



**The Hub Power Company Limited**

Unaudited Financial Statements  
for the Nine Months ended  
March 31, 2016

## Contents

| <b>The Hub Power Company Limited</b>                               | <b>Page</b> |
|--|-------------|
| Company Information  | 3           |
| Directors' Report in English                                       | 6           |
| Directors' Report in Urdu  | 11          |
| Condensed Interim Unconsolidated Profit & Loss Account             | 16          |
| Condensed Interim Unconsolidated Statement of Comprehensive Income | 17          |
| Condensed Interim Unconsolidated Balance Sheet                     | 18          |
| Condensed Interim Unconsolidated Cash Flow Statement               | 19          |
| Condensed Interim Unconsolidated Statement of Changes in Equity    | 20          |
| Notes to the Condensed Interim Unconsolidated Financial Statements | 21          |
| <b>The Hub Power Company Limited and its Subsidiary Company</b>    |             |
| Condensed Interim Consolidated Profit & Loss Account               | 29          |
| Condensed Interim Consolidated Statement of Comprehensive Income   | 30          |
| Condensed Interim Consolidated Balance Sheet                       | 31          |
| Condensed Interim Consolidated Cash Flow Statement                 | 32          |
| Condensed Interim Consolidated Statement of Changes in Equity      | 33          |
| Notes to the Condensed Interim Consolidated Financial Statements   | 34          |

## **Company Information**

### **Board of Directors**

|                           |                 |
|---------------------------|-----------------|
| Hussain Dawood            | Chairman        |
| Khalid Mansoor            | Chief Executive |
| Andalib Alavi             |                 |
| Syed Muhammad Ali         |                 |
| Iqbal Alimohamed          |                 |
| Ahmed Iqbal Ashraf        | NBP Nominee     |
| Abdul Fatah Bhangar       | GOB Nominee     |
| Abdul Samad Dawood        |                 |
| Shahzada Dawood           |                 |
| Shahid Ghaffar            |                 |
| Qaiser Javed              |                 |
| Ruhail Mohammed           |                 |
| Muhammad Waseem Mukhtar   |                 |
| Owais Shahid              |                 |
| Syed Khalid Siraj Subhani |                 |

### **Audit Committee**

|                         |          |
|-------------------------|----------|
| Iqbal Alimohamed        | Chairman |
| Andalib Alavi           |          |
| Syed Ahmed Iqbal Ashraf |          |
| Abdul Fattah Bhangar    |          |
| Shahid Ghaffar          |          |
| Qaiser Javed            |          |
| Owais Shahid            |          |
| Ruhail Mohammed         |          |

### **Company Secretary**

Shamsul Islam

**Management Committee**

Khalid Mansoor  
Tahir Jawaid  
Abdul Nasir  
Nazoor Baig  
Syed Hasnain Haider  
Saleemullah Memon  
Shamsul Islam  
Mohammad Kaleem Khan  
M. Inam Ur Rehman Siddiqui

**Registered & Head Office**

11th Floor, Ocean Tower  
Block-9, main Clifton road, Karachi

Email: [Info@hubpower.com](mailto:Info@hubpower.com)  
Website: <http://www.hubpower.com>

**Principal Bankers**

Allied Bank of Pakistan  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Bank Islami Pakistan Limited  
Bank of Punjab  
Burj Bank Limited  
Citibank N.A. Pakistan  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial & Commercial Bank of China  
MCB Bank Limited  
Meezan Bank Limited

National Bank of Pakistan  
NIB Bank Limited  
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**

Habib Bank Limited  
Allied Bank Limited  
NIB Bank Limited

**Legal Advisors**

RIAA Barker Gillette

**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, 2016

The Board of Directors of the Company are pleased to present the consolidated and unconsolidated unaudited financial statements for nine months ended March 31, 2016.

### 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 is situated at Mouza Kund, Hub in Balochistan. It supplies reliable and uninterrupted electricity to the National grid. Our Narowal Plant is also an RFO-fired, engine based, combined cycle power station, located at Mouza Poong, Narowal in Punjab. The Company also holds 75% controlling interest in Laraib Energy Limited which owns and operates a run-off-the-river hydel power plant near the New Bong Escape, 8 km downstream of Mangla Dam in Azad Jammu and Kashmir.

The Company has established wholly owned subsidiaries for its future growth initiatives. Hub Power Holdings Limited (HPHL) has been incorporated to invest in the imported coal based 2x660 MW power project and future expansion initiatives, while Hub Power Services Limited (HPSL) has been incorporated to manage O&M of its existing power assets, its upcoming coal project and explore O&M business opportunities onshore and offshore. Another subsidiary Narowal Energy Limited has been incorporated to take over the assets and liabilities of Narowal plant post its demerger under the Companies Ordinance. The Company also has option to set up a 330 MW mine mouth power plant at Thar coal block II.

The Company is also investing USD 20 million in Sindh Engro Coal Mining Company Limited (SECMC), a joint venture between Engro, Thal Limited, HBL, CMEC, Hubco and Government of Sindh, to develop a coal mine at Thar which has the seventh largest reserve of coal in the world.

The Hub Power Company is listed on the Pakistan Stock Exchange and its Global Depository Receipts (GDRs) are listed on the Luxembourg Stock Exchange.

### Financial Highlights

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

|                                 | Quarter ended<br>March 31, 2016 | Quarter ended<br>March 31, 2015 | Nine months ended<br>March 31, 2016 | Nine months<br>ended March<br>31, 2015 |
|---------------------------------|---------------------------------|---------------------------------|-------------------------------------|--|
|                                 | <b>Rs. In Million</b>           |                                 |                                     |  |
| <b>Turnover</b>                 | <b>19,471</b>                   | 27,965                          | <b>69,752</b>                       | 108,546                                |
| <b>Operating costs</b>          | <b>14,996</b>                   | 22,730                          | <b>56,505</b>                       | 94,139                                 |
| <b>Net Profit*</b>              | <b>3,035</b>                    | 2,953                           | <b>8,343</b>                        | 8,356                                  |
| <b>Earnings per share (Rs.)</b> | <b>2.62</b>                     | 2.55                            | <b>7.21</b>                         | 7.22                                   |

\*Attributable to the Owners of holding company

Consolidated earnings per share for the period under review was Rs. 7.21 compared to Rs. 7.22 last year. The decrease in consolidated earnings is mainly due to net effect of impact of interim relief received to Laraib Energy Limited (LEL) last year, as a part of LEL tariff true-up process, share of loss from associates, higher repair and maintenance expenditure due to boiler rehabilitation work, savings due to self-operation and maintenance of Hub Plant and lower LEL revenue due to final tariff approval by NEPRA. LEL is also planning to file a review petition against the final tariff approved by NEPRA. Accordingly, the differential impact, if any, will be recognized in the period in which it is approved.

Unconsolidated net profit earned by the Company during the nine months period under review was Rs. 8,280 million, resulting in earnings per share of Rs. 7.16 compared to a net profit of Rs. 6,561 million and earnings per share of Rs. 5.67 last year. The increase in profit is mainly due to net effect of dividend received from Laraib Energy Limited, savings due to self-operation and maintenance of Hub Plant and higher repair and maintenance expenditure due to boiler rehabilitation work.

### Operational Highlights

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

|                      | Unit | Quarter ended<br>March 31, 2016 | Quarter ended<br>March 31, 2015 | Nine Months<br>ended<br>March 31, 2016 | Nine Months<br>ended<br>March 31, 2015 |
|----------------------|------|---------------------------------|---------------------------------|--|--|
| <b>Hub Plant</b>     |      |                                 |                                 |  |  |
| Generation           | GWh  | <b>1,936</b>                    | 1,652                           | <b>5,624</b>                           | 5,099                                  |
| Load Factor          | %    | <b>74</b>                       | 64                              | <b>71</b>                              | 65                                     |
| <b>Narowal Plant</b> |      |                                 |                                 |  |  |
| Generation           | GWh  | <b>299</b>                      | 350                             | <b>869</b>                             | 1,095                                  |
| Load Factor          | %    | <b>64</b>                       | 75                              | <b>62</b>                              | 78                                     |
| <b>Laraib Energy</b> |      |                                 |                                 |  |  |
| Generation           | GWh  | <b>124</b>                      | 122                             | <b>414</b>                             | 361                                    |
| Load Factor          | %    | <b>68</b>                       | 67                              | <b>75</b>                              | 65                                     |

#### Hub Plant

During the quarter under review, plant operated at an average load factor of 74% against the plan of 75%. Available capacity was 88% against the plan of 84%. Electricity sold to WAPDA was 1,936 GWh as compared to planned dispatch of 1,976 GWh. During the quarter generation was slightly lower than plan due to curtailment by WAPDA.

The total allowance of equivalent weighted unit forced outage and partial derating energy for the Operating Year (April 2015- Mar 2016) is 960 GWh. During this quarter 19.2 GWh of forced outage allowance was consumed. Up to the end of this quarter a cumulative of 56.2% of forced outage allowance has been consumed.

Unit 2 Scheduled Outage started on February 01, 2016 for its minor inspection; the unit returned to service on February 20, 2016

Unit 4 Scheduled Outage started on February 25, 2016 to carryout inspection of its Turbine Bearing and other minor inspections. The Unit returned to service on March 18, 2016.

### **Narowal Plant**

During the quarter Net Electric Output (NEO) was 299GWh (2014-15 Q 3 was 350 GWh) vs plan 376 GWh. The load factor for Narowal Plant for Q 3 64% (2014-15 was 75%) vs plan of 80%

The plant safely completed 30,000 running hour maintenance of Engine no 8 & 1. Cylinder head valve replacement activities were performed on Engine no 9, 3, 1 & 11.

### **Laraib Energy Limited**

During the 9 months under review, the average availability of Laraib Plant was 99% against plan of 93%, reflecting operational reliability of the Complex. Higher generation, for the 9 months under review was due to better Complex availability and better hydrology received from Mangla Power Plant and significant reduction in the number of Annual Maintenance days, as compared to the same period last year. Complex completed its 3rd Agreement Year (AY) on March 22, 2016, ending on a high note of operational performance, generating 530 GWh of green energy as compared to 526 GWh in 2nd AY.

Company is continuing its pursuit for excellence in the domain of HSE, Operations and HR. DuPont HSE system development is in progress and initiatives on Operational Excellence related to process improvements and cost optimization are being implemented in line with the Corporate strategy; one such Operational Excellence initiative on “Annual Maintenance Days Optimization” was completed successfully resulting in saving of 16 days from Annual Maintenance schedule and additional generation of 7 million units of green energy.

### **2x660 MW Coal Project**

Hubco through its wholly owned subsidiary Hub Power Holdings Limited (HPhL), which is responsible for all Project related expenses, is developing the 2x660MW imported Coal based Power Project with an integrated jetty to be constructed at the existing Hub Site. The project company China Power Hub Generation Company (Pvt.) Ltd. (CPHGC) is a joint venture between HPhL and China Power International (Pakistan) Investment Limited (a Hong Kong based company formed by China Power International Holdings Limited) for the investment in the Project.

To expedite the project through funding from China, the Company has offered China Power International Holdings (CPIH) 74% equity stake in the project. However, Hubco has the right to increase its equity from current 26% to 49% by the commercial operation date.

CPHGC has accepted the upfront tariff announced by NEPRA for the coal based power project. LOS for the project has been issued on April 12, 2016.

As an integral part of Project development, Hubco conducted an Environmental and Social Impact Assessment (ESIA) study, carried out by renowned consultants Hagler Bailey. The report was submitted to Balochistan Environmental Protection Agency (BEPA) in June 2015. After the review of the report and subsequent public hearing, BEPA has granted China Power Hub Generation Company (CPHGC) NOC in April 2016 to initiate power plant construction. NOC for jetty is in process and will be received in due course.

CPHGC has finalized the EPC contractors for the plant and the EPC agreement has been initiated. Bids for coal jetty EPC contract have been received and technical and commercial viability of the bids is being evaluated. CPHGC is also engaged with leading Chinese banks to achieve timely Financial close and has inducted China Development Bank as the lead arranger. CPHGC is in negotiations with major global coal suppliers for entering into long term coal supply agreements.

#### **Investment in Sindh Engro Coal Mining Company (SECMC)**

Post the Shareholders Agreement between Engro, Thal Limited, HBL, CMEC and Hubco, SECMC has signed key financing agreements with Chinese and Pakistani lenders for loan amount of USD 634 million. SECMC has achieved its financial close in April 2016.

#### **Narowal Demerger**

Following the approval of the Board, Narowal Energy Limited (NEL) has been incorporated for the demerger of the Narowal Plant into a separate legal entity. The draft Scheme of Arrangement for the demerger of the Narowal Plant into NEL will be filed in Court after obtaining requisite approvals, for sanctioning the proposed demerger.

#### **330MW Plant at Thar**

Utilizing the coal supply option that the Company has by virtue of its investment in SECMC, the Company is also considering setting up a 330MW mine mouth power plant at Thar in partnership with other investors. The Company has also applied for the LOI from PPIB to set up the project

#### **Repayment of long-term loan**

The Company has repaid the last of its long-term debt obtained for financing the Hub plant project in 1993. National Bank of Pakistan (NBP) nominee director on the Board of the Company, by virtue of the loan repayment, now stands retired.

#### **Change in CEO's Remuneration**

Remuneration of the Company's Chief Executive Officer, Mr. Khalid Mansoor, was revised on February 16, 2016. This revision is effective from November 01, 2015. His remuneration will now be Rs.71.30 Million per annum. The other remaining terms and conditions of his employment contract remain unchanged and the Company will provide him with all benefits, allowances and perquisites which he is entitled to as per Company Policies. His remuneration is subject to such increments/adjustments as the Board deems appropriate.

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

The Company and its subsidiaries have actively participated in contributing towards the welfare of the society at large and remained focused on their ethical values of improving the living standards of the local communities. During the period under review, the Company continued undertaking initiatives of developing the Community Physical Infrastructure (CPI); provision of Basic and Technical Education; Health and various Livelihood Interventions in areas around its plants.

#### **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. Company's HSE strategy focuses on business growth while following benchmark HSE standards.

**Dividend Guideline**

The Board is cognizant of the investments made by the shareholders into the Company and appreciates the confidence and trust of its shareholders. After successfully paying the last tranche of the long-term debt of its flagship Hub Plant, the Company has more freedom to decide the timing of dividend declaration.

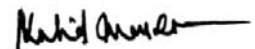
The Company would like to apprise its investors and stakeholders that going forward, the Company would declare quarterly dividends. As Hubco expands its investments in the energy sector, a minimum of Rs. 1.5 per share would be paid on quarterly basis. After considering the financial performance and cash flow requirements, the Company would adjust the dividend in the third quarter of the financial year so that shareholders can receive the dividend sooner.

**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 consolidated and unconsolidated financial statements for the nine-months ended March 31, 2016 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 its shareholders, operators, employees and contractors for their confidence in the company and their tireless efforts in driving the Company on the path of growth and prosperity.

By Order of the Board



Khalid Mansoor  
Chief Executive

Karachi – April 28, 2016

## 31 مارچ 2016 کو ختم ہونے والے 9 ماہ کیلئے مجموعی اور غیر مجموعی، خالص مالی گوشواروں پر ڈائریکٹران کی رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز بمسرت 31 مارچ 2016 کو ختم ہونے والے 9 ماہ کیلئے مجموعی اور غیر مجموعی، غیر آڈٹ شدہ مالی گوشوارے پیش کرتے ہیں۔  
کمپنی :

حب پاور کمپنی ملک کی بجلی پیدا کرنے والی سب سے بڑی خود مختار پاور کمپنی (IPP) ہے جسکی بجلی کی مجموعی پیداواری صلاحیت 1600 میگا واٹ سے زیادہ ہے۔ ہمارا حب پلانٹ جو موضع کنڈ، حب، بلوچستان میں واقع ہے۔ پاکستان کا جدید ترین آریف اوٹھریل پاور پلانٹ ہے۔ یہ نیشنل گرڈ کو قابل بھروسہ اور مسلسل بجلی فراہم کرتا ہے۔ ہمارا نارووال پلانٹ بھی آریف اوٹھریل بیسڈ ہے۔ جو کباتن سائیکل پاور اسٹیشن ہے۔ یہ پنجاب کے ضلع نارووال میں موضع پنگ کے مقام پر واقع ہے۔ کمپنی نیو بونگ اسکپ، منگلا ڈیم، آزاد جموں کشمیر کی ڈاؤن اسٹریم سے 8 کلومیٹر کے فاصلے پر واقع دریا کے پانی سے چلنے والے ہائیڈرو پاور پلانٹ لاریب انرجی لمیٹڈ کے 75 فیصد شیئر کی مالک بھی ہے۔

کمپنی نے اپنے مستقبل کے اقدامات کے طور پر مکمل طور پر کمپنی ملکیت، ذیلی ادارے بھی قائم کئے ہیں۔ حب پاور ہولڈنگز لمیٹڈ کا قیام 2x660 میگا واٹ کے کونسلے سے چلنے والے بجلی کی پیداوار کے منصوبے میں سرمایہ کاری اور مستقبل میں اس منصوبے کو وسعت دینے کے اقدام کے طور پر قائم کی گئی، جبکہ حب پاور سروسز لمیٹڈ، کمپنی کے موجودہ پاور اثاثہ جات کے آپریشن اور دیکھ بھال کی غرض سے قائم کی گئی۔ اسکے علاوہ اس کا مقصد آئندہ شروع ہونے والے کونسلے کے منصوبے اور اندرون ملک اور بیرون ملک آپریشن اور مینٹیننس کے کاروبار کے مواقع تلاش کرنا بھی ہے۔ ایک اور ذیلی ادارہ نارووال انرجی لمیٹڈ کمپنیز آرڈیننس کے تحت نارووال پلانٹ کے ڈی مارج کے بعد اثاثہ جات اور ذمہ داریوں کا انتظام سنبھالنے کے لئے قائم کیا گیا ہے۔ کمپنی کی جانب سے تھر کول بلاک 2 کے دہانے پر 330 میگا واٹ کا پاور پلانٹ لگانے کا آپشن بھی موجود ہے۔ کمپنی سندھ اینگرو کول مینٹنگ کمپنی لمیٹڈ (SECMC) جو کہ اینگرو، تھل لمیٹڈ، ایچ بی ایل، ای ایم ای سی، حب کو اور حکومت سندھ کا مشترکہ منصوبہ ہے اور جس کا مقصد دنیا کے ساتویں بڑے کونسلے کے ذخیرے تھر میں کونسلے کی کان کی تعمیر ہے، میں 20 ملین امریکی ڈالر کی سرمایہ کاری کر رہی ہے۔

حب پاور پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے اور اسکی عالمی ڈیپازٹری رسیدیں لکسمبرگ اسٹاک ایکسچینج میں لسٹڈ ہیں۔

مالیاتی جھلکیاں:

زیر جائزہ مدت کیلئے ہولڈنگ کمپنی اور اسکے ذیلی اداروں کیلئے مالیاتی جھلکیاں مندرجہ ذیل ہیں:

| سہ ماہی مختتمہ 31 مارچ 2016 | سہ ماہی مختتمہ 31 مارچ 2015 | نومہ مختتمہ 31 مارچ 2016 | نومہ مختتمہ 31 مارچ 2015 |
|-----------------------------|-----------------------------|--------------------------|--------------------------|
| 19,471                      | 27,965                      | 69,752                   | 108,546                  |
| 14,996                      | 22,730                      | 56,505                   | 94,139                   |
| 3,035                       | 2,953                       | 8,343                    | 8,356                    |
| 2.62                        | 2.55                        | 7.21                     | 7.22                     |

روپے ملین میں

\* ہولڈنگ کمپنی کے مالکان سے منسوب

زیر جائزہ مدت کیلئے فی حصص مجموعی آمدنی گذشتہ سال کی آمدنی 7.22 روپے کے مقابلے میں 7.21 روپے رہی۔ مجموعی آمدنی میں یہ کمی گذشتہ سال لاریب انرجی لمیٹڈ کو حاصل ہونے والے عبوری ریلیف کا اثر تھا، لاریب انرجی لمیٹڈ کے ٹیرف میں توازن کے عمل میں ایسوسی ایٹس کی جانب سے نقصان میں حصہ داری، بوائے کی بحالی کے کام میں مرمت اور دیکھ بھال پر آنے والے زائد اخراجات، حب پلانٹ کی دیکھ بھال اور سیلف آپریشن کی وجہ سے ہونے والی بچت اور LEL کے نیچر کی جانب سے حتمی ٹیرف کی منظوری کے سبب ریونیو میں کمی کی وجہ سے دیکھنے میں آئی۔ LEL نیچر کی جانب سے حتمی ٹیرف کے خلاف دوبارہ جائزے کیلئے درخواست دائر کرنے کی منصوبہ بندی کر رہی

ہے۔ لہذا کوئی ممکنہ فرق، اس مدت کیلئے تصور کیا جائے گا، جس میں اسکی منظوری ہوگی۔ کمپنی کی جانب سے زیر جائزہ مدت کے 9 ماہ کے دوران حاصل کیا جانے والا غیر مجموعی خالص منافع گزشتہ سال کے خالص منافع، 6,561 ملین روپے، اور گزشتہ سال کی فی حصص آمدن 5.67 روپے کے مقابلے میں 8,280 ملین روپے رہا، جس کے نتیجے میں فی حصص آمدنی 7.16 روپے رہی۔ منافع میں یہ اضافہ زیادہ تر LEL کی جانب سے وصول کئے گئے ڈیویڈنڈ، سیلف آپریشن کی وجہ سے ہونے والی بچت اور جب پلانٹ کی دیکھ بھال اور برائیکر کی بحالی کیلئے زیادہ مہمٹی اخراجات کے باعث ہوئی۔

آپریٹل جھلکیاں:

زیر جائزہ مدت کے لئے تینوں پلانٹس کی آپریٹل جھلکیاں مندرجہ ذیل ہیں۔

| یونٹ          | سہ ماہی مختتمہ 31 مارچ 2016 | سہ ماہی مختتمہ 31 مارچ 2015 | نوماہ مختتمہ 31 مارچ 2016 | نوماہ مختتمہ 31 مارچ 2015 |
|---------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| حب پلانٹ      |                             |                             |                           |                           |
| پیداوار       | GWh                         | 1,652                       | 5,624                     | 5,099                     |
| لوڈ فیکٹر     | %                           | 64                          | 71                        | 65                        |
| نارووال پلانٹ |                             |                             |                           |                           |
| پیداوار       | GWh                         | 350                         | 869                       | 1,095                     |
| لوڈ فیکٹر     | %                           | 75                          | 62                        | 78                        |
| لاریب انرجی   |                             |                             |                           |                           |
| پیداوار       | GWh                         | 122                         | 414                       | 361                       |
| لوڈ فیکٹر     | %                           | 67                          | 75                        | 65                        |

#### حب پلانٹ:

زیر جائزہ سہ ماہی کے دوران پلانٹ اوسط لوڈ فیکٹر 74 فیصد کے حساب سے چلایا گیا جبکہ منصوبہ بندی 75 فیصد کی تھی۔ پلانٹ کی دستیاب صلاحیت منصوبہ بندی کے 84 فیصد کے مقابلے میں 88 فیصد رہی۔ واپڈا کو فروخت کی گئی بجلی منصوبہ بندی کے 1,976 GWh کے مقابلے میں 1,936 GWh رہی۔ اس سہ ماہی کے دوران بجلی کی پیداوار منصوبہ بندی کے مقابلے میں کچھ کم رہی جس کی وجہ واپڈا کی جانب سے تخفیف تھی۔

بجلی کی بندش کے لازمی مساوی اوزانی یونٹ میں چھوٹ اور توانائی کے محصولات میں جزوی کمی برائے آپریٹنگ سال (اپریل 2015 - مارچ 2016) 960 Gwh ہے۔ اس سہ ماہی کے دوران بجلی کی بندش کی لازمی چھوٹ 19.2 Gwh استعمال کی گئی۔ اس سہ ماہی کے اختتام تک بجلی کی بندش کی لازمی چھوٹ 56.2 فیصد تک استعمال ہو جائیگی۔

یونٹ 2 کی شیڈول بجلی کی بندش یکم فروری 2016 شروع ہوئی جس کا مقصد اسکی معمولی دیکھ بھال تھا۔ یونٹ نے 20 فروری 2016 کو دوبارہ پیداوار شروع کر دی۔ یونٹ 4 کی شیڈول بجلی کی بندش 25 فروری 2016 شروع ہوئی جس کا مقصد اس کے ٹرپائن بیرنگ کا معائنہ اور معمولی دیکھ بھال تھا۔ یونٹ نے 18 مارچ 2016 کو دوبارہ پیداوار شروع کر دی۔

#### نارووال پلانٹ:

سہ ماہی کے دوران بجلی کی خالص پیداوار منصوبہ کا تخمینہ 376 GWh کے مقابلے میں 299 GWh تھا (15-2014 کے تیسرے سہ ماہی میں یہ پیداوار 376 GWh

350 تھی۔ نارووال پلانٹ کا لوڈ فیکٹر تیسری سہ ماہی میں منصوبے کے 80 فیصد کے مقابلے میں 64 فیصد رہا (15-2014، 75 فیصد تھا)۔ پلانٹ نے انجن نمبر 1 اور 8 کی میٹیننس کے 30,000 گھنٹے کی رنگ کامیابی سے مکمل کی۔ پلانٹ نے بحفاظت انجن نمبر 1, 3, 9 اور 11 کے سلنڈر ریڈیو لوکی تبدیلی کا عمل بھی مکمل کیا۔

لاریب انرجی لمیٹڈ:

زیر جائزہ 9 ماہ کے دوران لاریب پلانٹ کی دستیابی منصوبے کے 93 فیصد کے مقابلے میں 99 فیصد رہی جس سے کمپلیکس کے بااعتماد آپریشن کی صلاحیت کا اندازہ ہوتا ہے۔ گزشتہ سال اسی مدت کے مقابلے میں زیر جائزہ 9 ماہ کے دوران زیادہ پیداوار کمپلیکس کی بہتر انداز میں دستیابی اور منگلا پاور پلانٹ سے ہائیڈرالوجی کی بہتر دستیابی اور سالانہ دیکھ بھال کے دنوں کی تعداد میں نمایاں کمی کی وجہ سے تھی۔ کمپلیکس نے 22 مارچ 2016 کو دوسرے سالانہ معاہدے کی کل پیداوار 526 GWh کے مقابلے میں 530 GWh گرین انرجی کی پیداوار پر تیسرا سالانہ معاہدہ اپنی پیداواری کارکردگی کے نقطہ نظر سے کامیابی سے مکمل کیا۔

کمپنی HSE، آپریشنز اور HR، ڈیو پونٹ HSE سسٹم متعارف کرانے اور بہتر آپریشنز سے متعلق اقدامات کے ذریعے بہتری لانے اور لاگت میں کمی کی غرض سے کوششیں جاری رکھے ہوئے ہے اور یہ تمام اقدامات کمپنی کی کارپوریٹ حکمت عملی کا حصہ ہیں۔ ایسا ہی ایک آپریشنل اقدام "سالانہ دیکھ بھال کے ایام میں کمی" کامیابی سے مکمل کیا گیا۔ جس میں سالانہ دیکھ بھال کے شیڈول میں 16 دن کی بچت کی گئی اور 7 ملین اضافی گرین انرجی یونٹس پیدا کئے گئے۔

**2x660 میگا واٹ کول پراجیکٹ:**

حب کو مکمل طور پر اپنی ملکیت ایک ذیلی ادارے حب پاور ہولڈنگز لمیٹڈ کے ذریعے، جو کہ تمام منصوبوں سے متعلق اخراجات کا ذمہ دار ہے۔ اپنی موجودہ حب سائٹ پر تیار کی جانے والی مربوط چیٹی اور 2x660 میگا واٹ کے درآمدی کونسلے سے چلنے والا پاور پلانٹ لگانے کی منصوبہ بندی کر رہا ہے۔ یہ پروجیکٹ کمپنی، چائنا پاور حب جنریشن کمپنی (پرائیوٹ) لمیٹڈ (CPHGC)، حب پاور ہولڈنگز لمیٹڈ (HPHL) اور چائنا پاور انٹرنیشنل (پاکستان) انویسٹمنٹ لمیٹڈ (ہانگ کانگ) میں قائم ایک کمپنی چائنا پاور انٹرنیشنل ہولڈنگز لمیٹڈ) کا مشترکہ منصوبہ ہے، جو اس منصوبے میں سرمایہ کاری کرے گی۔

چین سے سرمایہ کاری کے ذریعے اس منصوبے کو مکمل کرنے کیلئے کمپنی چائنا پاور انٹرنیشنل ہولڈنگز کو 74 فیصد ایکویٹی کی پیشکش کی ہے تاہم حب کو اپنے موجودہ 26 فیصد حصص کو کمرشل آپریشن کی تاریخ تک 49 فیصد تک بڑھا سکتا ہے۔

CPHGC نے نیچر کی جانب سے کونسلے کی بنیاد پر چلنے والے اس پاور پراجیکٹ کیلئے ٹیرف کو قبول کے لیا ہے۔ منصوبے کیلئے LOS12 اپریل 2016 کو جاری کیا گیا۔

پروجیکٹ ڈویلپمنٹ کے لازمی جزو کے طور پر، حبکو نے معروف کنسلٹنٹ ہیگلر بیلی سے انوائرنمنٹل اینڈ سوشل امپیکٹ اسیسمنٹ سٹڈی کروائی۔ اس سٹڈی کی رپورٹ جون 2015 میں بلوچستان انوائرنمنٹل پروفیکشن ایجنسی (BEPA) کو پیش کی گئی۔ اس رپورٹ کے جائزے اور بعد ازاں عوامی ساعت کی روشنی میں BEPA نے پاور پلانٹ کی تعمیر کے کام کے آغاز کیلئے اپریل 2016 میں چائنا پاور حب جنریشن کمپنی (CPHGC) کو این اوسی جاری کیا۔ چیٹی کیلئے این اوسی پر کام جاری ہے جو جلد ہی موصول ہو جائے گا،

CPHGC نے پلانٹ معاہدے کیلئے EPC کونٹریکٹرز کو حتمی شکل دے دی ہے اور EPC معاہدے پر دستخط ہو گئے ہیں۔ کول چیٹی EPC معاہدے کیلئے بولیاں موصول ہو چکی ہیں اور موصول ہونے والی ٹیکنیکل اور کمرشل بڈز کے موزوں ہونے کا جائزہ لیا جا رہا ہے۔ CPHGC منصوبے کیلئے بروقت مالی معاہدوں کیلئے چین کے سرکردہ بینکوں کے ساتھ رابطے میں ہے اور چائنا ڈویلپمنٹ بینک کورم کے بڑے انتظام کار کے طور پر منصوبے شامل کیا ہے۔ CPHGC دنیا کے بڑے کول سپلائرز کے ساتھ کونسلے کی فراہمی کے طویل المدت معاہدے کیلئے بات چیت میں بھی مصروف ہے۔

سندھ اینگریڈ کول مائننگ کمپنی (SECMC) میں سرمایہ کاری:

حصص یافتگان کی منظوری کے بعد اینگریڈ، تھل لمیٹڈ، HBL، حب کو اور حکومت سندھ کے مشترکہ منصوبے SECMC، میں سرمایہ کاری کیلئے پاکستان اور چین کے بڑے سرمایہ کاروں سے 634 ملین ڈالر کی فنائنگ کیلئے معاہدے پر دستخط ہو چکے ہیں۔ SECMC منصوبے پر سرمایہ کاری کی تکمیل اپریل 2016 میں ہو چکی ہے۔

نارووال ڈی مہجر:

بورڈ کی منظوری کے بعد نارووال انرجی لمیٹڈ کی تشکیل کی گئی جس کا مقصد نارووال پلانٹ کے علیحدہ قانونی ادارے کی حیثیت سے ڈی مہجر ہے۔ نارووال پلانٹ کی نارووال انرجی لمیٹڈ میں مجوزہ ڈی مہجر کی منظوری کیلئے درکار منظور یوں کے حصول کے بعد انتظامات کی ڈرافٹ اسکیم عدالت میں پیش کی جائے گی۔

تھر کے مقام پر 330 میگا واٹ پلانٹ:

SECMC میں سرمایہ کاری کی بدولت کوئلے کی سپلائی کے آپشن کو استعمال کرتے ہوئے کمپنی کے پاس تھر کے مقام پر کان کے دہانے پر 330 میگا واٹ پلانٹ لگانے کا آپشن موجود ہے۔ یہ منصوبہ سرمایہ کاروں کے تعاون سے لگایا جائے گا۔ کمپنی نے اس منصوبے کے قیام کیلئے PPIB سے LOI کیلئے درخواست دے دی ہے۔

طویل المعیاد قرض کی ادائیگی:

کمپنی نے 1993 میں جب پلانٹ منصوبے کیلئے حاصل کئے گئے آخری طویل المعیاد قرض کی ادائیگی کر دی ہے۔ قرض کی اس ادائیگی کے بعد نیشنل بینک آف پاکستان کے نامزدڈائریکٹر اب ریٹائر ہو گئے ہیں۔

CEO کے محنتانہ میں تبدیلی

کمپنی کے CEO جناب خالد منصور کے محنتانہ پر 16 فروری 2016 کو نظر ثانی کی گئی۔ یہ نظر ثانی یکم نومبر 2015 سے مؤثر ہوگی۔ ان کا محنتانہ اب 71.30 ملین روپے سالانہ ہوگا۔ ان کی ملازمت کی دیگر شرائط میں تبدیلی نہیں ہوگی۔ اور کمپنی انہیں کمپنی پالیسی کے مطابق وہ تمام مراعات اور الائنسز وغیرہ ادا کرے گی جس کے وہ حقدار ہیں۔ ان کا محنتانہ بورڈ کی جانب سے اضافے/ایڈجسٹمنٹ سے مشروط ہوگا۔

کارپوریٹ سماجی ذمہ داری:

کمپنی اور اس کے ذیلی اداروں نے عمومی طور پر معاشرے کی فلاح کیلئے اپنا کردار ادا کیا ہے اور مقامی آبادیوں کے معیار زندگی کو بہتر کرنے کیلئے اپنی اخلاقی ذمہ داریوں پر توجہ مرکوز کر رکھی ہے۔ زیر جائزہ عرصے کے دوران کمپنی اپنے پلانٹس کے گرد و پیش میں آبادیوں کے بنیادی ڈھانچے، بنیادی اور ٹیکنیکی تعلیم کی فراہمی، صحت اور روزگار کے بنیادی مواقع کی فراہمی کیلئے اقدامات کر رہی ہے۔

صحت تحفظ اور ماحول:

کمپنی نے اپنے ہیڈ آفس اور پلانٹس پر ماحول کے معیار، تحفظ اور عمومی حفاظتی طریقہ کار اپنانے کیلئے اعلیٰ ترین معیار اپنایا ہے۔ کمپنی کی HSE حکمت عملی کاروبار کی نمونہ اور اہم ترین HSE معیار پر عمل درآمد پر توجہ دینا اور اس کا اطلاق یقینی بنانا ہے۔

ڈیویڈنڈ کیلئے راہنما ہدایات

بورڈ حصص یافتگان کی جانب سے کمپنی میں کی جانے والی سرمایہ کاری سے آگاہ ہے، اور اپنے حصص یافتگان کے اعتماد اور بھروسے پر ان کا شکر گزار ہے۔ اپنے اہم ترین منصوبے جب پلانٹ کے طویل المعیاد قرض کی آخری قسط کی کامیابی سے ادائیگی کے بعد کمپنی ڈیویڈنڈ کے اعلان کے اوقات کے آزادانہ فیصلوں میں زیادہ خود مختار ہے۔

کمپنی اپنے حصص یافتگان اور سرمایہ کاروں کو مطلع کرنا چاہتی ہے کہ مستقبل میں کمپنی سرمایہ ڈیویڈنڈ کا اعلان کرے گی۔ کیونکہ جبکہ حکومت انسانی کے سیکٹر میں اپنی سرمایہ کاری کو توسیع دے رہی ہے اسلئے مالی سال کی پہلی اور دوسری سرمایہ میں کم از کم 1.5 روپے فی حصص ادا کیا جائے گا۔ تیسری سرمایہ کیلئے ڈیویڈنڈ کا فیصلہ مالیاتی کارکردگی اور کیش فلو کی ضروریات کو مد نظر رکھ کر کیا جائے گا۔ حصص یافتگان کیلئے ڈیویڈنڈ کا حصول جلد از جلد ممکن بنانے کیلئے کمپنی ڈیویڈنڈ مالی سال کی تیسری سرمایہ میں ایڈجسٹ کرے گی۔

لکسمبرگ اسٹاک ایکسچینج کے بارے میں معلومات:

ڈائریکٹران "Comissão de secteur financier, Luxembourg Stock Exchange Company" کی شرائط کی تکمیل کی روشنی میں بخوشی تصدیق کرتے ہیں کہ انکی بہترین معلومات اور علم کے مطابق 31 مارچ 2016 کو ختم ہونے والے 9 ماہ کیلئے مجموعی اور غیر مجموعی، خالص مالی گوشوارے، کمپنی کے اثاثوں، ذمہ داریوں، مالی حالت اور مالیاتی نتائج کا درست اور واضح جائزہ پیش کرتے ہیں اور یہ پاکستان میں قابل اطلاق منظور شدہ اکاؤنٹنگ معیارات سے ہم آہنگ ہیں۔ مزید یہ کہ انتظامیہ کی مذکورہ بالا رپورٹ میں کمپنی کی ترقی اور کارکردگی کا مناسب جائزہ اور ممکنہ خدشات اور غیر یقینی صورتحال (اگر ہو) کا احاطہ بھی کیا گیا ہے۔ کمپنی اپنے حصص یافتگان، آپریٹرز، ملازمین اور کنٹریبلرز کی ان کے کمپنی پر اعتماد اور کمپنی کو ترقی و خوشحالی کی راہ پر گامزن کرنے کیلئے ان کی انتھاک محنت کی شکرگزار ہے۔

حسب الحکم بورڈ

کراچی 28 اپریل، 2016

خالد منصور  
چیف ایگزیکٹو آفیسر



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED**  
**PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

|   | Note | 3 months ended<br>Mar 2016<br>(Rs. '000s) | 3 months ended<br>Mar 2015<br>(Rs. '000s) | 9 months ended<br>Mar 2016<br>(Rs. '000s) | 9 months ended<br>Mar 2015<br>(Rs. '000s) |
|---|------|---|---|---|---|
| Turnover                                      |      | 18,564,802                                | 25,801,273                                | 66,466,261                                | 104,120,882                               |
| Operating costs                               | 4    | (14,712,189)                              | (22,340,266)                              | (55,601,208)                              | (93,010,240)                              |
| <b>GROSS PROFIT</b>                           |      | <u>3,852,613</u>                          | <u>3,461,007</u>                          | <u>10,865,053</u>                         | <u>11,110,642</u>                         |
| General and administration expenses           |      | (138,828)                                 | (251,085)                                 | (671,258)                                 | (616,583)                                 |
| Other income                                  | 5    | 910,292                                   | 7,965                                     | 939,637                                   | 27,867                                    |
| Other operating expenses                      | 6    | (45,201)                                  | (381,794)                                 | (411,149)                                 | (381,794)                                 |
| <b>PROFIT FROM OPERATIONS</b>                 |      | <u>4,578,876</u>                          | <u>2,836,093</u>                          | <u>10,722,283</u>                         | <u>10,140,132</u>                         |
| Finance costs                                 | 7    | (752,935)                                 | (1,019,622)                               | (2,373,393)                               | (3,577,147)                               |
| <b>PROFIT BEFORE TAXATION</b>                 |      | <u>3,825,941</u>                          | <u>1,816,471</u>                          | <u>8,348,890</u>                          | <u>6,562,985</u>                          |
| Taxation                                      |      | (67,935)                                  | (626)                                     | (68,713)                                  | (2,368)                                   |
| <b>PROFIT FOR THE PERIOD</b>                  |      | <u><u>3,758,006</u></u>                   | <u><u>1,815,845</u></u>                   | <u><u>8,280,177</u></u>                   | <u><u>6,560,617</u></u>                   |
| Basic and diluted earnings per share (Rupees) |      | <u>3.25</u>                               | <u>1.57</u>                               | <u>7.16</u>                               | <u>5.67</u>                               |

The annexed notes from 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director



THE HUB POWER COMPANY LIMITED  
CONDENSED INTERIM UNCONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2016

|  | 3 months ended<br>Mar 2016<br>(Rs. '000s) | 3 months ended<br>Mar 2015<br>(Rs. '000s) | 9 months ended<br>Mar 2016<br>(Rs. '000s) | 9 months ended<br>Mar 2015<br>(Rs. '000s) |
|--|---|---|---|---|
| Profit for the period  | 3,758,006                                 | 1,815,845                                 | 8,280,177                                 | 6,560,617                                 |
| <b>Other comprehensive income for the period</b>                                   |   |   |   |   |
| <i>Items that will not be reclassified to profit or loss in subsequent periods</i> |   |   |   |   |
| Gain / (loss) on remeasurements of post employment benefit obligation              | 432                                       | (5,954)                                   | (10,136)                                  | (5,427)                                   |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                                   | <u>3,758,438</u>                          | <u>1,809,891</u>                          | <u>8,270,041</u>                          | <u>6,555,190</u>                          |

The annexed notes from 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.

Khalid Mansoor  
Chief Executive

Iqbal Ahmed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED**  
**BALANCE SHEET**  
**AS AT MARCH 31, 2016**

|                                      | Note | Mar 2016<br>(Rs. '000s)<br>(Unaudited) | Jun 2015<br>(Rs. '000s)<br>(Audited) |
|--------------------------------------|------|--|--------------------------------------|
| <b><u>ASSETS</u></b>                 |      |  |                                      |
| <b>NON-CURRENT ASSETS</b>            |      |  |                                      |
| Fixed Assets                         |      |  |                                      |
| Property, plant and equipment        | 8    | 37,294,831                             | 38,818,196                           |
| Intangibles                          |      | 49,213                                 | 3,395                                |
| Long term investments                | 9    | 5,590,381                              | 4,917,976                            |
| Long term deposits and prepayments   |      | 19,434                                 | 18,593                               |
| <b>CURRENT ASSETS</b>                |      |  |                                      |
| Stores, spares and consumables       |      | 2,213,562                              | 2,110,612                            |
| Stock-in-trade                       |      | 1,258,829                              | 3,469,528                            |
| Trade debts                          | 10   | 78,942,717                             | 72,683,318                           |
| Loan and advances                    |      | 279,386                                | 108,516                              |
| Prepayments and other receivables    |      | 3,967,292                              | 3,335,174                            |
| Cash and bank balances               |      | 310,852                                | 483,767                              |
|                                      |      | 86,972,638                             | 82,190,915                           |
| <b>TOTAL ASSETS</b>                  |      | 129,926,497                            | 125,949,075                          |
| <b><u>EQUITY AND LIABILITIES</u></b> |      |  |                                      |
| <b>SHARE CAPITAL AND RESERVE</b>     |      |  |                                      |
| <b>Share Capital</b>                 |      |  |                                      |
| Authorised                           |      | 12,000,000                             | 12,000,000                           |
| Issued, subscribed and paid-up       |      | 11,571,544                             | 11,571,544                           |
| <b>Revenue Reserve</b>               |      |  |                                      |
| Unappropriated profit                |      | 16,761,854                             | 20,063,357                           |
|                                      |      | 28,333,398                             | 31,634,901                           |
| <b>NON-CURRENT LIABILITIES</b>       |      |  |                                      |
| Long term loans                      |      | 15,416,859                             | 18,418,942                           |
| <b>CURRENT LIABILITIES</b>           |      |  |                                      |
| Trade and other payables             | 11   | 69,430,056                             | 60,053,365                           |
| Interest / mark-up accrued           |      | 595,846                                | 762,679                              |
| Short term borrowings                | 12   | 12,019,500                             | 10,963,045                           |
| Current maturity of long term loans  |      | 4,130,838                              | 4,116,143                            |
|                                      |      | 86,176,240                             | 75,895,232                           |
| <b>COMMITMENTS AND CONTINGENCIES</b> |      |  |                                      |
|                                      | 13   |  |                                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | 129,926,497                            | 125,949,075                          |

The annexed notes from 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

|  | 9 months ended<br>Mar 2016<br>(Rs. '000s) | 9 months ended<br>Mar 2015<br>(Rs. '000s) |
|--|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |   |   |
| Profit before taxation                                     | 8,348,890                                 | 6,562,985                                 |
| Adjustments for:   |   |   |
| Depreciation   | 2,120,531                                 | 2,046,277                                 |
| Amortisation   | 14,989                                    | 7,001                                     |
| Dividend income from LEL                                   | (904,015)                                 | -   |
| Gain on disposal of fixed assets                           | (10,917)                                  | (1,537)                                   |
| Write-off of fixed assets                                  | 26,830                                    | 381,794                                   |
| Staff gratuity   | 20,778                                    | 15,712                                    |
| Interest income  | (13,509)                                  | (23,721)                                  |
| Interest / mark-up   | 2,246,478                                 | 3,434,904                                 |
| Amortisation of transaction costs                          | 60,440                                    | 65,139                                    |
| Operating profit before working capital changes            | 11,910,495                                | 12,488,554                                |
| Working capital changes                                    | (881,661)                                 | 2,873,984                                 |
| Cash generated from operations                             | 11,028,834                                | 15,362,538                                |
| Interest received  | 13,250                                    | 13,634                                    |
| Interest / mark-up paid                                    | (2,413,311)                               | (3,690,871)                               |
| Staff gratuity paid  | (1,500)                                   | -   |
| Taxes paid   | (68,713)                                  | (2,368)                                   |
| Net cash generated from operating activities               | 8,558,560                                 | 11,682,933                                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |   |   |
| Dividend received from LEL                                 | 904,015                                   | -   |
| Fixed capital expenditure                                  | (633,225)                                 | (468,725)                                 |
| Proceeds from disposal of fixed assets                     | 21,935                                    | 8,642                                     |
| Long term investments                                      | (672,405)                                 | (243,087)                                 |
| Long term loan and advance                                 | -   | 2,233                                     |
| Long term deposits and prepayments                         | (841)                                     | -   |
| Net cash used in investing activities                      | (380,521)                                 | (700,937)                                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |   |   |
| Dividends paid   | (6,359,581)                               | (4,626,098)                               |
| Proceeds from long term loans - Musharaka finance facility | -   | 2,500,000                                 |
| Repayment of long term loans - Hub plant                   | (979,062)                                 | (979,063)                                 |
| Repayment of long term loans - Narowal plant               | (1,439,235)                               | (1,237,523)                               |
| Repayment of long term loans - Laraib's investment         | (473,281)                                 | (473,280)                                 |
| Repayment of long term loans - Musharaka finance facility  | (156,250)                                 | -   |
| Net cash used in financing activities                      | (9,407,409)                               | (4,815,964)                               |
| Net (decrease) / increase in cash and cash equivalents     | (1,229,370)                               | 6,166,032                                 |
| Cash and cash equivalents at the beginning of the period   | (10,479,278)                              | (14,201,941)                              |
| Cash and cash equivalents at the end of the period         | 15 (11,708,648)                           | (8,035,909)                               |

The annexed notes from 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

|  | <b>9 months ended<br/>Mar 2016<br/>(Rs. '000s)</b> | <b>9 months ended<br/>Mar 2015<br/>(Rs. '000s)</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   | 11,571,544   | 11,571,544   |
| <b>Unappropriated profit</b>   |  |  |
| Balance at the beginning of the period   | 20,063,357   | 19,473,218   |
| Total comprehensive income for the period  | 8,270,041  | 6,555,190  |
| <b>Transactions with owners in their capacity as owners</b>                                    |  |  |
| Final dividend for the fiscal year 2014-2015 @ Rs. 5.50<br>(2013-2014: @ Rs. 4.00) per share   | (6,364,349)  | (4,628,618)  |
| Interim dividend for the fiscal year 2015-2016 @ Rs. 4.50<br>(2014-2015: @ Rs. 4.00) per share | (5,207,195)  | (4,628,618)  |
|  | (11,571,544)                                       | (9,257,236)  |
| Balance at the end of the period   | 16,761,854   | 16,771,172   |
| <b>Total equity</b>  | <b>28,333,398</b>                                  | <b>28,342,716</b>                                  |

The annexed notes from 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director

**THE HUB POWER COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED**  
**FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

**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 [presently named as Pakistan Stock Exchange Limited (PSX)] 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 (LEL), a subsidiary which owns a hydel power station of 84 MW in Azad and Jammu Kashmir (AJK).

The Company also has two wholly owned subsidiaries, Hub Power Services Limited (HPSL) and Hub Power Holdings Limited (HPHL). The principle activities of HPSL are to manage operation & maintenance of the power plants and the principle activities of HPHL are to invest in new business opportunities in the power sector.

HPSL provides operation and maintenance services for the Hub Plant under the terms of 'Operation and Maintenance Agreement' (the "O&M Agreement") dated November 2, 2015 for the term until March 31, 2027, unless terminated earlier through mutual consent. The service commencement date as per the O&M Agreement is August 1, 2015.

**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 Private Power and Infrastructure Board (PPIB) for the appropriate changes in the tax laws so that Narowal could be demerged into a separate legal entity. The Company has received the Economic Coordination Committee's (ECC) approval for the changes in tax laws enabling the Company to demerge Narowal into a separate legal entity having the same tax exempt status, after demerger, as it enjoys now. During the period, the Company has incorporated a wholly owned subsidiary, Narowal Energy Limited (NEL), however, the said demerger is subject to approval of the Scheme of Arrangement for demerger by the Board of Directors, shareholders and the High Court of Sindh.

**Narowal Plant O&M takeover**

During the period, the Company served notice to the Operator of its Narowal Plant for the non-renewal of the Operations & Maintenance (O&M) Agreement. As per the terms of the O&M Agreement, the Company is required to serve six months prior written notice. With effect from the completion of notice period i.e. April 21, 2016, the Company is managing the Operations & Maintenance of the Narowal Plant through its wholly owned subsidiary, HPSL.

**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 annual unconsolidated financial statements for the year ended June 30, 2015.

**3. BASIS OF PREPARATION**

These unaudited condensed interim unconsolidated financial statements of the Company for the third quarter ended March 31, 2016 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, 2015.

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

**4. OPERATING COSTS**

|                                      | 3 months ended<br>Mar 2016<br>(Rs. '000s) | 3 months ended<br>Mar 2015<br>(Rs. '000s) | 9 months ended<br>Mar 2016<br>(Rs. '000s) | 9 months ended<br>Mar 2015<br>(Rs. '000s) |
|--------------------------------------|---|---|---|---|
| Fuel cost                            | 12,815,571                                | 19,962,387                                | 49,293,754                                | 86,339,707                                |
| Stores and spares                    | 286,743                                   | 63,362                                    | 681,123                                   | 177,846                                   |
| Operation and Maintenance            | 417,059                                   | 968,663                                   | 1,444,611                                 | 2,926,397                                 |
| Insurance                            | 204,708                                   | 208,151                                   | 614,102                                   | 620,234                                   |
| Depreciation                         | 701,890                                   | 673,900                                   | 2,082,261                                 | 2,023,318                                 |
| Amortisation                         | 3,654                                     | 1,397                                     | 13,473                                    | 6,763                                     |
| Repairs, maintenance and other costs | 282,564                                   | 462,406                                   | 1,471,884                                 | 915,975                                   |
|                                      | <u>14,712,189</u>                         | <u>22,340,266</u>                         | <u>55,601,208</u>                         | <u>93,010,240</u>                         |

|                                  | Note | 3 months ended<br>Mar 2016<br>(Rs. '000s) | 3 months ended<br>Mar 2015<br>(Rs. '000s) | 9 months ended<br>Mar 2016<br>(Rs. '000s) | 9 months ended<br>Mar 2015<br>(Rs. '000s) |
|----------------------------------|------|---|---|---|---|
| <b>5. OTHER INCOME</b>           |      |   |   |   |   |
| Interest income                  |      | 2,782                                     | 6,921                                     | 13,509                                    | 23,721                                    |
| Gain on disposal of fixed assets |      | 3,078                                     | 788                                       | 10,917                                    | 1,537                                     |
| Dividend income from LEL         |      | 904,015                                   | -   | 904,015                                   | -   |
| Exchange gain                    |      | 417                                       | 256                                       | 11,196                                    | 2,282                                     |
| Others                           |      | -   | -   | -   | 327                                       |
|                                  |      | <u>910,292</u>                            | <u>7,965</u>                              | <u>939,637</u>                            | <u>27,867</u>                             |

**6. OTHER OPERATING EXPENSES**

|                                    |     |               |                |                |                |
|------------------------------------|-----|---------------|----------------|----------------|----------------|
| Write-off of fixed assets          |     | -             | 381,794        | 26,830         | 381,794        |
| Workers' profit participation fund | 6.1 | 45,201        | -              | 45,201         | -              |
| Termination compensation           | 6.2 | -             | -              | 339,118        | -              |
|                                    |     | <u>45,201</u> | <u>381,794</u> | <u>411,149</u> | <u>381,794</u> |

**6.1 Workers' profit participation fund**

|  |  |               |          |               |           |
|--|--|---------------|----------|---------------|-----------|
| Provision for Workers' profit participation fund                 |  | 193,557       | 90,823   | 419,705       | 328,149   |
| Workers' profit participation fund recoverable from WAPDA / NTDC |  | (148,356)     | (90,823) | (374,504)     | (328,149) |
|  |  | <u>45,201</u> | <u>-</u> | <u>45,201</u> | <u>-</u>  |

The Company is required to pay 5% of its profit to the Workers' profit participation fund (the "Fund"). The Company is entitled to claim majority of this expense from Water and Power Development Authority (WAPDA) / National Transmission and Despatch Company Limited (NTDC) as a pass through item.

6.2 This represents early Termination Compensation to the ex-operator of the Hub Plant as per the terms of Termination Agreement.

|                                       | Note | 3 months ended<br>Mar 2016<br>(Rs. '000s) | 3 months ended<br>Mar 2015<br>(Rs. '000s) | 9 months ended<br>Mar 2016<br>(Rs. '000s) | 9 months ended<br>Mar 2015<br>(Rs. '000s) |
|---------------------------------------|------|---|---|---|---|
| <b>7. FINANCE COSTS</b>               |      |   |   |   |   |
| Interest / mark-up on long term loans |      | 445,634                                   | 715,429                                   | 1,464,557                                 | 2,184,076                                 |
| Mark-up on short term borrowings      |      | 265,083                                   | 259,891                                   | 781,921                                   | 1,250,828                                 |
| Amortisation of transaction costs     |      | 19,583                                    | 20,859                                    | 60,440                                    | 65,139                                    |
| Other finance costs                   |      | 22,635                                    | 23,443                                    | 66,475                                    | 77,104                                    |
|                                       |      | <u>752,935</u>                            | <u>1,019,622</u>                          | <u>2,373,393</u>                          | <u>3,577,147</u>                          |

**8. PROPERTY, PLANT AND EQUIPMENT**

|   | Note | Mar 2016<br>(Rs. '000s)<br>(Unaudited) | Jun 2015<br>(Rs. '000s)<br>(Audited) |
|---|------|--|--------------------------------------|
| Operating property, plant and equipment |      | 37,109,677                             | 38,732,105                           |
| Capital work-in-progress                |      | 185,154                                | 86,091                               |
|   | 8.1  | <u>37,294,831</u>                      | <u>38,818,196</u>                    |

8.1 Additions to property, plant and equipment during the period were Rs. 635,014 million and disposals / write-off therefrom at net book value were Rs. 37,848 million.

|                                 | Note | Mar 2016<br>(Rs. '000s)<br>(Unaudited) | Jun 2015<br>(Rs. '000s)<br>(Audited) |
|---------------------------------|------|--|--------------------------------------|
| <b>9. LONG TERM INVESTMENTS</b> |      |  |                                      |
| Investment in subsidiaries      | 9.1  | 5,014,389                              | 4,674,889                            |
| Investment in an associate      | 9.2  | 575,992                                | 243,087                              |
|                                 |      | <u>5,590,381</u>                       | <u>4,917,976</u>                     |

9.1 During the period, the Company made investments in HPHL, HPSP and NEL of Rs. 339.3 million, Rs. 0.1 million and Rs. 0.1 million, respectively

9.2 Pursuant to the Shareholders' Agreement dated July 21, 2014 between Engro Powergen Limited (EPL), Thal Limited (TL) and the Company, the parties agreed to make investments in Sindh Engro Coal Mining Company Limited (SECMC). The Company undertook to invest USD 20 million in PKR equivalent and has invested Rs. 240 million in December 2014 acquiring 16,194,332 ordinary shares having face value of Rs. 10 each at a price of Rs. 14.82 per share. Subsequently, Habib Bank Limited (HBL) and China Everbest Development International Limited (CEDIL) were inducted as investors. Accordingly, a Shareholders' Agreement ('SHA') was entered into on August 17, 2015 between the Company, EPL, TL, HBL, and CEDIL, which terminated and substituted the previous shareholders' agreement dated July 21, 2014.

Pursuant to SHA, the Company has agreed to invest the equivalent of USD 20 million at or soon after Financial Close of SECMC or at such later time or times as required by the Financing Agreements of SECMC at a share price of Rs. 14.82 per share. The number of shares to be acquired shall be subject to the rate of conversion prevailing on the date of payment of each tranche of subscription amounts. On March 21, 2016, the Company further invested Rs. 332,905 million, and acquired 22,463,267 ordinary shares having face value of Rs. 10 each at a price of Rs. 14.82 per share in SECMC. Subsequent to March 31, 2016, SECMC has achieved financial close.

In addition to the USD 20 million equity, the Company may, pursuant to the terms of the SHA, make the following investments in SECMC:

- 9.2.1 Sponsor Support Guarantee to cover cost overruns – for an amount not exceeding USD 4 million (in equivalent Pakistan Rupees), if at any time prior to the Project Completion Date there is funding shortfall. Each Sponsor is obligated to pay the cost overrun amount in cash, by way of subscription of SECMC shares or at the option of the Sponsors collectively, by way of a subordinated debt to SECMC. The cost overrun support was approved by the members of the Company during the Extraordinary General Meeting held on January 14, 2016.
- 9.2.2 Letter of credit to cover for the Initial Payment Service Reserve Account Shortfall ('PSRA') – an amount estimated not to exceed USD 6 million (which could be higher). If there is an Initial PSRA Shortfall, each Sponsor shall procure and issue a PSRA Letter of Credit (LC) in proportion to its shareholding of Ordinary shares in SECMC. Upon a demand being made for payment under the PSRA LC and receiving such payment, the said amount may be treated as equity or at the option of the Sponsors collectively, subordinated debt advanced in favor of SECMC in an amount equal to such portion of the PSRA LC that is called upon. The PSRA support was approved by the members of the Company during the Extraordinary General Meeting held on January 14, 2016.

The investment in SECMC for the purposes of cost overrun and PSRA will only be made in the event that there is an overrun and shortfall, respectively. If the entire amount of sponsor support guarantee to cover cost overrun is called and the entirety of the payment under the standby letter of credit for PSRA shortfall is demanded, the maximum investment of the Company in SECMC shall be USD 30 million (in equivalent PKR).

On February 26, 2016, the sponsors, including the Company, entered into a Sponsor Support Agreement (SSA) with HBL as a condition precedent for the availability of loan facilities to SECMC in connection with the project to develop, construct, operate and maintain an open pit coal mine in Sindh, Pakistan. Pursuant to the terms and conditions set forth in the SSA, the Company has provided Sponsor Equity Contribution Letter of Credit in the form of an Irrevocable Standby letter of Credit in favour of HBL, dated March 18, 2016 for a total amount not exceeding USD 12,650 million. Additionally, a Share Pledge Agreement was also executed by the Company with United Bank Limited on March 09, 2016, pursuant to the decision by the shareholders of the Company in an Extra Ordinary General Meeting held on January 14, 2016.

In order to provide bank guarantee for the issuance of Equity Standby Letter of Credit, the Company entered into a facility agreement with HBL for an amount of USD 12.65 million on March 02, 2016. This SBLC facility is valid for five years from effective date or four years from financial close whichever occurs earlier and is secured by second ranking charge over present and future plant and machinery of Hub Project with 25% margin. The first SBLC will be valid for a period of twelve months from the date of issuance and will be renewable by the Company prior to expiry date of the SBLC.

The effective shareholding of the Company in SECMC as at the balance sheet date is 8.50%. Although the Company has less than 20% equity interest in SECMC, the management believes that the significant influence over the associate exists as a result of 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.

|                                  | Note | Mar 2016<br>(Rs. '000s)<br>(Unaudited) | Jun 2015<br>(Rs. '000s)<br>(Audited) |
|----------------------------------|------|--|--------------------------------------|
| <b>10. TRADE DEBTS - Secured</b> |      |  |                                      |
| Considered good                  | 10.1 | 78,942,717                             | 72,683,318                           |

10.1 These receivables include an overdue amount of Rs. 65,962 million (June 2015: Rs. 56,898 million) from WAPDA and Rs. 5,971 million (June 2015: Rs. 5,586 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 3 month KIBOR plus 4.5% per annum compounded semi-annually.

#### 11. TRADE AND OTHER PAYABLES

This includes Rs. 60,861 million (June 2015: Rs. 55,595 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 56,566 million (June 2015: Rs. 49,563 million).

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

|  | Note         | Mar 2016<br>(Rs. '000s)<br>(Unaudited) | Jun 2015<br>(Rs. '000s)<br>(Audited) |
|--|--------------|--|--------------------------------------|
| <b>12. SHORT TERM BORROWINGS - Secured</b>   |              |  |                                      |
| Finances under mark-up arrangements  | 12.1 to 12.4 | 12,019,500                             | 10,963,045                           |
| 12.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 26,825 million (June 2015: Rs. 27,365 million) at mark-up ranging between 0.50% 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 April 29, 2016 to March 31, 2017. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate.             |              |  |                                      |
| 12.1.1 The facilities amounting to Rs. 22,400 million (June 2015: Rs. 22,440 million) are secured by way of charge over the trade debts and stocks of the Company pari passu with the existing charge.   |              |  |                                      |
| 12.1.2 The facilities amounting to Rs. 4,425 million (June 2015: 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.         |              |  |                                      |
| 12.1.3 These include facilities amounting to Rs. 2,275 million (June 2015: Rs. 775 million) out of which Rs. 1,398 million (June 2015: Rs. 275 million) are payable to associated undertakings. These facilities are secured by way of securities mentioned in note 12.1.1 and 12.1.2.   |              |  |                                      |
| 12.2 The Company also has Murabaha facility agreements with banks for an amount of Rs. 625 million (June 2015: 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 26, 2016. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 12.1.2.                                     |              |  |                                      |
| 12.3 The Company entered into Musharaka agreements amounting to Rs. 1,135 million (June 2015: Rs. 635 million) at a mark-up of 0.75% to 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 during the period from September 30, 2016 to November 12, 2016. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 12.1.2. |              |  |                                      |
| 12.4 The Company also entered into a Musharaka agreement amounting to Rs. 400 million (June 2015: Rs. 400 million) at a mark-up of 0.5% 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, 2016. 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 12.1.1.  |              |  |                                      |

### 13. 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, 2015, except as follows:

- 13.1 Commitments in respect of capital and revenue expenditures amount to Rs. 1,046,129 million (June 2015: Rs. 832,196 million). This includes commitments of Rs. 469,561 million (June 2015: Rs. Nil) to associated undertakings.
- 13.2 Due to continuous delay in payments by NTDC in connection with the Narowal plant, the Company had called on the Sovereign Guarantee for recovery of overdue receivables. Subsequently, the Company also filed a petition in the Honourable Supreme Court of Pakistan (SCP) seeking an immediate recovery of these overdue receivables and to protect itself against reduction in capacity purchase price in the form of Liquidated Damages (LDs) due to non-availability of power plant for electricity generation because of lack of fuel caused by delay in payments by NTDC. On February 15, 2013, the SCP passed an interim order that there shall be no reduction in capacity payment. On June 28, 2013, the Company and other IPPs agreed with GOP that on settlement of all overdue amounts, the Company and other Independent Power Producers (IPPs) would withdraw the SCP case and pursue expert adjudication and arbitration in accordance with the PPA with regards to the LDs imposed by power purchaser. Expert's decision is non-binding on both the Company as well as NTDC and any party may decide to pursue arbitration pursuant to the PPA. During the period, the decision of the expert was received which was generally in favour of IPPs. However, due to NTDC/GOP's unwillingness to implement the expert's decision, the IPPs commenced arbitration proceedings in the London Court of International Arbitration (LCIA) which has appointed an arbitrator and proceedings are in progress. If the matter is decided in favour of the Company, an amount of Rs. 802 million deducted by power purchaser (out of which LDs amounting to Rs. 567 million pertaining to the period prior to January 2013 charged to Profit & Loss account as a matter of prudence) will become refundable.

- 13.3 Pursuant to the SSA in connection with the investment in LEL, the Company entered into a facility agreement with bank which is also an associated undertaking and has provided an LC of USD 23 million to LEL's lenders for cost overruns and debt repayment. After meeting certain conditions by the subsidiary, the LC amount will be reduced to USD 17 million which the Company is committed to continue to maintain till the last repayment of debt (expected in 2024). Any default in payment by the Company is subject to a mark-up of six month KIBOR plus a margin of 4%. This LC is secured by way of second ranking / subordinated charge over all present and future undertaking and assets of the Company other than: (i) assets relating to the Narowal 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 LEL including bonus shares and right shares.
- 13.4 Pursuant to Fuel Supply Agreement (FSA) with Bakri Trading Company Pakistan (Pvt) Limited for the Narowal plant, the Company has provided Stand-by Letter of Credit (SBLC) for an amount of Rs. 1,400 million. Any default in payment by the Company is subject to a mark-up rate of three month KIBOR plus 4% per annum. This SBLC is secured by way of securities mentioned in note 12.1.2.
- 13.5 The Company entered into a Joint Venture Agreement (JVA) with the China Power International Holdings Limited (CPIH) to target the development of 2 x 660 MW Coal based Power Plant (the project) 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 through their 100% owned Subsidiary Companies (Hub Power Holdings Limited and China Power International (Pakistan) Investment Limited (CPIIL)) as agreed in Shareholders Agreement dated June 12, 2015 entered into between HPHL and CPIIL. On March 09, 2016, the SHA was amended and in accordance with the terms of the Amended and Restated Shareholders Agreement executed between Hubco's and CPIH's 100% owned Subsidiaries (Hub Power Holdings Limited (HPHL) and China Power International (Pakistan) Investment Limited), consequently, HPHL's equity interest in the China Power Hub Generation Company (Private) Limited (CPHGC) would be reduced to 26% and CPIIL's equity interest would be increased to 74% with HPHL having the right to exercise a call option by acquiring shares from CPIIL, two hundred days before RCOD, to step up to 49% shareholding after meeting certain conditions.
- 13.6 On June 29, 2015, the Sponsors (the Company and CPIH) have obtained Letter of Intent (LOI) for the project from the PPIB. Pursuant to terms of LOI, Sponsors were required to obtain tariff and generation license by September 17, 2015 failing which the PPIB would have been entitled to encash the bank guarantee. However, by its letter dated January 26, 2016 PPIB informed the Company that the LOI was extended till March 29, 2016. NEPRA approved upfront tariff of the project on February 12, 2016 whereas the application for the generation license is pending with NEPRA. On April 12, 2016, PPIB also issued Letter of Support (LOS).
- 13.7 In order to provide bank guarantee for the issuance of LOI, the Company entered into a facility agreement with MCB Bank Limited for issuance of guarantee in favor of the PPIB for an amount of USD 0.647 million (Company's share). This facility was originally valid for one year from the date of agreement (i.e. April 03, 2015) and is secured by way of securities mentioned in note 12.1.1. As a consequence of the extension of the LOI till March 29, 2016, a supplemental guarantee facility agreement has been signed between the Company and the MCB Bank Limited and this guarantee has been extended till June 18, 2016.
- 13.8 In order to provide financing facilities to HPHL, the Company entered into a facility agreement with Habib Bank Limited on February 19, 2016 for issuance of guarantee of USD 3,234 million with a validity of two years and 1 month which is secured against a third ranking charge over present and future plant and machinery of Hub Project with 25% margin.
- 13.9 In connection with development of the Coal based power plant and ancillary jetty, both sponsors have agreed to fund up to USD 29 million (Company's share is approximately USD 14.5 million) from the signing of the JDF till the financial close.
- 13.10 Pursuant to the terms of SSA and SHA signed for the investment in SECMC, the Company has an option to build 1x330 MW coal based mine mouth power plant. In order to provide bank guarantee for applying to PPIB for LOI, the Company in April 2016 entered into a facility agreement with MCB Bank Limited for an amount of USD 0.330 million. This facility is valid for one year and is secured by way of securities mentioned in note 12.1.1.
- 13.11 Under the O&M agreement with the ex-operator for the Hub plant, the Company used to pay fixed and variable fees to the operator. In January 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 viewed O&M as a franchise agreement and not a service agreement and decided that payments made thereon were in the nature of technical fees which were subject to FED. After dismissal of the Company's appeal at the Commissioner Inland Revenue – Appeal and the Appellate Tribunal Inland Revenue (ATIR), the Company filed appeal with the Islamabad High Court which is pending adjudication. The Company's maximum exposure as at March 31, 2016 including the principal amount, penalty and default surcharge is approximately Rs. 1,761 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 matter stated above, no provision has been made in these condensed interim unconsolidated financial statements.

- 13.12 (i) Under the 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 Honorable Islamabad High Court (IHC). The IHC while setting aside the judgment 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 the judgments were reserved. In March 2016, on IHC notice the appeals were again heard and the judgments were reserved. The Company's maximum exposure as at March 31, 2016 including the principal amount, penalty and default surcharge is approximately Rs. 258 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 matter 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 judgment 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 judgments were reserved. In March 2016, on IHC notice the appeals were again heard and the judgments were reserved. The Company's maximum exposure as at March 31, 2016 including the principal amount, penalty and default surcharge is approximately Rs. 13 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.

- 13.13 (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 has filed appeal with the IHC which was heard during November 2014 and the judgment was reserved. In March 2016, on IHC notice the appeal was again heard and the judgment was reserved. The Company's maximum exposure as at March 31, 2016 including the principal amount, penalty and default surcharge is approximately Rs. 4 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 matter 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 judgment was reserved. In March 2016, on IHC notice the appeal was again heard and the judgment was reserved. The Company's maximum exposure as at March 31, 2016 including the principal amount, penalty and default surcharge is approximately Rs. 134 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.

- 13.14 (i) The FBR issued a Show Cause Notice to recover sales tax amounting to Rs. 4,044 million relating to fiscal year ended June 2013. 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 remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / LHC in other cases. Against this decision, the FBR has filed appeal with IHC which is pending adjudication. The Company's maximum exposure as at March 31, 2016 is approximately Rs. 4,044 million.
- (ii) 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 remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / LHC in other cases. Against this decision, the FBR has filed appeal with IHC which is pending adjudication. The Company's maximum exposure as at March 31, 2016 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 matter stated above, no provision has been made in these condensed interim unconsolidated financial statements.

- 13.15 Payment to PSO under the FSA including payment of Late Payment Interest (LPI) are exempt from withholding of income tax under the provisions of the tax law. During 2014, the FBR issued show cause notices to recover tax amounting to Rs. 1,677 million on the pretext that LPI paid to PSO under the FSA is a payment of "profit on debt". The Company filed Writ Petitions in the IHC which were heard on April 18, 2016 and judgments were reserved.

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 matter stated above, no provision has been made in these condensed interim unconsolidated financial statements.

**14. RELATED PARTY TRANSACTIONS AND BALANCES**

Related party comprises subsidiaries, 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:

**14.1 Details of Transactions**

|  | Note   | 9 months ended<br>Mar 2016<br>(Rs. '000s) | 9 months ended<br>Mar 2015<br>(Rs. '000s) |
|--|--------|---|---|
| <b>Subsidiaries</b>                            |        |   |   |
| Interest income on subordinated loan to LEL    |        | -   | 10,922                                    |
| Reimbursement of expenses from LEL             |        | 48,270                                    | 26,814                                    |
| Reimbursement of expenses from HPHL            |        | 199,872                                   | -   |
| Reimbursement of expenses from HPSL            |        | 70,496                                    | -   |
| O&M services rendered by HPSL                  |        | 1,038,070                                 | -   |
| Advances to HPSL against O&M fee               |        | 261,379                                   | -   |
| Advances repaid / adjusted                     |        | 261,379                                   | -   |
| Reimbursement of expenses from NEL             |        | 15  | -   |
| <b>Associated Undertakings</b>                 |        |   |   |
| Amounts paid for services rendered             |        | 2,314                                     | 6,969                                     |
| Purchase of consumables                        |        | 1,965                                     | -   |
| Donation                                       |        | 1,500                                     | 5,000                                     |
| Repayment of long term loans                   |        | 166,466                                   | 98,674                                    |
| Interest / mark-up on long term loans          |        | 168,418                                   | 112,710                                   |
| Mark-up on short term borrowings               |        | 78,754                                    | 40,809                                    |
| Other finance costs                            |        | 1,519                                     | 51  |
| <b>Other related parties</b>                   |        |   |   |
| Other income                                   |        | -   | 327                                       |
| Proceeds from disposal of an asset             | 14.1.1 | 6,625                                     | -   |
| Remuneration to key management personnel       |        |   |   |
| Salaries, benefits and other allowances        |        | 139,301                                   | 86,138                                    |
| Retirement benefits                            |        | 6,758                                     | 5,621                                     |
|  | 14.1.2 | 146,059                                   | 91,759                                    |
| Directors' fee                                 | 14.1.3 | 17,450                                    | 10,750                                    |
| Contribution to staff retirement benefit plans |        | 14,346                                    | 8,783                                     |

14.1.1 This represents gain on disposal of an asset having book value of Rs. Nil to CEO under normal commercial terms and conditions.

14.1.2 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.

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

**14.2 Details of Outstanding Balances**

|   | Mar 2016<br>(Rs. '000s)<br>(Unaudited) | Jun 2015<br>(Rs. '000s)<br>(Audited) |
|---|--|--------------------------------------|
| <b>Subsidiaries</b>                     |  |                                      |
| Receivable from LEL                     | 152,250                                | 123,375                              |
| Receivable from HPHL                    | 359,396                                | 159,524                              |
| Receivable from HPSL                    | 21,797                                 | -                                    |
| Receivable from NEL                     | 15                                     | -                                    |
| Payable to HPSL                         | 6,938                                  | -                                    |
| Payable to NEL                          | 100                                    | -                                    |
| <b>Associated Undertakings</b>          |  |                                      |
| Outstanding balance of long term loans  | 3,140,551                              | 1,116,698                            |
| Accrued markup on long term loans       | 87,558                                 | 29,165                               |
| Accrued markup on short term borrowings | 23,351                                 | 2,115                                |

**15. CASH AND CASH EQUIVALENTS**

Cash and bank balances  
 Finances under mark-up arrangements

|  | Mar 2016<br>(Rs. '000s) | Mar 2015<br>(Rs. '000s) |
|--|-------------------------|-------------------------|
|  | 310,852                 | 709,185                 |
|  | <u>(12,019,500)</u>     | <u>(8,745,094)</u>      |
|  | <u>(11,708,648)</u>     | <u>(8,035,909)</u>      |

**16. DIVIDEND**

The Board of Directors declared an interim dividend for the nine months ended March 31, 2016 of Rs. 3.50 per share, amounting to Rs. 4,050.040 million, at their meeting held on April 28, 2016. These condensed interim unconsolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

**17. DATE OF AUTHORISATION**

These condensed interim unconsolidated financial statements were authorised for issue on April 28, 2016 in accordance with the resolution of the Board of Directors.

**18. GENERAL**

Figures have been rounded off to the nearest thousand rupees.



Khalid Mansoor  
 Chief Executive



Iqbal Alimohamed  
 Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

|   | Note      | 3 months ended<br>Mar 2016<br>(Rs. '000s) | 3 months ended<br>Mar 2015<br>(Rs. '000s) | 9 months ended<br>Mar 2016<br>(Rs. '000s) | 9 months ended<br>Mar 2015<br>(Rs. '000s) |
|---|-----------|---|---|---|---|
| Turnover  |           | 19,470,854                                | 27,965,172                                | 69,751,757                                | 108,546,479                               |
| Operating costs   | 4         | (14,995,713)                              | (22,730,111)                              | (56,505,487)                              | (94,138,949)                              |
| <b>GROSS PROFIT</b>   |           | <u>4,475,141</u>                          | <u>5,235,061</u>                          | <u>13,246,270</u>                         | <u>14,407,530</u>                         |
| General and administration expenses   |           | (203,837)                                 | (285,811)                                 | (874,467)                                 | (704,811)                                 |
| Other income  |           | 39,443                                    | 34,632                                    | 130,364                                   | 91,445                                    |
| Other operating expenses  | 5         | (46,796)                                  | (381,794)                                 | (415,318)                                 | (381,794)                                 |
| <b>PROFIT FROM OPERATIONS</b>   |           | <u>4,263,951</u>                          | <u>4,602,088</u>                          | <u>12,086,849</u>                         | <u>13,412,370</u>                         |
| Finance costs   | 6         | (1,002,787)                               | (1,266,322)                               | (3,147,576)                               | (4,445,406)                               |
| Share of (loss) / profit from associates  | 8.1 & 8.2 | (57,543)                                  | 1,321                                     | (110,516)                                 | 1,321                                     |
| <b>PROFIT BEFORE TAXATION</b>   |           | <u>3,203,621</u>                          | <u>3,337,087</u>                          | <u>8,828,757</u>                          | <u>8,968,285</u>                          |
| Taxation  |           | (100,489)                                 | (626)                                     | (153,255)                                 | (2,368)                                   |
| <b>PROFIT FOR THE PERIOD</b>  |           | <u><u>3,103,132</u></u>                   | <u><u>3,336,461</u></u>                   | <u><u>8,675,502</u></u>                   | <u><u>8,965,917</u></u>                   |
| Attributable to:  |           |   |   |   |   |
| - Owners of the holding company   |           | 3,035,399                                 | 2,953,109                                 | 8,342,924                                 | 8,355,990                                 |
| - Non-controlling interest  |           | 67,733                                    | 383,352                                   | 332,578                                   | 609,927                                   |
|   |           | <u><u>3,103,132</u></u>                   | <u><u>3,336,461</u></u>                   | <u><u>8,675,502</u></u>                   | <u><u>8,965,917</u></u>                   |
| Basic and diluted earnings per share attributable to owners of the holding company (Rupees) |           | <u>2.62</u>                               | <u>2.55</u>                               | <u>7.21</u>                               | <u>7.22</u>                               |

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

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

|  | <b>3 months ended<br/>Mar 2016<br/>(Rs. '000s)</b> | <b>3 months ended<br/>Mar 2015<br/>(Rs. '000s)</b> | <b>9 months ended<br/>Mar 2016<br/>(Rs. '000s)</b> | <b>9 months ended<br/>Mar 2015<br/>(Rs. '000s)</b> |
|--|--|--|--|--|
| Profit for the period  | 3,103,132  | 3,336,461  | 8,675,502  | 8,965,917  |
| <b>Other comprehensive income for the period</b>                                   |  |  |  |  |
| <i>Items that will not be reclassified to profit or loss in subsequent periods</i> |  |  |  |  |
| Gain / (loss) on remeasurements of post employment benefit obligation              | 1,495  | (5,954)  | (13,317)   | (5,427)  |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                                   | <u>3,104,627</u>                                   | <u>3,330,507</u>                                   | <u>8,662,185</u>                                   | <u>8,960,490</u>                                   |
| Attributable to:   |  |  |  |  |
| - Owners of the holding company  | 3,036,894  | 2,947,155  | 8,329,607  | 8,350,563  |
| - Non-controlling interest   | 67,733   | 383,352  | 332,578  | 609,927  |
|  | <u>3,104,627</u>                                   | <u>3,330,507</u>                                   | <u>8,662,185</u>                                   | <u>8,960,490</u>                                   |

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

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**BALANCE SHEET**  
**AS AT MARCH 31, 2016**

|   | Note | Mar 2016<br>(Rs. '000s)<br>(Unaudited) | Jun 2015<br>(Rs. '000s)<br>(Audited) |
|---|------|--|--------------------------------------|
| <b>ASSETS</b>   |      |  |                                      |
| <b>NON-CURRENT ASSETS</b>   |      |  |                                      |
| Fixed Assets  |      |  |                                      |
| Property, plant and equipment   | 7    | 56,208,617                             | 58,038,964                           |
| Intangibles   |      | 1,464,319                              | 1,418,377                            |
| Long term investments   | 8    | 760,512                                | 244,234                              |
| Long term deposits and prepayments                                      |      | 37,825                                 | 28,183                               |
| <b>CURRENT ASSETS</b>   |      |  |                                      |
| Stores, spares and consumables  |      | 2,374,494                              | 2,218,881                            |
| Stock-in-trade  |      | 1,258,829                              | 3,469,528                            |
| Trade debts   | 9    | 80,043,508                             | 74,895,994                           |
| Loans and advances  |      | 294,857                                | 187,469                              |
| Deposits, prepayments and other receivables                             |      | 3,933,002                              | 3,268,411                            |
| Cash and bank balances  |      | 2,478,012                              | 2,346,924                            |
|   |      | 90,382,702                             | 86,387,207                           |
| <b>TOTAL ASSETS</b>   |      | <b>148,853,975</b>                     | <b>146,116,965</b>                   |
| <b>EQUITY AND LIABILITIES</b>   |      |  |                                      |
| <b>SHARE CAPITAL AND RESERVE</b>  |      |  |                                      |
| <b>Share Capital</b>  |      |  |                                      |
| Authorised  |      | 12,000,000                             | 12,000,000                           |
| Issued, subscribed and paid-up  |      | 11,571,544                             | 11,571,544                           |
| <b>Revenue Reserve</b>  |      |  |                                      |
| Unappropriated profit   |      | 20,116,136                             | 23,358,073                           |
| Attributable to owners of the holding company                           |      | 31,687,680                             | 34,929,617                           |
| <b>NON-CONTROLLING INTEREST</b>   |      | 1,940,604                              | 1,910,156                            |
|   |      | 33,628,284                             | 36,839,773                           |
| <b>NON-CURRENT LIABILITIES</b>  |      |  |                                      |
| Long term loans   |      | 24,352,468                             | 28,329,348                           |
| Liabilities against assets subject to finance lease                     |      | 2,657,296                              | 2,895,625                            |
| Deferred liability  |      | 7,130                                  | 6,125                                |
| <b>CURRENT LIABILITIES</b>  |      |  |                                      |
| Trade and other payables  | 10   | 69,728,817                             | 60,243,868                           |
| Interest / mark-up accrued  |      | 805,066                                | 1,241,932                            |
| Short term borrowings   | 11   | 12,019,500                             | 10,963,045                           |
| Current maturity of long term loans                                     |      | 5,328,839                              | 5,283,616                            |
| Current maturity of liabilities against assets subject to finance lease |      | 324,788                                | 313,633                              |
| Taxation-net  |      | 1,787                                  | -                                    |
|   |      | 88,208,797                             | 78,046,094                           |
| <b>COMMITMENTS AND CONTINGENCIES</b>                                    | 12   |  |                                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                     |      | <b>148,853,975</b>                     | <b>146,116,965</b>                   |

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

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

|  | Note | 9 months ended<br>Mar 2016<br>(Rs. '000s) | 9 months ended<br>Mar 2015<br>(Rs. '000s) |
|--|------|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                            |      |   |   |
| Profit before taxation   |      | 8,828,757                                 | 8,968,285                                 |
| Adjustments for:   |      |   |   |
| Depreciation   |      | 2,861,389                                 | 2,750,483                                 |
| Amortisation   |      | 15,098                                    | 7,001                                     |
| Gain on disposal of fixed assets                                       |      | (14,148)                                  | (1,567)                                   |
| Write-off of fixed assets  |      | 26,830                                    | 381,794                                   |
| Share of loss / (profit) from associates                               |      | 110,516                                   | (1,321)                                   |
| Loss on dilution of interest in an associate                           |      | 111                                       | -   |
| Staff gratuity   |      | 40,149                                    | 16,632                                    |
| Interest income  |      | (105,382)                                 | (85,084)                                  |
| Interest / mark-up   |      | 2,903,552                                 | 4,195,051                                 |
| Amortisation of transaction costs                                      |      | 108,113                                   | 116,173                                   |
| Operating profit before working capital changes                        |      | <u>14,774,985</u>                         | <u>16,347,447</u>                         |
| Working capital changes  |      | 309,986                                   | 1,571,008                                 |
| Cash generated from operations   |      | <u>15,084,971</u>                         | <u>17,918,455</u>                         |
| Interest received  |      | 102,717                                   | 83,381                                    |
| Interest / mark-up paid  |      | (3,338,830)                               | (4,744,090)                               |
| Staff gratuity paid  |      | (1,500)                                   | -   |
| Taxes paid   |      | (165,355)                                 | (13,019)                                  |
| Net cash generated from operating activities                           |      | <u>11,682,003</u>                         | <u>13,244,727</u>                         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                            |      |   |   |
| Fixed capital expenditure  |      | (725,985)                                 | (569,604)                                 |
| Proceeds from disposal of fixed assets                                 |      | 30,481                                    | 8,673                                     |
| Investments in associates  |      | (626,905)                                 | (243,087)                                 |
| Long term deposits and prepayments                                     |      | (9,642)                                   | 3,838                                     |
| Net cash used in investing activities                                  |      | <u>(1,332,051)</u>                        | <u>(800,180)</u>                          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                            |      |   |   |
| Dividends paid to owners of the holding company                        |      | (6,359,581)                               | (4,626,098)                               |
| Dividends paid to non controlling interest                             |      | (302,130)                                 | -   |
| Proceeds from long term loans - Musharaka finance facility             |      | -   | 2,500,000                                 |
| Repayment of long term loans - Hub plant                               |      | (979,062)                                 | (979,063)                                 |
| Repayment of long term loans - Narowal plant                           |      | (1,439,235)                               | (1,237,523)                               |
| Repayment of long term loans - Laraib's investment                     |      | (473,281)                                 | (473,280)                                 |
| Repayment of long term loans - LEL                                     |      | (1,243,248)                               | (1,216,109)                               |
| Repayment of long term loans - Musharaka finance facility              |      | (156,250)                                 | -   |
| Repayment of liabilities against assets subject to finance lease - LEL |      | (322,532)                                 | (311,259)                                 |
| Net cash used in financing activities                                  |      | <u>(11,275,319)</u>                       | <u>(6,343,332)</u>                        |
| Net (decrease) / increase in cash and cash equivalents                 |      | (925,367)                                 | 6,101,215                                 |
| Cash and cash equivalents at the beginning of the period               |      | (8,616,121)                               | (11,862,480)                              |
| Cash and cash equivalents at the end of the period                     | 15   | <u>(9,541,488)</u>                        | <u>(5,761,265)</u>                        |

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

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2016**

|  | 9 months ended<br>Mar 2016<br>(Rs. '000s) | 9 months ended<br>Mar 2015<br>(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   | 23,358,073                                | 21,543,374                                |
| Total comprehensive income for the period  | 8,329,607                                 | 8,350,563                                 |
| <b>Transactions with owners in their capacity as owners</b>                                    |   |   |
| Final dividend for the fiscal year 2014-2015 @ Rs. 5.50<br>(2013-2014: @ Rs. 4.00) per share   | (6,364,349)                               | (4,628,618)                               |
| Interim dividend for the fiscal year 2015-2016 @ Rs. 4.50<br>(2014-2015: @ Rs. 4.00) per share | (5,207,195)                               | (4,628,618)                               |
|  | <u>(11,571,544)</u>                       | <u>(9,257,236)</u>                        |
| Balance at the end of the period   | 20,116,136                                | 20,636,701                                |
| Attributable to owners of the holding company  | <u>31,687,680</u>                         | <u>32,208,245</u>                         |
| <b>Non-controlling interest</b>  |   |   |
| Balance at the beginning of the period   | 1,910,156                                 | 1,486,794                                 |
| Total comprehensive income for the period  | 332,578                                   | 609,927                                   |
| Dividend paid  | (302,130)                                 | -   |
| Balance at the end of the period   | <u>1,940,604</u>                          | <u>2,096,721</u>                          |
| <b>Total equity</b>  | <u><u>33,628,284</u></u>                  | <u><u>34,304,966</u></u>                  |

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

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director

## 1. 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 [presently named as Pakistan Stock Exchange Limited (PSX)] 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 (LEL) - Holding of 74.95%;
- Hub Power Holdings Limited (HPhL) - Holding of 100%;
- Hub Power Services Limited (HPSL) - Holding of 100%; and
- Narowal Energy Limited (NEL) - Holding of 100%.

LEL was incorporated in Pakistan on August 9, 1995 as a public limited company under the Ordinance which 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.

After achieving Commercial Operation Date (COD), LEL filed an application with National Transmission Despatch Company (NTDC) for true-up of tariff by the NEPRA. Subsequent to the period end, on April 14, 2016, the LEL received tariff true up from NEPRA and the impact has been recognised in these condensed interim consolidated financial statements. LEL is planning to file a review petition against the tariff approved by NEPRA. Accordingly, the differential impact, if any, will be recognised in the period in which it is approved.

The holding company also has two wholly owned subsidiaries, HPSL and HPhL. The principle activities of HPSL are to manage operation & maintenance of the power plants and the principle activities of HPhL are to invest in new business opportunities in the power sector

HPSL provides operation and maintenance services for the Hub Plant under the terms of 'Operation and Maintenance Agreement' (the "O&M Agreement") dated November 2, 2015 for the term until March 31, 2027, unless terminated earlier through mutual consent. The service commencement date as per the O&M Agreement is August 1, 2015.

### 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 Private Power and Infrastructure Board (PPIB) for the appropriate changes in the tax laws so that Narowal could be demerged into a separate legal entity. The holding company has received the Economic Coordination Committee's (ECC) approval for the changes in tax laws enabling the holding company to demerge Narowal into a separate legal entity having the same tax exempt status, after demerger, as it enjoys now. During the period, the holding company has incorporated a wholly owned subsidiary, Narowal Energy Limited (NEL), however, the said demerger is subject to approval of the Scheme of Arrangement for demerger by the Board of Directors, shareholders and the High Court of Sindh.

### Narowal Plant O&M Takeover

During the period, the holding company served notice to the Operator of its Narowal Plant for the non-renewal of the Operations & Maintenance (O&M) Agreement. As per the terms of the O&M Agreement, the holding company is required to serve six months prior written notice. With effect from the completion of notice period i.e. April 21, 2016, the holding company is managing the Operations & Maintenance of the Narowal Plant through its wholly owned subsidiary, HPSL.

## 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, 2015, except for the following:

### 2.1 Taxation

Income of the holding company is not liable to taxation in Pakistan to the extent provided in the Implementation Agreements signed with the Government of Pakistan (GOP) and the Income Tax Ordinance, 2001 (ITO 2001). Accordingly, provision for taxation, if any, is made only on the income liable to tax at the applicable rates of tax after taking into account tax credits, rebates etc allowable under the ITO 2001.

Income of LEL is not liable to taxation in Pakistan to the extent provided in the ITO 2001. Accordingly, provision for taxation, if any, is made only on the income liable to tax at the applicable rates of tax after taking into account tax credits, rebates etc. allowable under the ITO 2001.

Income of the HPSL and HPHL is subject to taxation in Pakistan in accordance with the provisions of the Income Tax Ordinance, 2001 (ITO). Accordingly, provision for taxation has been made after taking into account tax credit etc, if any. Presently, the HPSL's major income is being taxed on minimum tax on service income.

### 3. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements for the third quarter ended March 31, 2016 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, 2015.

|  | 3 months ended<br>Mar 2016<br>(Rs. '000s) | 3 months ended<br>Mar 2015<br>(Rs. '000s) | 9 months ended<br>Mar 2016<br>(Rs. '000s) | 9 months ended<br>Mar 2015<br>(Rs. '000s) |
|--|---|---|---|---|
| <b>4. OPERATING COSTS</b>  |   |   |   |   |
| Fuel cost  | 12,813,398                                | 19,962,387                                | 49,299,132                                | 86,339,707                                |
| Water use charges  | 18,627                                    | 18,303                                    | 62,142                                    | 54,207                                    |
| Salaries, benefits and other allowances                          | 212,127                                   | 3,808                                     | 588,967                                   | 23,968                                    |
| Stores and spares  | 286,708                                   | 63,521                                    | 681,453                                   | 179,201                                   |
| Operation and Maintenance  | 178,798                                   | 1,059,346                                 | 812,931                                   | 3,171,367                                 |
| Insurance  | 239,122                                   | 233,468                                   | 697,369                                   | 697,161                                   |
| Depreciation   | 936,565                                   | 910,956                                   | 2,819,128                                 | 2,724,144                                 |
| Amortisation   | 3,654                                     | 1,397                                     | 13,473                                    | 6,763                                     |
| Repairs, maintenance and other costs                             | 306,714                                   | 476,925                                   | 1,530,892                                 | 942,431                                   |
|  | <u>14,995,713</u>                         | <u>22,730,111</u>                         | <u>56,505,487</u>                         | <u>94,138,949</u>                         |
| <b>5. OTHER OPERATING EXPENSES</b>                               |   |   |   |   |
| Write-off of fixed assets  | -   | 381,794                                   | 26,830                                    | 381,794                                   |
| Workers' welfare fund  | 1,595                                     | -   | 4,058                                     | -   |
| Workers' profit participation fund                               | 5.1 45,201                                | -   | 45,201                                    | -   |
| Termination compensation   | 5.2 -                                     | -   | 339,118                                   | -   |
| Loss on dilution of interest in an associate                     | 8.1 -                                     | -   | 111                                       | -   |
|  | <u>46,796</u>                             | <u>381,794</u>                            | <u>415,318</u>                            | <u>381,794</u>                            |
| <b>5.1 Workers' profit participation fund</b>                    |   |   |   |   |
| Provision for Workers' profit participation fund                 | 193,557                                   | 90,823                                    | 419,705                                   | 328,149                                   |
| Workers' profit participation fund recoverable from WAPDA / NTDC | (148,356)                                 | (90,823)                                  | (374,504)                                 | (328,149)                                 |
|  | <u>45,201</u>                             | <u>-</u>                                  | <u>45,201</u>                             | <u>-</u>                                  |

The holding company is required to pay 5% of its profit to the Workers' profit participation fund (the "Fund"). The holding company is entitled to claim majority of this expense from Water and Power Development Authority (WAPDA) / National Transmission and Despatch Company Limited (NTDC) as a pass through item.

5.2 This represents early Termination Compensation to the ex-operator of the Hub Plant as per the terms of Termination Agreement.

|                                       | 3 months ended<br>Mar 2016<br>(Rs. '000s) | 3 months ended<br>Mar 2015<br>(Rs. '000s) | 9 months ended<br>Mar 2016<br>(Rs. '000s) | 9 months ended<br>Mar 2015<br>(Rs. '000s) |
|---------------------------------------|---|---|---|---|
| <b>6. FINANCE COSTS</b>               |   |   |   |   |
| Interest / mark-up on long term loans | 616,499                                   | 912,232                                   | 1,991,514                                 | 2,812,552                                 |
| Interest on finance lease             | 43,172                                    | 42,031                                    | 128,495                                   | 131,671                                   |
| Mark-up on short term borrowings      | 265,083                                   | 259,891                                   | 781,921                                   | 1,250,828                                 |
| Amortisation of transaction costs     | 34,830                                    | 37,201                                    | 108,113                                   | 116,173                                   |
| Other finance costs                   | 43,203                                    | 14,967                                    | 137,533                                   | 134,182                                   |
|                                       | <u>1,002,787</u>                          | <u>1,266,322</u>                          | <u>3,147,576</u>                          | <u>4,445,406</u>                          |

|  | Note | Mar 2016<br>(Rs. '000s)<br>(Unaudited) | Jun 2015<br>(Rs. '000s)<br>(Audited) |
|--|------|--|--------------------------------------|
| <b>7. PROPERTY, PLANT AND EQUIPMENT</b>    |      |  |                                      |
| Operating property, plant and equipment    |      | 56,023,463                             | 57,952,873                           |
| Capital work-in-progress - Holding company |      | 185,154                                | 86,091                               |
|  | 7.1  | <u>56,208,617</u>                      | <u>58,038,964</u>                    |

7.1 Additions to property, plant and equipment during the period were Rs. 1074.205 million and disposals / write-off therefrom at net book value were Rs. 43.163 million.

|  | Note | Mar 2016<br>(Rs. '000s)<br>(Unaudited) | Jun 2015<br>(Rs. '000s)<br>(Audited) |
|--|------|--|--------------------------------------|
| <b>8. LONG TERM INVESTMENTS</b>                                    |      |  |                                      |
| <i>Associates</i>  |      |  |                                      |
| Investment in Sindh Engro Coal Mining Company Limited              | 8.1  | 576,070                                | 244,234                              |
| Investment in China Power Hub Generation Company (Private) Limited | 8.2  | 184,442                                | -                                    |
|  |      | <u>760,512</u>                         | <u>244,234</u>                       |

#### 8.1 Investment in Sindh Engro Coal Mining Company Limited

|  |                |                |
|--|----------------|----------------|
| Opening balance                              | 244,234        | -              |
| Investment made during the period            | 332,905        | 243,087        |
| Share of (loss) / profit from an associate   | (958)          | 1,716          |
| Loss on dilution of interest in an associate | (111)          | (569)          |
| Closing balance                              | <u>576,070</u> | <u>244,234</u> |

Pursuant to the Shareholders' Agreement dated July 21, 2014 between Engro Powergen Limited (EPL), Thal Limited (TL) and the holding company, the parties agreed to make investments in Sindh Engro Coal Mining Company Limited (SECMC). The holding company undertook to invest USD 20 million in PKR equivalent and has invested Rs. 240 million in December 2014 acquiring 16,194,332 ordinary shares having face value of Rs. 10 each at a price of Rs. 14.82 per share. Subsequently, Habib Bank Limited (HBL) and China Everbest Development International Limited (CEDIL) were inducted as investors. Accordingly, a Shareholders' Agreement ('SHA') was entered into on August 17, 2015 between the holding company, EPL, TL, HBL, and CEDIL, which terminated and substituted the previous shareholders' agreement dated July 21, 2014.

Pursuant to SHA, the holding company has agreed to invest the equivalent of USD 20 million at or soon after Financial Close of SECMC or at such later time or times as required by the Financing Agreements of SECMC at a share price of Rs. 14.82 per share. The number of shares to be acquired shall be subject to the rate of conversion prevailing on the date of payment of each tranche of subscription amounts. On March 21, 2016, the holding company further invested Rs. 332.905 million, and acquired 22,463,267 ordinary shares having face value of Rs. 10 each at a price of Rs. 14.82 per share in SECMC. Subsequent to March 31, 2016, SECMC has achieved financial close.

In addition to the USD 20 million equity, the holding company may, pursuant to the terms of the Sponsor Support Agreement, make the following investments in SECMC:

- Sponsor Support Guarantee to cover cost overruns – for an amount not exceeding USD 4 million (in equivalent Pakistan Rupees), if at any time prior to the Project Completion Date there is funding shortfall. Each Sponsor is obligated to pay the cost overrun amount in cash, by way of subscription of SECMC shares or at the option of the Sponsors collectively, by way of a subordinated debt to SECMC. The cost overrun support was approved by the members of the holding company during the Extraordinary General Meeting held on January 14, 2016.

- Letter of credit to cover for the Initial Payment Service Reserve Account Shortfall ('PSRA') – an amount estimated not to exceed USD 6 million (which could be higher). If there is an Initial PSRA Shortfall, each Sponsor shall procure and issue a PSRA Letter of Credit (LC) in proportion to its shareholding of Ordinary shares in SECMC. Upon a demand being made for payment under the PSRA LC and receiving such payment, the said amount may be treated as equity or at the option of the Sponsors collectively, subordinated debt advanced in favor of SECMC in an amount equal to such portion of the PSRA LC that is called upon. The PSRA support was approved by the members of the holding company during the Extraordinary General Meeting held on January 14, 2016.

The investment in SECMC for the purposes of cost overrun and PSRA will only be made in the event that there is an overrun and shortfall, respectively. If the entire amount of sponsor support guarantee to cover cost overrun is called and the entirety of the payment under the standby letter of credit for PSRA shortfall is demanded, the maximum investment of the holding company in SECMC shall be USD 30 million (in equivalent PKR).

On February 26, 2016, the sponsors, including the holding company, entered into a Sponsor Support Agreement (SSA) with HBL as a condition precedent for the availability of loan facilities to SECMC in connection with the project to develop, construct, operate and maintain an open pit coal mine in Sindh, Pakistan. Pursuant to the terms and conditions set forth in the SSA, the holding company has provided Sponsor Equity Contribution Letter of Credit in the form of an Irrevocable Standby letter of Credit in favour of HBL, dated March 18, 2016 for a total amount not exceeding USD 12.650 million. Additionally, a Share Pledge Agreement was also executed by the holding company with United Bank Limited on March 09, 2016, pursuant to the decision by the shareholders of the holding company in an Extra Ordinary General Meeting held on January 14, 2016.

In order to provide bank guarantee for the issuance of Equity Standby Letter of Credit, the holding company entered into a facility agreement with HBL for an amount of USD 12.65 million on March 02, 2016. This SBLC facility is valid for five years from effective date or four years from financial close whichever occurs earlier and is secured by second ranking charge over present and future plant and machinery of Hub Project with 25% margin. The first SBLC will be valid for a period of twelve months from the date of issuance and will be renewable by the holding company prior to expiry date of the SBLC.

The effective shareholding of the holding company in SECMC as at the balance sheet date is 8.50%. Although the holding company has less than 20% equity interest in SECMC, the management believes that the significant influence over the associate exists as a result of 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.

| Mar 2016    | Jun 2015    |
|-------------|-------------|
| (Rs. '000s) | (Rs. '000s) |
| (Unaudited) | (Audited)   |

## 8.2 Investment in China Power Hub Generation Company (Private) Limited

|                                   |           |   |
|-----------------------------------|-----------|---|
| Investment made during the period | 294,000   | - |
| Share of loss from an associate   | (109,558) | - |
| Closing balance                   | 184,442   | - |

The holding company, through HPHL, has a 49% interest in China Power Hub Generation Company (Private) Limited (CPHGC), an associate, the principle business of which is to construct, finance, own and operate two coal-fired power generation units of 660 MW each, in the province of Balochistan. CPHGC has been established consequent to the Joint Venture Agreement (JVA) dated April 20, 2015 between China Power International Holding Limited (CPIH) and the holding company. As per the terms of JVA, CPIH through its wholly owned subsidiary China Power International (Pakistan) Investment Limited (CPIIL) and the holding company, through HPHL invested in CPHGC in the proportion as agreed in the Shareholders' Agreement (SHA) dated June 12, 2015. Thereafter, on March 9, 2016 the SHA was revised to (a) reduce effective shareholding of the HPHL in CPHGC to 26% on next issuance of shares by CPHGC (b) reconstitute the representation and decision making of the Board of Directors and the management of CPHGC. As at balance sheet date, the Board of Directors and the management of CPHGC was reconstituted in line with the revised SHA, accordingly, investment in CPHGC is treated as an associate in these condensed interim consolidated financial statements.

| Note | Mar 2016    | Jun 2015    |
|------|-------------|-------------|
|      | (Rs. '000s) | (Rs. '000s) |
|      | (Unaudited) | (Audited)   |

## 9. TRADE DEBTS - Secured

|                 |     |            |            |
|-----------------|-----|------------|------------|
| Considered good | 9 1 | 80,043,508 | 74,895,994 |
|-----------------|-----|------------|------------|

- 9.1 These receivables include an overdue amount of Rs. 65,962 million (June 2015: Rs. 56,898 million) from WAPDA and Rs. 6,385 million (June 2015: Rs. 6,205 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.

## 10. TRADE AND OTHER PAYABLES

This includes Rs. 60,861 million (June 2015: Rs. 55,595 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 56,566 million (June 2015: Rs. 49,563 million).

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

|  | Note         | Mar 2016<br>(Rs. '000s)<br>(Unaudited) | Jun 2015<br>(Rs. '000s)<br>(Audited) |
|--|--------------|--|--------------------------------------|
| <b>11. SHORT TERM BORROWINGS - Secured</b> |              |  |                                      |
| Finances under mark-up arrangements        | 11.1 to 11.5 | <u>12,019,500</u>                      | <u>10,963,045</u>                    |

11.1 The facilities for running finance available to the holding company from various banks / financial institutions amounted to Rs. 26,825 million (June 2015: Rs. 27,365 million) at mark-up ranging between 0.50% 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 April 29, 2016 to March 31, 2017. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

11.1.1 The facilities amounting to Rs. 22,440 million (June 2015: Rs. 22,440 million) are secured by way of charge over the trade debts and stocks of the holding company pari passu with the existing charge.

11.1.2 The facilities amounting to Rs. 4,425 million (June 2015: 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.

11.1.3 These include facilities amounting to Rs. 2,275 million (June 2015: Rs. 775 million) out of which Rs. 1,398 million (June 2015: Rs. 275 million) are payable to associated undertakings. These facilities are secured by way of securities mentioned in note 11.1.1 and 11.1.2.

11.2 The holding company also has Murabaha facility agreements with banks for an amount of Rs. 625 million (June 2015: 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 26, 2016. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 11.1.2.

11.3 The holding company entered into Musharaka agreements amounting to Rs. 1,135 million (June 2015: Rs. 635 million) at a mark-up of 0.75% to 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 during the period from September 30, 2016 to November 12, 2016. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 11.1.2.

11.4 The holding company also entered into a Musharaka agreement amounting to Rs. 400 million (June 2015: Rs. 400 million) at a mark-up of 0.5% 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, 2016. 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 11.1.1.

11.5 During the period, LEL entered into running finance facilities with financial institutions amounting to Rs. 500 million, out of which Rs. 250 million is from an associated undertaking. These facilities carry mark-up at the rate of 1.75% per annum above three month KIBOR payable on quarterly basis in arrear. These facilities are secured by way of subordinated charge over the current assets (receivables, advances, deposits and prepayments) of LEL. These facilities are unutilized at period end and will expire on December 31, 2016.

## 12. 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, 2015 except as follows:

12.1 Commitments in respect of capital and revenue expenditures amount to Rs. 1,374,596 million (June 2015: Rs. 1,137,382 million). This includes commitments of Rs. 478,937 million (June 2015: Rs. Nil) to associated undertakings.

- 12.2 Due to continuous delay in payments by NTDC in connection with the Narowal plant, the holding company had called on the Sovereign Guarantee for recovery of overdue receivables. Subsequently, the holding company also filed a petition in the Honourable Supreme Court of Pakistan (SCP) seeking an immediate recovery of these overdue receivables and to protect itself against reduction in capacity purchase price in the form of Liquidated Damages (LDs) due to non-availability of power plant for electricity generation because of lack of fuel caused by delay in payments by NTDC. On February 15, 2013, the SCP passed an interim order that there shall be no reduction in capacity payment. On June 28, 2013, the holding company and other IPPs agreed with GOP that on settlement of all overdue amounts, the holding company and other Independent Power Producers (IPPs) would withdraw the SCP case and pursue expert adjudication and arbitration in accordance with the PPA with regards to the LDs imposed by power purchaser. Expert's decision is non-binding on both the holding company as well as NTDC and any party may decide to pursue arbitration pursuant to the PPA. During the period, the decision of the expert was received which was generally in favour of IPPs. However, due to NTDC/GOP's unwillingness to implement the expert's decision, the IPPs commenced arbitration proceedings in the London Court of International Arbitration (LCIA) which has appointed an arbitrator and proceedings are in progress. If the matter is decided in favour of the holding company, an amount of Rs. 802 million deducted by power purchaser (out of which LDs amounting to Rs. 567 million pertaining to the period prior to January 2013 charged to Profit & Loss account as a matter of prudence) will become refundable.
- 12.3 Pursuant to the SSA in connection with the investment in LEL, the holding company entered into a facility agreement with bank which is also an associated undertaking and has provided an LC of USD 23 million to LEL's lenders for cost overruns and debt repayment. After meeting certain conditions by the subsidiary, the LC amount will be reduced to USD 17 million which the holding company is committed to continue to maintain till the last repayment of debt (expected in 2024). Any default in payment by the holding company is subject to a mark-up of six month KIBOR plus a margin of 4%. This LC is secured by way of second ranking / subordinated charge over all present and future undertaking and assets of the holding company other than: (i) assets relating to the Narowal 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 LEL including bonus shares and right shares.
- 12.4 Pursuant to Fuel Supply Agreement (FSA) with Bakri Trading Company Pakistan (Pvt) Limited for the Narowal plant, the holding company has provided Stand-by Letter of Credit (SBLC) for an amount of Rs. 1,400 million. Any default in payment by the holding company is subject to a mark-up rate of three month KIBOR plus 4% per annum. This SBLC is secured by way of securities mentioned in note 11.1.2.
- 12.5 The holding company entered into a Joint Venture Agreement (JVA) with the China Power International Holdings Limited (CPIH) to target the development of 2 x 660 MW Coal based Power Plant (the project) 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 through their 100% owned Subsidiary Companies (Hub Power Holdings Limited and China Power International (Pakistan) Investment Limited (CPIIL)) as agreed in Shareholders Agreement dated June 12, 2015 entered into between HPHL and CPIIL. On March 09, 2016, the SHA was amended and in accordance with the terms of the Amended and Restated Shareholders Agreement executed between the holding company's and CPIH's 100% owned subsidiaries (Hub Power Holdings Limited (HPHL) and China Power International (Pakistan) Investment Limited), consequently, HPHL's equity interest in the China Power Hub Generation Company (Private) Limited (CPHGC) would be reduced to 26% and CPIIL's equity interest would be increased to 74% with HPHL having the right to exercise call option by acquiring shares from CPIIL, two hundred days before RCOD, to step up to 49% shareholding after meeting certain conditions.
- 12.6 On June 29, 2015, the Sponsors (the holding company and CPIH) have obtained Letter of Intent (LOI) for the project from the PPIB. Pursuant to terms of LOI, Sponsors were required to obtain tariff and generation license by September 17, 2015 failing which the PPIB would have been entitled to encash the bank guarantee. However, by its letter dated January 26, 2016 PPIB informed the holding company that the LOI was extended till March 29, 2016. NEPRA approved upfront tariff of the project on February 12, 2016 whereas the application for the generation license is pending with NEPRA. On April 12, 2016, PPIB also issued Letter of Support (LOS).
- 12.7 In order to provide bank guarantee for the issuance of LOI, the holding company entered into a facility agreement with MCB Bank Limited for issuance of guarantee in favor of the PPIB for an amount of USD 0.647 million (the holding company's share). This facility was originally valid for one year from the date of agreement (i.e. April 03, 2015) and is secured by way of securities mentioned in note 11.1.1. As a consequence of the extension of the LOI till March 29, 2016, a supplemental guarantee facility agreement has been signed between the holding company and the MCB Bank Limited and this guarantee has been extended till June 18, 2016.
- 12.8 Pursuant to the terms of LOS, CPHGC is required to achieve financial close within nine month from the LOS issuance date and shall negotiate and sign Power Purchase Agreement (PPA) and Implementation Agreement (IA) not later than 3 months prior to the financial close or extendable financial close date, as the case may be, failing which the PPIB shall be entitled to encash the performance guarantees.

As per the terms of the LOS, HPHL provided a performance guarantee for an amount of USD 3.243 million (HPHL's share 49%) in favour of PPIB. In order to provide this performance guarantee, HPHL entered into a facility agreement with HBL on February 19, 2016 for issuance of bank guarantee of USD 3 234 million with a validity of two years from the facility effective date or four months from the date of financial close, whichever is earlier. This facility is secured against a Standby Letter of Credit provided by the holding company on behalf of HPHL in favor of HBL.

- 12.9 In order to provide financing facilities to HPHL, the holding company entered into a facility agreement with Habib Bank Limited on February 22, 2016 for issuance of guarantee of USD 3.234 million with a validity of two years and 1 month and is secured against a third ranking charge over present and future plant and machinery of Hub Project with 25% margin.
- 12.10 In connection with development of the Coal based power plant and ancillary jetty, both sponsors have agreed to fund up to USD 29 million (the holding company's share is approximately USD 14.5 million) from the signing of the JDF till the financial close.
- 12.11 Pursuant to the terms of SSA and SHA signed for the investment in SECMC, the holding company has an option to build 1x330 MW coal based mine mouth power plant. In order to provide bank guarantee for applying to PPIB for LOI, the holding company in April 2016 entered into a facility agreement with MCB Bank Limited for an amount of USD 0.330 million. This facility is valid for one year and is secured by way of securities mentioned in note 11.1.1.
- 12.12 Under the O&M agreement with the ex-operator for the Hub plant, the holding company used to pay fixed and variable fees to the operator. In January 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 viewed O&M as a franchise agreement and not a service agreement and decided that payments made thereon were in the nature of technical fees which were subject to FED. After dismissal of the holding company's appeal at the Commissioner Inland Revenue – Appeal and the Appellate Tribunal Inland Revenue (ATIR), the holding company filed appeal with the Islamabad High Court which is pending adjudication. The holding company's maximum exposure as at March 31, 2016 including the principal amount, penalty and default surcharge is approximately Rs. 1,761 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.

- 12.13 (i) Under the 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 Honorable Islamabad High Court (IHC). The IHC while setting aside the judgment 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 the judgments were reserved. In March 2016, on IHC notice the appeals were again heard and the judgments were reserved. The holding company's maximum exposure as at March 31, 2016 including the principal amount, penalty and default surcharge is approximately Rs. 258 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 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 judgment 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 judgments were reserved. In March 2016, on IHC notice the appeals were again heard and the judgments were reserved. The holding company's maximum exposure as at March 31, 2016 including the principal amount, penalty and default surcharge is approximately Rs. 13 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.

- 12.14 (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 has filed appeal with the IHC which was heard during November 2014 and the judgment was reserved. In March 2016, on IHC notice the appeal was again heard and the judgment was reserved. The holding company's maximum exposure as at March 31, 2016 including the principal amount, penalty and default surcharge is approximately Rs. 4 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 judgment was reserved. In March 2016, on IHC notice the appeal was again heard and the judgment was reserved. The holding company's maximum exposure as at March 31, 2016 including the principal amount, penalty and default surcharge is approximately Rs. 134 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.

- 12.15
- (i) The FBR issued a Show Cause Notice to recover sales tax amounting to Rs. 4,044 million relating to fiscal year ended June 2013. 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 remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / LHC in other cases. Against this decision, the FBR has filed appeal with IHC which is pending adjudication. The holding company's maximum exposure as at March 31, 2016 is approximately Rs. 4,044 million.
  - (ii) 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 remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / LHC in other cases. Against this decision, the FBR has filed appeal with IHC which is pending adjudication. The holding company's maximum exposure as at March 31, 2016 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 matter stated above, no provision has been made in these condensed interim consolidated financial statements.

- 12.16
- Payment to PSO under the FSA including payment of Late Payment Interest (LPI) are exempt from withholding of income tax under the provisions of the tax law. During 2014, the FBR issued show cause notices to recover tax amounting to Rs. 1,677 million on the pretext that LPI paid to PSO under the FSA is a payment of "profit on debt". The Company filed Writ Petitions in the IHC which were heard on April 18, 2016 and judgment were reserved.

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.

**13. SEGMENT INFORMATION**
**13.1 SEGMENT ANALYSIS**

The Group has three reportable segments on the basis of power plants; the Hub plant, Narowal plant and Laraib plant (Hydel power plant); all these plant are operational.

The unallocated items of profit and loss relate to costs incurred by the holding company for investment in Laraib, share of loss of associates and corporate expenses relating to HPHL, HPSL and NEL.

The unallocated assets and liabilities represent the investments in associates, amount payable by the holding company for investment in Laraib and liabilities relating to HPHL, HPSL and NEL against corporate expenses

|                                     | ..... 3 months ended Mar 2016 ..... |                  |                  |                  |                  |
|-------------------------------------|-------------------------------------|------------------|------------------|------------------|------------------|
|                                     | Hub plant                           | Narowal plant    | Laraib plant     | Unallocated      | Total            |
|                                     | ..... (Rs. '000s) .....             |                  |                  |                  |                  |
| Turnover                            | 15,450,143                          | 3,114,659        | 906,052          | -                | 19,470,854       |
| Operating costs                     | (12,444,031)                        | (2,156,286)      | (395,396)        | -                | (14,995,713)     |
| <b>GROSS PROFIT</b>                 | <b>3,006,112</b>                    | <b>958,373</b>   | <b>510,656</b>   | <b>-</b>         | <b>4,475,141</b> |
| General and administration expenses | (126,082)                           | (46,149)         | (31,234)         | (372)            | (203,837)        |
| Other income                        | 6,177                               | 100              | 29,507           | 3,659            | 39,443           |
| Other operating expenses            | (45,201)                            | -                | -                | (1,595)          | (46,796)         |
| <b>PROFIT FROM OPERATIONS</b>       | <b>2,841,006</b>                    | <b>912,324</b>   | <b>508,929</b>   | <b>1,692</b>     | <b>4,263,951</b> |
| Finance costs                       | (275,827)                           | (411,049)        | (248,443)        | (67,468)         | (1,002,787)      |
| Share of loss from associates       | -                                   | -                | -                | (57,543)         | (57,543)         |
| <b>PROFIT BEFORE TAXATION</b>       | <b>2,565,179</b>                    | <b>501,275</b>   | <b>260,486</b>   | <b>(123,319)</b> | <b>3,203,621</b> |
| Taxation                            | -                                   | (134)            | -                | (100,355)        | (100,489)        |
| <b>PROFIT FOR THE PERIOD</b>        | <b>2,565,179</b>                    | <b>501,141</b>   | <b>260,486</b>   | <b>(223,674)</b> | <b>3,103,132</b> |
|                                     | ..... 3 months ended Mar 2015 ..... |                  |                  |                  |                  |
|                                     | Hub plant                           | Narowal plant    | Laraib 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 operating expenses            | -                                   | (381,794)        | -                | -                | (381,794)        |
| <b>PROFIT FROM OPERATIONS</b>       | <b>2,079,980</b>                    | <b>752,437</b>   | <b>1,770,820</b> | <b>(1,149)</b>   | <b>4,602,088</b> |
| Finance costs                       | (265,353)                           | (633,206)        | (246,700)        | (121,063)        | (1,266,322)      |
| Share of loss from associates       | -                                   | -                | -                | 1,321            | 1,321            |
| <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> |

|                                     | ..... 9 months ended Mar 2016 ..... |                  |                  |                  |                   |
|-------------------------------------|-------------------------------------|------------------|------------------|------------------|-------------------|
|                                     | Hub plant                           | Narowal plant    | Laraib plant     | Unallocated      | Total             |
|                                     | ..... (Rs. '000s) .....             |                  |                  |                  |                   |
| Turnover                            | 55,552,431                          | 10,913,830       | 3,285,496        | -                | 69,751,757        |
| Operating costs                     | (47,461,852)                        | (7,863,190)      | (1,180,445)      | -                | (56,505,487)      |
| <b>GROSS PROFIT</b>                 | <b>8,090,579</b>                    | <b>3,050,640</b> | <b>2,105,051</b> | <b>-</b>         | <b>13,246,270</b> |
| General and administration expenses | (629,300)                           | (119,602)        | (124,377)        | (1,188)          | (874,467)         |
| Other income                        | 30,700                              | 4,922            | 89,831           | 4,911            | 130,364           |
| Other operating expenses            | (384,319)                           | (26,830)         | -                | (4,169)          | (415,318)         |
| <b>PROFIT FROM OPERATIONS</b>       | <b>7,107,660</b>                    | <b>2,909,130</b> | <b>2,070,505</b> | <b>(446)</b>     | <b>12,086,849</b> |
| Finance costs                       | (812,845)                           | (1,335,441)      | (772,559)        | (226,731)        | (3,147,576)       |
| Share of loss from associates       | -                                   | -                | -                | (110,516)        | (110,516)         |
| <b>PROFIT BEFORE TAXATION</b>       | <b>6,294,815</b>                    | <b>1,573,689</b> | <b>1,297,946</b> | <b>(337,693)</b> | <b>8,828,757</b>  |
| Taxation                            | -                                   | (912)            | -                | (152,343)        | (153,255)         |
| <b>PROFIT FOR THE PERIOD</b>        | <b>6,294,815</b>                    | <b>1,572,777</b> | <b>1,297,946</b> | <b>(490,036)</b> | <b>8,675,502</b>  |

|                                     | ..... 9 months ended Mar 2015 ..... |                  |                  |                  |                   |
|-------------------------------------|-------------------------------------|------------------|------------------|------------------|-------------------|
|                                     | Hub plant                           | Narowal plant    | Laraib 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)                           | (109,493)        | (87,077)         | (1,172)          | (704,811)         |
| Other income                        | 12,212                              | 4,733            | 74,500           | -                | 91,445            |
| Other operating expenses            | -                                   | (381,794)        | -                | -                | (381,794)         |
| <b>PROFIT FROM OPERATIONS</b>       | <b>6,633,622</b>                    | <b>3,495,609</b> | <b>3,284,311</b> | <b>(1,172)</b>   | <b>13,412,370</b> |
| Finance costs                       | (1,015,365)                         | (2,173,695)      | (868,259)        | (388,087)        | (4,445,406)       |
| Share of loss from associates       | -                                   | -                | -                | 1,321            | 1,321             |
| <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)                               | (1,123)          | -                | (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>  |

### 13.2 SEGMENT ASSETS & LIABILITIES

|                          | ..... (Unaudited) ..... |                   |                   |                  |                    |
|--------------------------|-------------------------|-------------------|-------------------|------------------|--------------------|
|                          | ..... Mar 2016 .....    |                   |                   |                  |                    |
|                          | Hub plant               | Narowal plant     | Laraib plant      | Unallocated      | Total              |
|                          | ..... (Rs. '000s) ..... |                   |                   |                  |                    |
| <b>TOTAL ASSETS</b>      | <b>96,003,968</b>       | <b>28,047,483</b> | <b>23,608,807</b> | <b>1,193,717</b> | <b>148,853,975</b> |
| <b>TOTAL LIABILITIES</b> | <b>80,691,902</b>       | <b>18,082,656</b> | <b>13,483,162</b> | <b>2,967,971</b> | <b>115,225,691</b> |
|                          | ..... (Audited) .....   |                   |                   |                  |                    |
|                          | ..... Jun 2015 .....    |                   |                   |                  |                    |
|                          | Hub plant               | Narowal plant     | Laraib plant      | Unallocated      | Total              |
|                          | ..... (Rs. '000s) ..... |                   |                   |                  |                    |
| <b>TOTAL ASSETS</b>      | <b>90,896,458</b>       | <b>30,008,577</b> | <b>24,966,708</b> | <b>245,222</b>   | <b>146,116,965</b> |
| <b>TOTAL LIABILITIES</b> | <b>69,512,816</b>       | <b>21,455,051</b> | <b>14,961,739</b> | <b>3,347,586</b> | <b>109,277,192</b> |

#### 14. 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:

##### 14.1 Details of Transactions

|   | Note   | 9 months ended<br>Mar 2016<br>(Rs. '000s) | 9 months ended<br>Mar 2015<br>(Rs. '000s) |
|---|--------|---|---|
| <b>Associated Undertakings</b>                        |        |   |   |
| Amounts paid for services rendered                    |        | 2,314                                     | 6,969                                     |
| Purchase of consumables                               |        | 1,965                                     | -   |
| Donation  |        | 1,500                                     | 5,000                                     |
| Reimbursement of expenses through HPHL from the CPHGC |        | 416,605                                   | -   |
| Repayment of long term loans                          |        | 166,466                                   | 98,674                                    |
| Interest / mark-up on long term loans                 |        | 168,418                                   | 112,710                                   |
| Mark-up on short term borrowings                      |        | 78,754                                    | 40,809                                    |
| Other finance costs                                   |        | 1,519                                     | 51  |
| <b>Other related parties</b>                          |        |   |   |
| Other income  |        | -   | 327                                       |
| Proceeds from disposal of an asset                    | 14.1.1 | 6,625                                     | -   |
| Payments made on behalf of fund                       |        | 67,471                                    | -   |
| Remuneration to key management personnel              |        |   |   |
| Salaries, benefits and other allowances               |        | 173,787                                   | 106,211                                   |
| Retirement benefits                                   |        | 10,183                                    | 7,384                                     |
|   | 14.1.2 | 183,970                                   | 113,595                                   |
| Directors' fee  | 14.1.3 | 20,000                                    | 13,350                                    |
| Reimbursement of expenses to a director               |        | -   | 310                                       |
| Contribution to staff retirement benefit plans        |        | 69,830                                    | 11,300                                    |

14.1.1 This represents gain on disposal of an asset having book value of Rs. Nil to CEO of the holding company, under normal commercial terms and conditions.

14.1.2 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.

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

##### 14.2 Details of Outstanding Balances

|   | Mar 2016<br>(Rs. '000s)<br>(Unaudited) | Jun 2015<br>(Rs. '000s)<br>(Audited) |
|---|--|--------------------------------------|
| <b>Associated Undertakings</b>          |  |                                      |
| Outstanding balance of long term loans  | 3,140,551                              | 1,116,698                            |
| Receivable through HPHL from CPHGC      | 416,605                                | 157,123                              |
| Accrued markup on long term loans       | 87,558                                 | 29,165                               |
| Accrued markup on short term borrowings | 23,351                                 | 2,115                                |

|                                      | Mar 2016<br>(Rs. '000s) | Mar 2015<br>(Rs. '000s) |
|--------------------------------------|-------------------------|-------------------------|
| <b>15. CASH AND CASH EQUIVALENTS</b> |                         |                         |
| Cash and bank balances               | 2,478,012               | 2,983,829               |
| Finances under mark-up arrangements  | <u>(12,019,500)</u>     | <u>(8,745,094)</u>      |
|                                      | <u>(9,541,488)</u>      | <u>(5,761,265)</u>      |

**16. DIVIDEND**

The Board of Directors of the holding company declared an interim dividend for the nine months ended March 31, 2016 of Rs. 3.50 per share, amounting to Rs. 4,050.040 million, at their meeting held on April 28, 2016. These condensed interim consolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

**17. RECLASSIFICATION**

Certain prior year's figures have been reclassified to reflect more appropriate presentation of the events and transactions for the purpose of comparison. However, there are no material reclassifications to report.

**18. DATE OF AUTHORISATION**

These condensed interim consolidated financial statements were authorised for issue on April 28, 2016 in accordance with the resolution of the Board of Directors of the holding company.

**19. GENERAL**

Figures have been rounded off to the nearest thousand rupees.



Khalid Mansoor  
Chief Executive



Iqbal Alimohamed  
Director