330,507</u>	<u>2,245,294</u>	<u>8,960,490</u>	<u>5,707,443</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

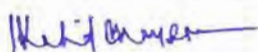
  
Khalid Mansoor  
Chief Executive

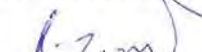
  
Ruhail Mohammed  
Director

**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**BALANCE SHEET**  
**AS AT MARCH 31, 2015**

	Note	Mar 2015 (Rs. '000s) (Unaudited)	Jun 2014 (Rs. '000s) (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
Property, plant and equipment	7	58,659,601	60,866,502
Intangibles		1,418,952	1,425,953
Investment in an associate	8	244,408	-
Long term deposits and prepayments		30,984	34,822
<b>CURRENT ASSETS</b>			
Stores, spares and consumables	9	2,478,451	1,703,764
Stock-in-trade		2,922,081	2,388,435
Trade debts	10	70,537,590	80,938,582
Advances, deposits, prepayments and other receivables		3,007,179	2,831,138
Cash and bank balances		2,983,829	5,015,638
		<u>81,929,130</u>	<u>92,877,557</u>
<b>TOTAL ASSETS</b>		<u>142,283,075</u>	<u>155,204,834</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVE</b>			
Share Capital			
Authorised		12,000,000	12,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		20,636,701	21,543,374
Attributable to owners of the holding company		32,208,245	33,114,918
<b>NON-CONTROLLING INTEREST</b>		2,096,721	1,486,794
		<u>34,304,966</u>	<u>34,601,712</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term loans	11	29,440,822	30,859,272
Liabilities against assets subject to finance lease		2,891,586	3,113,527
Deferred liability		5,820	4,900
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	60,389,930	63,095,616
Interest / mark-up accrued		1,139,236	1,688,275
Short term borrowings	13	8,745,094	16,878,118
Current maturity of long term loans	11	5,052,319	4,660,612
Current maturity of liabilities against assets subject to finance lease		313,302	302,802
		<u>75,639,881</u>	<u>86,625,423</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	14		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>142,283,075</u>	<u>155,204,834</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

  
Khalid Mansoor  
Chief Executive

  
Ruhail Mohammed  
Director

**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	9 months ended Mar 2015 (Rs. '000s)	9 months ended Mar 2014 (Rs. '000s)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,968,285	5,719,325
Adjustments for:		
Depreciation	2,750,483	2,682,928
Amortisation	7,001	12,632
Gain on disposal of fixed assets	(1,567)	(20)
Loss on write-off of damaged assets	381,794	-
Staff gratuity	16,632	12,911
Interest income	(85,084)	(97,510)
Interest / mark-up	4,195,051	4,028,514
Share of profit of an associate	(1,321)	-
Amortisation of transaction costs	116,173	74,154
Operating profit before working capital changes	16,347,447	12,432,934
Working capital changes	1,571,008	(23,537,908)
Cash generated from / (used in) operations	17,918,455	(11,104,974)
Interest received	83,381	112,447
Interest / mark-up paid	(4,744,090)	(4,344,499)
Taxes paid	(13,019)	(6,807)
Net cash generated from / (used in) operating activities	13,244,727	(15,343,833)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(569,604)	(184,454)
Proceeds from disposal of fixed assets	8,673	2,872
Investment in an associate	(243,087)	-
Long term advance, deposits and prepayments	3,838	5,885
Net cash used in investing activities	(800,180)	(175,697)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to owners of the holding company	(4,626,098)	(5,195,225)
Proceeds from long term loans	2,500,000	-
Repayment of long term loans - Hub plant	(979,063)	(979,962)
Repayment of long term loans - Narowal plant	(1,237,523)	(1,064,315)
Repayment of long term loans - Lataib's investment	(473,280)	-
Repayment of long term loans - Subsidiary	(1,216,109)	(638,249)
Repayment of liabilities against assets subject to finance lease - Subsidiary	(311,259)	(166,304)
Net cash used in financing activities	(6,343,332)	(8,043,155)
Net increase / (decrease) in cash and cash equivalents	6,101,215	(23,562,685)
Cash and cash equivalents at the beginning of the period	(11,862,480)	13,851,746
Cash and cash equivalents at the end of the period	17 (5,761,265)	(9,710,939)

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.



Khalid Mansoor  
Chief Executive



Raheel Mohammed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2015**

	9 months ended Mar 2015 (Rs. '000s)	9 months ended Mar 2014 (Rs. '000s)
<b>Attributable to owners of the holding company</b>		
<b>Issued capital</b>		
Balance at the beginning of the period	11,571,544	11,571,544
Balance at the end of the period	<u>11,571,544</u>	<u>11,571,544</u>
<b>Unappropriated profit</b>		
Balance at the beginning of the period	21,543,374	22,168,390
Total comprehensive income for the period	8,350,563	5,519,007
<b>Transactions with owners in their capacity as owners</b>		
Final dividend for the fiscal year 2013-2014 @ Rs. 4.00 (2012-2013: @ Rs. 4.50) per share	(4,628,618)	(5,207,195)
Interim dividend for the fiscal year 2014-2015 @ Rs. 4.00 (2013-2014: @ Rs. 2.50) per share	(4,628,618)	(2,892,886)
	(9,257,236)	(8,100,081)
Balance at the end of the period	<u>20,636,701</u>	<u>19,587,316</u>
<b>Attributable to owners of the holding company</b>	<u>32,208,245</u>	<u>31,158,860</u>
<b>Non-controlling interest</b>		
Balance at the beginning of the period	1,486,794	1,159,273
Total comprehensive income for the period	609,927	188,436
Balance at the end of the period	<u>2,096,721</u>	<u>1,347,709</u>
<b>Total equity</b>	<u>34,304,966</u>	<u>32,506,569</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

Khalid Mansoor  
Chief Executive

Ruhail Mohammed  
Director

**I. STATUS AND NATURE OF BUSINESS**

The Hub Power Company Limited (the "holding company") was incorporated in Pakistan on August 1, 1991 as a public limited company under the Companies Ordinance, 1984 (the "Ordinance"). The shares of the holding company are listed on the Karachi, Lahore and Islamabad Stock Exchanges and its Global Depository Receipts are listed on the Luxembourg Stock Exchange. The principal activities of the holding company are to develop, own, operate and maintain power stations. The holding company owns an oil-fired power station of 1,200 MW (net) in Balochistan (Hub plant) and a 214 MW (net) oil-fired power station in Punjab (Narowal plant).

The Group consists of:

- The Hub Power Company Limited (the holding company);
- Laraib Energy Limited (the subsidiary) - Holding of 74.95%;
- Hub Power Holdings Limited (the subsidiary) - Holding of 100%; and
- Hub Power Services Limited (the subsidiary) - Holding of 100%.

Laraib Energy Limited, was incorporated in Pakistan on August 9, 1995 as a public limited company under the Companies Ordinance, 1984. The subsidiary owns a 84 MW hydropower generating complex near the New Bong Escape, which is 8 km downstream of the Mangla Dam in Azad Jammu & Kashmir. The plant commenced operations on March 23, 2013. As per the terms of the Power Purchase Agreement (PPA), the Reference Tariff approved by the National Electric Power Regulatory Authority (NEPRA) is to be adjusted at Commercial Operation Date (COD). The prior period results include the results of operations on the basis of reference tariff approved by NEPRA. During the period, NEPRA approved indexation of O&M components of tariff and allowed interim relief on certain components of the tariff. Accordingly revenue related thereto have been recognized in these condensed interim consolidated financial statements. The final tariff is yet to be determined by NEPRA.

During the quarter, the company has incorporated two wholly owned subsidiaries, Hub Power Services Limited (HPSL) and Hub Power Holdings Limited (HPHL). HPSL will manage the operation & maintenance of the power plants and HPHL will invest in new business opportunities in the power sector.

**Proposed Narowal Demerger**

Under the tax laws of Pakistan, if Narowal were demerged into a separate legal entity, it would have lost its tax exempt status from taxation on the income from power generation. The holding company requested the PPIB for the appropriate changes in the tax laws so that Narowal could be demerged into a separate legal entity. During the period, the holding company received the Economic Coordination Committee's (ECC) approval for the changes in tax laws to be incorporated enabling the holding company to demerge Narowal into a separate legal entity having the same tax exempt status, after demerger, as it enjoys now. The holding company has started the process to demerge Narowal into a separate legal entity. It is expected that this process will be completed by December 2015.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation followed for the preparation of these condensed interim consolidated financial statements are same as those applied in preparing the annual consolidated financial statements for the year ended June 30, 2014.

**3. BASIS OF PREPARATION**

These unaudited condensed interim consolidated financial statements for the third quarter ended March 31, 2015 have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of and directives issued under the Ordinance have been followed.

These condensed interim consolidated financial statements do not include all the information and disclosures as required in the annual consolidated financial statements and should be read in conjunction with the holding company's annual consolidated financial statements for the year ended June 30, 2014.

Note	3 months ended Mar 2015 (Rs. '000s)	3 months ended Mar 2014 (Rs. '000s)	9 months ended Mar 2015 (Rs. '000s)	9 months ended Mar 2014 (Rs. '000s)
<b>4. OPERATING COSTS</b>				
Fuel cost	19,962,387	37,623,837	86,339,707	105,298,563
Water use charges	18,303	15,234	54,207	46,234
Stores and spares	63,521	187,563	179,201	410,283
Operation and Maintenance	1,059,346	1,111,393	3,171,367	3,167,243
Insurance	233,468	271,310	697,161	813,556
Depreciation	910,956	856,078	2,724,144	2,660,394
Amortisation	1,397	2,683	6,763	12,112
Repairs, maintenance and other costs	480,733	226,036	966,399	1,223,137
	<u>22,730,111</u>	<u>40,294,134</u>	<u>94,138,949</u>	<u>113,631,522</u>
<b>5. OTHER EXPENSES</b>				
Write-off of damaged assets	5.1 381,794	-	381,794	-
Workers' profit participation fund	5.2 -	-	-	-
	<u>381,794</u>	<u>-</u>	<u>381,794</u>	<u>-</u>

5.1 This represents write-off of three damaged assets at Narowal plant. The incidents took place during the quarter and consequently resulted in shut down of three engines. These incidents are covered under holding company's insurance policies and are subject to the final assessments and approval by the insurers. Efforts were made to bring the engines back to the service in the shortest possible time and two engines were back in service whereas third one is expected to be back in service by August 2015.

Note	3 months ended	3 months ended	9 months ended	9 months ended
	Mar 2015	Mar 2014	Mar 2015	Mar 2014
	(Rs. '000s)	(Rs. '000s)	(Rs. '000s)	(Rs. '000s)
<b>5.2 WORKERS' PROFIT PARTICIPATION FUND</b>				
Provision for Workers' profit participation fund	90,823	47,467	328,149	221,961
Workers' profit participation fund recoverable from WAPDA / NTDC	(90,823)	(47,467)	(328,149)	(221,961)
	-	-	-	-

The holding company is required to pay 5% of its profit to the Workers' profit participation fund (the "Fund"). However, such payment does not affect the holding company's overall profitability because after payment to the Fund, the holding company bills this to WAPDA / NTDC as a pass through item under the PPAs.

Note	3 months ended	3 months ended	9 months ended	9 months ended
	Mar 2015	Mar 2014	Mar 2015	Mar 2014
	(Rs. '000s)	(Rs. '000s)	(Rs. '000s)	(Rs. '000s)
<b>6. FINANCE COSTS</b>				
Interest / mark-up on long term loans	912,232	995,278	2,812,552	3,014,484
Interest on finance lease	42,031	46,653	131,671	146,068
Mark-up on short term borrowings	259,891	406,560	1,250,828	867,962
Amortisation of transaction costs	37,201	32,184	116,173	74,154
Other finance costs	14,967	73,919	134,182	141,788
	1,266,322	1,554,594	4,445,406	4,244,456

Note	3 months ended	3 months ended	9 months ended	9 months ended
	Mar 2015	Mar 2014	Mar 2015	Mar 2014
	(Rs. '000s)	(Rs. '000s)	(Rs. '000s)	(Rs. '000s)
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>				
Operating property, plant and equipment			58,197,912	60,665,680
Capital work-in-progress				
Holding company			309,602	127,396
Subsidiary			152,087	73,426
			461,689	200,822
		7.1	58,659,601	60,866,502

7.1 Additions to property, plant and equipment during the period were Rs. 569,604 million and disposal of damaged assets therefrom at net book value were Rs. 388,900 million respectively.

#### 8. INVESTMENT IN AN ASSOCIATE

During the period, the holding company entered into a Shareholders Agreement with Engro Powergen Limited and Thal Limited for Joint Investment in Sindh Engro Coal Mining Company Limited (SECMC). The holding company has invested Rs. 240 million to acquire 16,194,332 Ordinary shares having face value of Rs. 10 each at a price of Rs. 14.82 per share representing shareholding of 6.3%. The holding company's total investment commitment in SECMC is USD 20 million and the remaining amount will be invested at or soon after SECMC achieving financial close which is expected to be achieved by December 2015. The investment in an associate will be accounted for under equity method of accounting.

Although the holding company has less than 20% equity interest in SECMC, the management of the holding company believes that the significant influence over the associate exists due to the holding company's representation on the Board of Directors of SECMC and participation in policy making process by virtue of Shareholders Agreement hence classified as an Associate.

#### 9. STORES, SPARES AND CONSUMABLES

This includes material purchased by the holding company for boiler rehabilitation works at Hub plant amounting to Rs. 680,918 million (June 2014: Rs. Nil) which will be charged to profit and loss account when consumed.

	Note	Mar 2015 (Rs. '000s) (Unaudited)	Jun 2014 (Rs. '000s) (Audited)
<b>10. TRADE DEBTS - Secured</b>			
Considered good	10.1	70,537,590	80,938,582

10.1 These receivables include an overdue amount of Rs. 58,282 million (June 2014: Rs. 61,540 million) from WAPDA and Rs. 5,519 million (June 2014: Rs. 4,776 million) from NTDC. These are not impaired because the trade debts are secured by a guarantee from the Government of Pakistan (GOP) under Implementation Agreements.

The delay in payments from WAPDA carries mark-up at State Bank of Pakistan (SBP) discount rate plus 2% per annum compounded semi-annually and the delay in payments from NTDC carries mark-up at a rate of three / six month KIBOR plus 2% to 4.5% per annum compounded semi-annually.

	Note	Mar 2015 (Rs. '000s) (Unaudited)	Jun 2014 (Rs. '000s) (Audited)
<b>11. LONG TERM LOANS - Secured</b>			
<i>Holding company</i>			
Hub plant		1,417,729	2,396,791
Narowal plant		15,775,336	16,967,786
Laraib's investment		3,739,252	4,192,467
Musharaka agreement	11.1	2,500,000	-
		23,432,317	23,557,044
Less : Current portion of long term loans		(3,886,168)	(3,523,184)
Long term loans of the holding company		19,546,149	20,033,860
<i>Subsidiary</i>			
Laraib plant		11,060,824	11,962,840
Less : Current portion of long term loans		(1,166,151)	(1,137,428)
Long term loans of the subsidiary		9,894,673	10,825,412
		29,440,822	30,859,272

11.1 During the period, the holding company entered into a long term Musharaka arrangement with a bank for an amount of Rs. 2,500 million to finance boiler rehabilitation works at Hub Plant. The facility is repayable in sixteen equal installments on quarterly basis at a mark-up rate of 3 month KIBOR plus 1.10% per annum. The mark-up is payable on quarterly basis in arrear. Any late payment by the holding company is subject to a markup of 14% per annum. This loan is secured by way of second ranking / subordinated charge over all present and future assets (excluding land and buildings) pertaining to Hub River Project of the holding company other than: (i) assets relating to the Narowal power plant, (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the holding company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal project); and (iv) present and future shares acquired in the subsidiary including bonus shares and right shares.

## 12. TRADE AND OTHER PAYABLES

This includes Rs. 51,570 million (June 2014: Rs. 57,680 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 45,154 million (June 2014: Rs. 52,608 million).

The delay in payments to PSO carries mark-up at SBP discount rate plus 2% per annum compounded semi-annually.

	Note	Mar 2015 (Rs. '000s) (Unaudited)	Jun 2014 (Rs. '000s) (Audited)
<b>13. SHORT TERM BORROWINGS - Secured</b>			
Finances under mark-up arrangements	13.1 to 13.3	8,745,094	16,878,118

13.1 The facilities for running finance available to the holding company from various banks / financial institutions amounted to Rs. 27,365 million (June 2014: Rs. 25,165 million) at mark-up ranging between 0.70% to 3.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities will expire during the period from March 31, 2015 to March 31, 2016. Any late payment by the holding company is subject to an additional payment of 1.00% to 2.00% per annum above the normal mark-up rate.

13.1.1 The facilities amounting to Rs. 22,440 million (June 2014: Rs. 20,240 million) are secured by way of charge over the trade debts and stocks of the holding company pari passu with the existing charge.

13.1.2 The facilities amounting to Rs. 4,925 million (June 2014: Rs. 4,925 million) are secured by way of:

- (a) a first ranking charge on all present and future (i) amounts standing to the credit of the Energy Payment Collection Account and the Master Facility Account, (ii) Fuel, lube, fuel stocks at the Narowal plant and Spares parts; and (iii) the Energy Payment Receivables of Narowal plant.

- (b) a subordinated charge on all present and future plant, machinery and equipment and other moveable assets of the Narowal plant excluding: (i) the immovable properties; (ii) Hypothecated Assets under first ranking charge; (iii) the Energy Payment Collection Account, Working Capital Facility Accounts and the Master Facility Account; (iv) the Energy Payment Receivables; (v) all of the Project Company's right, title and interest in the Project Documents (including any receivables thereunder); and (vi) all current assets.

13.1.3 This includes a sum of Rs. 775 million (June 2014: Rs. 275 million) payable to an associated undertaking of the holding company. The available facilities amounted to Rs. 775 million (June 2014: Rs. 275 million). These facilities are secured by way of securities mentioned in note 13.1.1 and 13.1.2.

13.2 The holding company also has Murabahah facility agreements with banks for an amount of Rs. 625 million (June 2014: Rs. 625 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on August 29, 2015. Any late payment by the holding company is subject to an additional payment of 4.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 13.1.2.

13.3 The holding company also entered into a Musharaka agreement amounting to Rs. 635 million (June 2014: Rs. 635 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on October 31, 2015. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 13.1.2 (a).

13.4 The holding company also entered into a Musharaka agreement amounting to Rs. 400 million (June 2014: Nil) at a mark-up of 0.70% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on June 30, 2015. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 13.1.1.

#### 14. COMMITMENTS AND CONTINGENCIES

There is no material change in the status of contingencies and commitments as disclosed in the annual consolidated financial statements of the holding company for the year ended June 30, 2014 except as follows:

14.1 In 1998, the Federal Board of Revenue ("FBR") made assessments under section 52/86 of the Income Tax Ordinance, 1979 ["ITO,79"] amounting to Rs. 1,896 million stating that the holding company did not withhold tax at the time of issue of shares to sponsors against project development costs incurred by them. The holding company deposited Rs. 297 million against the above assessments in accordance with the departmental procedures prevalent at that time. Appeals filed by the holding company before the Commissioner of Income tax (Appeals) [the "CIT (A)"] and thereafter with the Income Tax Appellate Tribunal ("ITAT") were decided against the holding company. Against the decision of the ITAT, the holding company filed appeals before the High Court ("HC") which were also decided against the holding company in March 2012. Against the decision of the HC, the holding company filed further appeals before the Honourable Supreme Court of Pakistan ("SCP").

In order to restrict the penal exposure of the holding company, in May 2012 the holding company availed the scheme offered by the FBR vide SRO 547(1)/2012 dated May 22, 2012 and made payment of Rs. 1,615 million. In July 2014, the SCP decided the case in favor of the holding company. The FBR is seeking a review of the SCP decision and has filed a review petition before the SCP which is pending adjudication.

14.2 (i) Under the Implementation Agreement (IA) with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, the tax authorities issued a tax demand for the tax years 2006-2010 amounting to Rs. 143 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The holding company's appeal before the Commissioner of Inland Revenue Appeals (CIR-A) and the Appellate Tribunal Inland Revenue ("ATIR") were rejected. Against the order of the ATIR the holding company filed Income Tax Reference Applications (ITRAs) before the Honourable Islamabad High Court (IHC). The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. The ATIR re-heard the appeals and has decided against the holding company. The holding company filed appeals before the IHC which were heard during November 2014 and the judgements were reserved. The holding company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 234.5 million.

The management and their tax and legal advisors are of the opinion that the position of the holding company is sound on technical basis and eventual outcome ought to be in favour of the holding company. Pending the resolution of the matters stated above, no provision has been made in these condensed interim consolidated financial statements.

(ii) FBR also imposed 2% WWF for tax years 2006-2010 and issued a demand for Rs. 191 million which was subsequently reduced to Rs. 8 million by the CIR-A. The holding company's appeals filed in IHC mentioned in (i) above also included this matter. The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. The ATIR re-heard the appeals and decided against the holding company. The holding company filed appeals before the IHC which were heard during November 2014 and judgements were reserved. The holding company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 10.4 million.

WWF is a pass through under the PPA and is recoverable from the WAPDA. No provision has been made in these condensed interim consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

14.3 (i) Under the IA with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, during March 2014, the FBR issued tax demand for the tax year 2011 amounting to Rs. 3.2 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. Appeals filed by the holding company before the CIR-A and thereafter with the ATIR were decided against the holding company. The holding company filed appeal with the IHC which was heard during November 2014 and the judgements were reserved. The holding company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 3.9 million.

The management and their tax and legal advisors are of the opinion that the position of the holding company is sound on technical basis and eventual outcome ought to be in favour of the holding company. Pending the resolution of the matter stated above, no provision has been made in these condensed interim consolidated financial statements.

- (ii) FBR also imposed 2% WWF for the tax year 2011 and issued a demand for Rs. 108.5 million. Appeals filed by the holding company before the CIR-A and thereafter with the ATIR were decided against the holding company. The holding company filed appeal with the IHC which was heard during November 2014 and the judgements were reserved. The holding company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 117 million.

WWF is a pass through under the PPA and is recoverable from WAPDA. No provision has been made in these condensed interim consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

- 14.4 (i) Under the IA with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, during March 2015, the FBR issued tax demand for the tax year 2013 amounting to Rs. 3.6 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The holding company filed appeal before the CIR-A which is pending adjudication. The holding company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 3.6 million.

The management and their tax and legal advisors are of the opinion that the position of the holding company is sound on technical basis and eventual outcome ought to be in favour of the holding company. Pending the resolution of the matters stated above, no provision has been made in these condensed interim consolidated financial statements.

- (ii) FBR also imposed 2% WWF for the tax year 2013 and issued a demand for Rs. 187.8 million. Appeal filed by the holding company before the CIR-A is pending adjudication. The holding company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 187.8 million.

WWF is a pass through under the PPA and is recoverable from the WAPDA. No provision has been made in these condensed interim consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

- 14.5 (i) The FBR passed an order for the recovery of sales tax amounting to Rs. 4,001 million relating to fiscal year ended June 2012. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which also decided the case against the holding company. Against the decision of ATIR, the holding company filed appeal with IHC which is pending adjudication. The holding company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 6,174 million.

- (ii) During the period, the FBR issued a Show Cause Notice to recover sales tax amounting to Rs. 5,008 million relating to fiscal year ended June 2014. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the IHC which issued notice to FBR and has directed the FBR not to pass any final order. The holding company's maximum exposure as at March 31, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 5,008 million.

The management and their tax and legal advisors are of the opinion that the position of the holding company is sound on technical basis and eventual outcome ought to be in favour of the holding company. Pending the resolution of the matters stated above, no provision has been made in these condensed interim consolidated financial statements.

- 14.6 Under the Operation and Maintenance (O&M) agreement for the Hub plant, the holding company pays fixed and variable fees to the operator. On January 17, 2015, the FBR passed an order amounting to Rs. 1,034 million relating to the tax years 2010 to 2013 for the recovery of Federal Excise Duty (FED). The FBR is of the view that the O&M is a franchise agreement and not a service agreement and payments made thereon are in nature of technical fees which are subject to FED. The holding company has filed appeal before the CIR-A which is pending adjudication.

The management and their tax and legal advisors are of the opinion that the position of the holding company is sound on technical basis and eventual outcome ought to be in favour of the holding company. Pending the resolution of the matters stated above, no provision has been made in these condensed interim consolidated financial statements.

- 14.7 In January 2015, the holding company gave notice to the Operator of its Hub Plant for the termination of the Operations & Maintenance (O&M) Agreement. As per the O&M Agreement, the holding company is required to serve 12 months prior written notice, however, the parties may also mutually decide to reduce the notice period. It has been agreed between the parties to work together to target the termination of the O&M contract on June 30, 2015 after which the holding company will manage the Operations & Maintenance of the Hub Plant through a 100% owned subsidiary, Hub Power Services Limited. Pursuant to the terms of Termination Agreement with the Operator, the holding company is required to pay an amount of US\$ 3.80 million, if the termination is achieved by June 30, 2015. In addition, the Company will be purchasing certain spares from the Operator after mutually carrying out a physical count. In the initial years, the Company may incur additional expenditures on the operation & maintenance of the power plant which cannot be measured reliably at this stage.

## 15. SEGMENT INFORMATION

### 15.1 SEGMENT ANALYSIS

The unallocated items of profit and loss relate to costs incurred by the holding company for investment in Laraiab, holding company's share of profit of SECMC and expenses relating to HPSL and HPHL. The unallocated assets and liabilities represent the holding company's investment in SECMC, amount payable by the holding company for investment in Laraiab and liabilities relating to HPSL and HPHL.

	3 months ended Mar 2015				
	Hub plant	Narowal plant	Laraiab plant	Unallocated	Total
	(Rs. '000s)				
Turnover	20,681,813	5,119,460	2,163,899	-	27,965,172
Operating costs	(18,403,160)	(3,937,106)	(389,845)	-	(22,730,111)
<b>GROSS PROFIT</b>	<b>2,278,653</b>	<b>1,182,354</b>	<b>1,774,054</b>	<b>-</b>	<b>5,235,061</b>
General and administration expenses	(202,183)	(48,904)	(33,575)	(1,149)	(285,811)
Other income	3,510	781	30,341	-	34,632
Other expenses	-	(381,794)	-	-	(381,794)
Share of profit of an associate	-	-	-	1,321	1,321
<b>PROFIT FROM OPERATIONS</b>	<b>2,079,980</b>	<b>752,437</b>	<b>1,770,820</b>	<b>172</b>	<b>4,603,409</b>
Finance costs	(265,353)	(633,206)	(246,700)	(121,063)	(1,266,322)
<b>PROFIT BEFORE TAXATION</b>	<b>1,814,627</b>	<b>119,231</b>	<b>1,524,120</b>	<b>(120,891)</b>	<b>3,337,087</b>
Taxation	-	(225)	-	(401)	(626)
<b>PROFIT FOR THE PERIOD</b>	<b>1,814,627</b>	<b>119,006</b>	<b>1,524,120</b>	<b>(121,292)</b>	<b>3,336,461</b>
	3 months ended Mar 2014				
	Hub plant	Narowal plant	Laraiab plant	Unallocated	Total
	(Rs. '000s)				
Turnover	36,004,212	7,390,902	865,997	-	44,261,111
Operating costs	(33,672,585)	(6,297,102)	(324,447)	-	(40,294,134)
<b>GROSS PROFIT</b>	<b>2,331,627</b>	<b>1,093,800</b>	<b>541,550</b>	<b>-</b>	<b>3,966,977</b>
General and administration expenses	(128,251)	(26,548)	(25,558)	(806)	(181,163)
Other income	3,000	2,013	13,022	-	18,035
Other expenses	-	-	-	-	-
Share of profit of an associate	-	-	-	-	-
<b>PROFIT FROM OPERATIONS</b>	<b>2,206,376</b>	<b>1,069,265</b>	<b>529,014</b>	<b>(806)</b>	<b>3,803,849</b>
Finance costs	(354,456)	(741,390)	(334,756)	(123,992)	(1,554,594)
<b>PROFIT BEFORE TAXATION</b>	<b>1,851,920</b>	<b>327,875</b>	<b>194,258</b>	<b>(124,798)</b>	<b>2,249,255</b>
Taxation	-	(711)	-	(267)	(978)
<b>PROFIT FOR THE PERIOD</b>	<b>1,851,920</b>	<b>327,164</b>	<b>194,258</b>	<b>(125,065)</b>	<b>2,248,277</b>
	9 months ended Mar 2015				
	Hub plant	Narowal plant	Laraiab plant	Unallocated	Total
	(Rs. '000s)				
Turnover	84,900,003	19,220,879	4,425,597	-	108,546,479
Operating costs	(77,771,524)	(15,238,716)	(1,128,709)	-	(94,138,949)
<b>GROSS PROFIT</b>	<b>7,128,479</b>	<b>3,982,163</b>	<b>3,296,888</b>	<b>-</b>	<b>14,407,530</b>
General and administration expenses	(507,069)	(109,193)	(87,077)	(1,172)	(704,811)
Other income	12,212	4,733	74,500	-	91,445
Other expenses	-	(381,794)	-	-	(381,794)
Share of profit of an associate	-	-	-	1,321	1,321
<b>PROFIT FROM OPERATIONS</b>	<b>6,633,622</b>	<b>3,495,609</b>	<b>3,284,311</b>	<b>149</b>	<b>13,413,691</b>
Finance costs	(1,015,365)	(2,175,695)	(868,259)	(388,087)	(4,447,406)
<b>PROFIT BEFORE TAXATION</b>	<b>5,618,257</b>	<b>1,321,914</b>	<b>2,416,052</b>	<b>(387,938)</b>	<b>8,968,285</b>
Taxation	(108)	(1,323)	-	(1,137)	(2,368)
<b>PROFIT FOR THE PERIOD</b>	<b>5,618,149</b>	<b>1,320,791</b>	<b>2,416,052</b>	<b>(389,075)</b>	<b>8,965,917</b>

..... 9 months ended Mar 2014 .....

	Hub plant	Narawal plant	Larai plant	Unallocated	Total
	..... (Rs. '000s) .....				
Turnover	99,114,822	22,100,564	2,780,173	-	123,995,559
Operating costs	(93,525,304)	(19,036,543)	(1,069,675)	-	(113,631,522)
<b>GROSS PROFIT</b>	<b>5,589,518</b>	<b>3,064,021</b>	<b>1,710,498</b>	<b>-</b>	<b>10,364,037</b>
General and administration expenses	(342,116)	(73,186)	(89,299)	(1,399)	(506,000)
Other income	62,474	8,849	34,421	-	105,744
Other expenses	-	-	-	-	-
Share of profit of an associate	-	-	-	-	-
<b>PROFIT FROM OPERATIONS</b>	<b>5,309,876</b>	<b>2,999,684</b>	<b>1,655,620</b>	<b>(1,399)</b>	<b>9,963,781</b>
Finance costs	(831,820)	(2,111,634)	(924,053)	(376,949)	(4,244,456)
<b>PROFIT BEFORE TAXATION</b>	<b>4,478,056</b>	<b>888,050</b>	<b>731,567</b>	<b>(378,348)</b>	<b>5,719,325</b>
Taxation	-	(2,248)	-	(685)	(2,933)
<b>PROFIT FOR THE PERIOD</b>	<b>4,478,056</b>	<b>885,802</b>	<b>731,567</b>	<b>(379,033)</b>	<b>5,716,392</b>

#### 15.2 SEGMENT ASSETS & LIABILITIES

..... (Unaudited) .....

Mar 2015

	Hub plant	Narawal plant	Larai plant	Unallocated	Total
	..... (Rs. '000s) .....				
<b>TOTAL ASSETS</b>	<b>86,890,287</b>	<b>29,644,740</b>	<b>25,503,065</b>	<b>244,983</b>	<b>142,283,075</b>
<b>TOTAL LIABILITIES</b>	<b>67,531,506</b>	<b>21,846,886</b>	<b>14,638,927</b>	<b>3,960,790</b>	<b>107,978,109</b>

..... (Audited) .....

Jun 2014

	Hub plant	Narawal plant	Larai plant	Unallocated	Total
	..... (Rs. '000s) .....				
<b>TOTAL ASSETS</b>	<b>95,902,749</b>	<b>34,654,102</b>	<b>24,647,693</b>	<b>290</b>	<b>155,204,834</b>
<b>TOTAL LIABILITIES</b>	<b>74,025,071</b>	<b>26,051,673</b>	<b>16,216,059</b>	<b>4,310,319</b>	<b>120,603,122</b>

## 16. RELATED PARTY TRANSACTIONS AND BALANCES

Related party comprises associated companies, companies where directors also hold directorship, retirement benefits fund and key management personnel. Significant transactions and balances with related parties, other than those which have been disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

### 16.1 Details of Transactions

	Note	9 months ended Mar 2015 (Rs. '000s)	9 months ended Mar 2014 (Rs. '000s)
<b>Associated Undertakings</b>			
Interest income on placement of funds		-	17,939
Amounts paid for the purchase of assets		-	9,247
Amounts paid for services rendered		6,969	9,936
Donation		5,000	10,000
Reimbursement of expense		-	32
Repayment of long term loans		98,674	658,565
Interest / mark-up on long term loans		112,710	391,636
Mark-up on short term borrowings		40,809	11,341
Other finance costs		51	11,084
<b>Other related parties</b>			
Other income		327	-
Mark-up on short term borrowings		-	49
Repayment of short term borrowings and related mark-up		-	15,537
<b>Remuneration to key management personnel</b>			
Salaries, benefits and other allowances		106,211	88,611
Retirement benefits		7,384	12,066
	16.1.1	113,595	100,677
Directors' fee	16.1.2	13,350	11,400
Reimbursement of expenses to a director		310	-
Contribution to staff retirement benefit plans		11,300	7,616

16.1.1 Transactions with key management personnel are carried out under the terms of their employment. Key management personnel are also provided with the use of Company maintained automobiles and certain other benefits.

16.1.2 This represents fee paid to Board of Directors for attending meetings.

16.1.3 The transactions with related parties are made under normal commercial terms and conditions.

### 16.2 Details of Outstanding Balances

	Mar 2015 (Rs. '000s) (Unaudited)	Jun 2014 (Rs. '000s) (Audited)
<b>Associated Undertakings</b>		
Outstanding balance of long term loans	1,166,389	1,265,062
Accrued markup on long term loans	40,638	39,913
Accrued markup on short term borrowings	5,320	2,207

	Mar 2015 (Rs. '000s)	Mar 2014 (Rs. '000s)
<b>17. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	2,983,829	2,293,394
Finances under mark-up arrangements	<u>(8,745,094)</u>	<u>(12,004,333)</u>
	<u>(5,761,265)</u>	<u>(9,710,939)</u>

**18. SUBSEQUENT EVENTS**

18.1 The holding company entered into a Joint Venture Agreement (JVA) with the China Power International Holding Limited (CPIH) to target the development of 2 x 660 MW Coal based Power Plant at Hub Site. As per the terms of JVA, the holding company will have 49% equity interest and CPIH will have 51% equity interest in the project. The holding company and CPIH have jointly applied for issuance of Letter of Intent to the Private Power and Infrastructure Board (PIPB).

18.2 The holding company has entered into a facility agreement with MCB Bank Limited for issuance of guarantee in favour of the PPIB for an amount of USD 0.647 million (holding company's share) for the development of the above project. This facility is valid for one year from the date of agreement (i.e. April 03, 2015) and is secured by way of securities mentioned in note 13.1.1.

**19. DATE OF AUTHORISATION**

These condensed interim consolidated financial statements were authorised for issue on April 30, 2015 in accordance with the resolution of the Board of Directors of the holding company.

**20. GENERAL.**

Figures have been rounded off to the nearest thousand rupees.



Khalid Mansoor  
Chief Executive



Ruhail Mohammed  
Director