



The Hub Power Company Limited

Unaudited Financial Statements
for the Half Yearly/2nd Quarter Ended
December 31, 2019

Contents

The Hub Power Company Limited

Company Information

Directors' Report English

Independent Auditor's Review Report

Condensed Interim Unconsolidated Statement of Profit or Loss

Condensed Interim Unconsolidated Statement of Comprehensive Income

Condensed Interim Unconsolidated Statement of Financial Position

Condensed Interim Unconsolidated Statement Cash Flow

Condensed Interim Unconsolidated Statement of Changes in Equity

Notes to the Condensed Interim Unconsolidated Financial Statements

The Hub Power Company Limited and its Subsidiary Companies

Condensed Interim Consolidated Statement of Profit or Loss

Condensed Interim Consolidated Statement of Comprehensive Income

Condensed Interim Consolidated Statement of Financial Position

Condensed Interim Consolidated Statement Cash Flow

Condensed Interim Consolidated Statement of Changes in Equity

Notes to the Condensed Interim Consolidated Financial Statements

Directors' Report Urdu

Company Information

Board of Directors

M Habibullah Khan	Chairman
Khalid Mansoor	Chief Executive
Javed Akbar	
Aly Khan	
Aleeya Khan	
Manzoor Ahmed	
Nadeem Inayat	
Ejaz Sanjrani	GOB Nominee
Owais Shahid	
Saad Iqbal	
Muhammad Ali	

Audit Committee

Manzoor Ahmed	Chairman
Owais Shahid	
Aly Khan	
Saad Iqbal	
Nadeem Inayat	

Company Secretary

Shaharyar Nashat

Management Committee

Khalid Mansoor
Ruhail Muhammad
Shaharyar Nashat
Tahir Jawaid
Abdul Nasir
Nazoor Baig
Kamran Kamal
Saleemullah Memon

M. Inam Ur Rehman Siddiqui

Farrukh Rasheed

**Registered & Head
Office**

11th Floor, Ocean Tower
Block-9, Main Clifton Road, Karachi

Email: 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

Al-Baraka Bank (Pakistan) Limited

Citibank N.A. Pakistan

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

JS Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Pak Brunei Investment Company Limited

Pak China Investment Company Limited

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

MCB Bank Limited

Bank of Punjab

Legal Advisors

Syed Jamil Shah

Auditors

A.F.F Ferguson & Co.

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

CPHGC Plant

Mouza Kund,

Post Office Gaddani,

District Lasbela, Balochistan

Laraib Energy Limited

(Subsidiary)

12-B/1, Multi Mansion Plaza,

G-8, Markaz, Islamabad

DIRECTORS' REVIEW

REPORT OF DIRECTORS ON THE CONSOLIDATED AND UNCONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTH ENDED DECEMBER 31, 2019

The Board of Directors is pleased to present a brief overview of the financial and operational performance of the Company for the six months ended December 31, 2019.

Consolidated net profit during the period under review was Rs. 11,052 million, resulting in earnings per share of Rs. 8.52 compared to net profit of Rs. 5,407 million and earnings per share of Rs. 4.51 same period last year. The increase in profit is mainly due to recognition of share of profit from associate (China Power Hub Generation Company Limited) which started Commercial Operations from August 17, 2019, recognition of loss on shares of CPHGC to be transferred to GOB, lower repair and maintenance expenses and depreciation of Rupee against USD partly offset by higher financing costs.

Unconsolidated net profit during the period under review was Rs. 3,031 million, resulting in earnings per share of Rs. 2.34 compared to net profit of Rs. 3,030 million and earnings per share of Rs. 2.53 same period last year. The net effect of increase in unconsolidated profit is mainly due to depreciation of Rupee against USD, lower repair and maintenance expenses and higher financing costs.

Due to the rising circular debt and delay in payments by Power Purchaser, the liquidity of the Company remained severely constrained, restraining the Company from declaring any dividends.

Growth Projects

The lignite based 330MW Thar Energy Limited Project in Thar Block II has completed 54% (approx.) of Project Construction and targeted to achieve COD by the end of 2nd quarter 2021. The Company has engaged China Development Bank (CDB) as the lead arranger for the foreign financing from China and Habib Bank Limited (HBL) as the lead arranger for the local financing. The PPIB announced the Financial Close in January 2020.

The Hub Power Company Limited has also signed financing agreement for its second Project in Thar Block II; 330MW ThalNova Power Thar (Pvt.) Ltd project. The China Development Bank (CDB) is the lead arranger for the foreign financing from China and Habib Bank Limited is the lead arranger for the local financing. ThalNova has already completed 21% (approx.) of Project Construction. Project's Financial Close is expected by end March 2020 and COD is targeted by end of 2021.

Hub Plant

During the period under review, Hub plant generation was 34 GWh as compared to 504 GWh in the corresponding period last year, at a load factor of 1% (Q2 2018-19: 10%). The low load factor is mainly due to the displacement of RFO plants by coal and RLNG plants.

Narowal Plant

During the period under review, Narowal Plant generated 224 GWh as compared to 419 GWh in the corresponding period last year, at a load factor of 24% (Q2 2018-19: 44%). The low load factor is mainly due to the displacement of RFO plants by coal and RLNG plants.

Laraib Plant

During the period under review, Laraib Plant generated 152 GWh as compared to 146 GWh in the corresponding period last year. The load factor for the period was 41% (Q2 2018-19: 39%).

CPHGC Plant

During the period under review, CPHGC Plant generated 2,347 GWh with the load factor of 57%. The Project was officially inaugurated by the Honorable Prime Minister Imran Khan in October 2019. Executed in a record time, as per schedule and within projected costs, the CPHGC Project is a part of the early harvest energy projects under China Pakistan Economic Corridor (CPEC) framework and the only Project with a Joint Venture amongst Chinese and Pakistani Companies – making it truly a Project of national and strategic significance. The Plant will add 9 billion kWh of electricity to the national grid every year meeting electricity needs of 4 million households in the country.

Sindh Engro Coal Mining Company

The Sindh Engro Coal Mining Company (SECMC) achieved Financial Close (FC) for its Phase II Project in December 2019. The coal from Phase II will be supplied to Thar Energy Limited and ThalNova Power Thar (Pvt.) Limited.

The Company remains grateful to its Shareholders, employees, business partners and all other stakeholders for their confidence in the Company and their support in the Company's journey on the path of growth and prosperity.

By Order of the Board



Khalid Mansoor
Chief Executive Officer



M. Habibullah Khan
Chairman



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of The Hub Power Company Limited

Report on review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of The Hub Power Company Limited as at December 31, 2019 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, condensed interim unconsolidated statement of cash flows, and notes to the condensed interim unconsolidated financial statements for the half year then ended (here-in-after referred to as the "condensed interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim unconsolidated financial statements based on our review.

The figures of the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim unconsolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Waqas Aftab Sheikh.

**Chartered Accountants
Karachi
Date: February 25, 2020**

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	3 months ended Dec 2019 (Rs. '000s)	3 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
Turnover	5	6,443,253	8,356,669	13,695,283	19,089,468
Operating costs	6	(2,309,267)	(5,808,369)	(5,452,379)	(14,133,121)
GROSS PROFIT		4,133,986	2,548,300	8,242,904	4,956,347
General and administration expenses		(209,628)	(194,055)	(379,327)	(373,242)
Other income	7	72,659	154,682	112,231	165,414
Other operating expenses	8	(3,007)	(9,985)	(3,633)	(11,067)
PROFIT FROM OPERATIONS		3,994,010	2,498,942	7,972,175	4,737,452
Finance costs	9	(2,554,930)	(953,865)	(4,914,610)	(1,693,088)
PROFIT BEFORE TAXATION		1,439,080	1,545,077	3,057,565	3,044,364
Taxation		(14,396)	(8,370)	(26,286)	(14,530)
PROFIT FOR THE PERIOD		1,424,684	1,536,707	3,031,279	3,029,834
			Restated		Restated
Basic and diluted earnings per share (Rupees)		1.10	1.28	2.34	2.53

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	3 months ended Dec 2019 (Rs. '000s)	3 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
Profit for the period	1,424,684	1,536,707	3,031,279	3,029,834
Other comprehensive loss for the period:				
<i>Items that will not be reclassified to Profit or Loss in subsequent periods</i>				
Loss on remeasurement of post employment benefit obligation	-	(1,905)	-	(3,810)
Loss on revaluation of equity investment at fair value through other comprehensive income	(90,551)	-	(107,508)	-
	(90,551)	(1,905)	(107,508)	(3,810)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,334,133</u>	<u>1,534,802</u>	<u>2,923,771</u>	<u>3,026,024</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.

to be

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive


Abdul Nasir
Chief Financial Officer

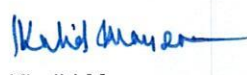


THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	10	13,085,195	13,666,909
Intangibles		36,180	52,318
Long term investments	11	56,175,359	48,355,239
Long term deposits and prepayments		19,787	21,970
		69,316,521	62,096,436
CURRENT ASSETS			
Stores, spares and consumables		1,792,540	1,850,864
Stock-in-trade		6,374,165	4,575,810
Trade debts	12	65,154,228	66,628,533
Loans and advances		729,732	732,469
Prepayments and other receivables	13	11,670,833	10,531,600
Cash and bank balances		534,125	7,312,080
		86,255,623	91,631,356
TOTAL ASSETS		155,572,144	153,727,792
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised		17,000,000	17,000,000
Issued, subscribed and paid-up		12,971,544	12,971,544
Capital Reserve			
Share premium		5,600,000	5,600,000
Revenue Reserve			
Unappropriated profit		16,615,548	13,691,777
		35,187,092	32,263,321
NON-CURRENT LIABILITIES			
Long term loans	14	28,802,286	21,926,752
Long term lease liabilities	3.1	332,247	-
		29,134,533	21,926,752
CURRENT LIABILITIES			
Trade and other payables	15	53,591,433	56,272,876
Unclaimed dividend		201,809	189,516
Unpaid dividend		57,947	79,605
Interest / mark-up accrued		868,529	567,840
Short term borrowings	16	35,471,956	41,112,054
Current maturity of long term loans		1,035,572	1,315,828
Current maturity of long term lease liabilities	3.1	23,273	-
		91,250,519	99,537,719
TOTAL EQUITY AND LIABILITIES		155,572,144	153,727,792
COMMITMENTS AND CONTINGENCIES			
	17		

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.


M. Habibullah Khan
Chairman


Khalid Mansoor
Chief Executive


Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019


	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,057,565	3,044,364
Adjustments for:		
Depreciation	971,545	957,947
Amortisation	16,149	17,627
Dividend income from HPSL	(45,000)	(100,000)
Gain on disposal of fixed assets	(2,750)	(39,714)
Provision against slow moving stores, spares and consumables	77,005	61,816
Staff gratuity	15,055	12,242
Interest income	(33,871)	(10,405)
Mark-up on lease liabilities	22,388	-
Interest / mark-up expense	4,625,376	1,614,740
Amortisation of transaction costs	15,484	1,004
Operating profit before working capital changes	8,718,946	5,559,621
Working capital changes	(4,141,776)	(3,151,250)
Cash generated from operations	4,577,170	2,408,371
Interest income received	32,748	10,730
Interest / mark-up paid	(4,324,687)	(1,511,797)
Staff gratuity paid	(35,000)	(12,000)
Taxes paid	(26,286)	(26,677)
Net cash generated from operating activities	223,945	868,627
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from HPSL	45,000	100,000
Fixed capital expenditure	(34,973)	(82,416)
Proceeds from disposal of fixed assets	5,907	44,363
Long term investments made	(7,927,628)	(3,915,553)
Long term deposits and prepayments	2,183	(300)
Net cash used in investing activities	(7,909,511)	(3,853,906)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(9,365)	(3,336,641)
Proceeds from long term loans - net	7,381,499	3,378,589
Repayment of long term loans	(801,705)	(1,215,484)
Repayment of long term lease liabilities	(22,720)	-
Net cash generated from / (used in) financing activities	6,547,709	(1,173,536)
Net decrease in cash and cash equivalents	(1,137,857)	(4,158,815)
Cash and cash equivalents at the beginning of the period	(33,799,974)	(21,349,226)
Cash and cash equivalents at the end of the period	19 (34,937,831)	(25,508,041)

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.

As per


M. Habibullah Khan
Chairman


Khalid Mansoor
Chief Executive


Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
ISSUED CAPITAL		
Balance at the beginning of the period	12,971,544	11,571,544
Balance at the end of the period	<u>12,971,544</u>	<u>11,571,544</u>
SHARE PREMIUM		
Balance at the beginning of the period	5,600,000	-
Balance at the end of the period	<u>5,600,000</u>	<u>-</u>
UNAPPROPRIATED PROFIT		
Balance at the beginning of the period	13,691,777	8,255,595
Profit for the period	3,031,279	3,029,834
Other comprehensive loss for the period	(107,508)	(3,810)
Total comprehensive income for the period	2,923,771	3,026,024
Transactions with owners in their capacity as owners		
Final dividend for the fiscal year 2018-19 @ Rs. Nil (2017-18 @ Rs. 2.80) per share	-	(3,240,032)
Balance at the end of the period	<u>16,615,548</u>	<u>8,041,587</u>
TOTAL EQUITY	<u>35,187,092</u>	<u>19,613,131</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.

AGC

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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. The shares of the Company are listed on the Pakistan Stock Exchange (PSX). 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).

The Company has the following subsidiaries and associates:

Subsidiaries

- Laraib Energy Limited (LEL) - Holding of 74.95%;
- Hub Power Services Limited (HPSL) - Holding of 100%;
- Hub Power Holdings Limited (HPHL) - Holding of 100%;
- Narowal Energy Limited (NEL) - Holding of 100%; and
- Thar Energy Limited (TEL) - Holding of 60%.

Associates

- China Power Hub Generation Company (Private) Limited (CPHGC) - Holding of 47.5%; and
- ThalNova Power Thar (Private) Limited (TNPTL) - Holding of 38.3%.

2. BASIS OF PREPARATION

These condensed interim unconsolidated financial statements of the Company for the half year ended December 31, 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 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, 2019. These condensed interim unconsolidated financial statements of the Company for the half year ended December 31, 2019 are unaudited but subject to limited scope review by the statutory auditors as required by applicable laws. The figures of the condensed interim unconsolidated statement of profit or loss and statement of comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed by the statutory auditors of the Company as they are only required to review the cumulative figures for the half years ended December 31, 2019 and 2018.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim unconsolidated financial statements are same as those applied in preparing the unconsolidated financial statements for the year ended June 30, 2019, except for the following:

Agg

3.1 First time adoption of IFRS 16 'Leases' (effective for annual periods beginning on or after January 1, 2019)

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases- Incentive" and SIC-27 "Evaluating the substance of transactions involving the legal form of a Lease". It results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases has been removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The Company has adopted IFRS 16 by applying the modified retrospective approach along with transitional provision provided under IFRS 16 according to which the Company is not required to restate the prior period results and no impact of adoption of IFRS 16 on opening equity has been recognised by the Company. The Company has used a single discount rate to a portfolio of leases with reasonably similar characteristics (i.e. lessee's incremental borrowing rate of 13.5%) and used hindsight in determining the lease term if the contracts contain options to extend or terminate the lease.

Following is the impact of IFRS 16 on these condensed interim unconsolidated financial statements:

	Dec 31, 2019 (Rs. '000s) (Unaudited)	Jul 01, 2019 (Rs. '000s) (Unaudited)
Impact on statement of financial position		
Property, plant and equipment - increased by	334,169	358,026
Prepayments and other receivables - decreased by	-	(2,174)
Lease liabilities - increased by	355,520	355,852
Current portion of long term lease liabilities - increased by	(23,273)	(19,414)
Long term lease liabilities - increased by	332,247	336,438
6 months ended Dec 31, 2019 (Rs. '000s) (Unaudited)		
Impact on statement of profit or loss		
General and administration expenses		
- Increase in depreciation	(23,857)	
- Decrease in rent expense	30,821	
	6,964	
Increase in finance cost	(22,388)	
Decrease in profit before taxation	(15,424)	
Decrease in taxation	-	
Decrease in profit for the period	(15,424)	

The Company, as a lessee, recognises a right to use asset and a lease liability on the lease commencement date.

Upon initial recognition, the right to use asset is measured as the amount equal to initially measured lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently, the right to use asset is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter of estimated useful lives of the right to use assets or the lease term.

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate. Subsequently, lease liability is measured at amortised cost using the effective interest rate method.

Handwritten signature

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim unconsolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions. Judgements and estimates made by the management in the preparation of these condensed interim unconsolidated financial statements are same as those applied in the Company's annual unconsolidated financial statements for the year ended June 30, 2019. The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited unconsolidated financial statements for the year ended June 30, 2019.

Note	3 months ended	3 months ended	6 months ended	6 months ended
	Dec 2019 (Rs. '000s)	Dec 2018 (Rs. '000s)	Dec 2019 (Rs. '000s)	Dec 2018 (Rs. '000s)
5. TURNOVER				
Capacity Purchase Price (CPP)	4,957,309	3,979,465	9,914,617	7,958,823
Energy Purchase Price (EPP)	-	3,287,291	688,908	9,241,390
Late Payment Interest (LPI)	1,485,944	1,439,454	3,099,838	2,819,998
Startup Charges (SC)	-	23,241	25,671	51,976
Part Load Adjustment Charges (PLAC)	-	83,366	62,463	336,200
	<u>6,443,253</u>	<u>8,812,817</u>	<u>13,791,497</u>	<u>20,408,387</u>
Less: Sales tax on EPP	-	(456,148)	(96,214)	(1,318,919)
	<u>6,443,253</u>	<u>8,356,669</u>	<u>13,695,283</u>	<u>19,089,468</u>

6. OPERATING COSTS

Fuel cost		7,992	2,986,575	719,619	8,424,511
Late Payment Interest to fuel supplier		941,364	1,185,863	2,004,508	2,447,776
Stores and spares		59,193	150,401	118,998	278,237
Operations and maintenance	6.1	399,750	415,050	799,500	830,100
Insurance		200,126	155,224	401,801	311,114
Depreciation		467,234	469,889	932,640	940,809
Amortisation		7,300	7,683	15,706	14,799
Repairs, maintenance and other costs		226,308	437,684	459,607	885,775
		<u>2,309,267</u>	<u>5,808,369</u>	<u>5,452,379</u>	<u>14,133,121</u>

6.1 This represents fee for O&M services rendered by HPSL (a subsidiary company).

Note	3 months ended	3 months ended	6 months ended	6 months ended
	Dec 2019 (Rs. '000s)	Dec 2018 (Rs. '000s)	Dec 2019 (Rs. '000s)	Dec 2018 (Rs. '000s)
7. OTHER INCOME				
Financial assets				
Interest income	11,453	6,185	33,871	10,405
Non-financial assets				
Gain on disposal of fixed assets	193	39,694	2,750	39,714
Dividend income from HPSL	45,000	100,000	45,000	100,000
Income from management services	15,172	8,803	27,670	15,295
Exchange gain - net	841	-	2,940	-
	<u>61,206</u>	<u>148,497</u>	<u>78,360</u>	<u>155,009</u>
	<u>72,659</u>	<u>154,682</u>	<u>112,231</u>	<u>165,414</u>

ADCO

	3 months ended Dec 2019 (Rs. '000s)	3 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
7.1 Income from management services				
Services income	157,147	92,593	290,771	160,730
Cost of services	(141,975)	(83,790)	(263,101)	(145,435)
	<u>15,172</u>	<u>8,803</u>	<u>27,670</u>	<u>15,295</u>

The Company has entered into services agreements with TEL (a subsidiary company) and TNPTL (an associate company). In accordance with the terms of the agreements, the Company provides assistance to TEL and TNPTL in performance of their obligations under relevant project agreements including Power Purchase Agreements, Coal Supply Agreements, Water Use Agreements, Implementation Agreements, EPC Contracts and O&M Agreements.

	Note	3 months ended Dec 2019 (Rs. '000s)	3 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
8. OTHER OPERATING EXPENSES					
Exchange loss - net		-	4,544	-	5,302
Workers' profit participation fund	8.1	3,007	5,441	3,633	5,765
		<u>3,007</u>	<u>9,985</u>	<u>3,633</u>	<u>11,067</u>

8.1 Workers' profit participation fund

Provision for Workers' profit participation fund	71,609	77,238	153,059	152,507
Workers' profit participation fund recoverable from CPPA(G)	(68,602)	(71,797)	(149,426)	(146,742)
	<u>3,007</u>	<u>5,441</u>	<u>3,633</u>	<u>5,765</u>

9. FINANCE COSTS

Interest / mark-up on long term loans	1,132,573	348,226	2,036,256	621,910
Mark-up on long term lease liabilities	18,154	-	22,388	-
Mark-up on short term borrowings	1,230,331	567,442	2,589,120	992,830
Amortisation of transaction costs	9,820	104	15,484	1,004
Other finance costs	164,052	38,093	251,362	77,344
	<u>2,554,930</u>	<u>953,865</u>	<u>4,914,610</u>	<u>1,693,088</u>

ATSD

	Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
10. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	12,886,744	13,489,316
Capital work-in-progress (CWIP)	198,451	177,593
	13,085,195	13,666,909

10.1 Additions to property, plant and equipment during the period were Rs. 393 million (Dec 2018: Rs. 52 million) and disposals therefrom at net book value were Rs. 3 million (Dec 2018: Rs. 5 million). Additions include recognition of right to use assets of Rs. 358 million as a result of adoption of new accounting standard IFRS 16 (see note 3.1).

	Note	Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
11. LONG TERM INVESTMENTS			
Investment in subsidiaries - unquoted			
Laraib Energy Limited (LEL)		4,674,189	4,674,189
Hub Power Services Limited (HPSL)		100	100
Hub Power Holdings Limited (HPhL)	11.1	38,957,534	32,135,034
Narowal Energy Limited (NEL)		3,921,883	3,921,883
Thar Energy Limited (TEL)	11.2	6,412,503	5,579,436
		53,966,209	46,310,642
Others - unquoted			
Equity investment at fair value through other comprehensive income - Sindh Engro Coal Mining Company Limited (SECMC)	11.3	2,209,150	2,044,597
		56,175,359	48,355,239

11.1 Hub Power Holdings Limited (HPhL)

HPhL, a wholly owned subsidiary, was incorporated in Pakistan on March 10, 2015 as a public limited company. The principal activities of the subsidiary are to invest in new business opportunities.

11.1.1 ThalNova Power Thar (Private) Limited (TNPTL)

On August 19, 2019, Private Power and Infrastructure Board (PPIB) upon TNPTL's request approved the extension in Financial Closing Date from June 30, 2019 to December 31, 2019 and further on December 16, 2019 approved the request for extension in Financial Closing Date till April 30, 2020 subject to provision of prescribed fee and extension of performance guarantee at least three months beyond the extended Financial Closing Date. TNPTL has paid the prescribed fee and HPhL has provided its share of performance guarantee amounting to USD 1.26 million in favour of PPIB, which is valid till August 10, 2020. The Company has placed Rs. 225 million with a bank as a security for issuance of said LOS guarantee (see note 19.1).

PPIB is entitled to encash the performance guarantee in case TNPTL is not able to meet the conditions or TNPTL decides to exercise termination option, as defined in the LOS. Further, the Project agreements as well as the Project will automatically terminate on the expiration or termination of the LOS.

11.2 Thar Energy Limited (TEL)

On January 30, 2020, PPIB on behalf of the Government of Pakistan notified the achievement of Financial Close (FC) of TEL.

In relation to the achievement of TEL's FC, a Deed of Undertaking (Deed) has been signed between TEL and Habib Bank Limited (HBL), which is the Intercreditor Agent, pursuant to which TEL is required to procure the following no later than June 30, 2020, subject to the terms and conditions defined in the Deed:

- i. An amendment in the Sponsor Support Agreement (SSA) for Additional Sponsor Support up to maximum of USD 19.5 million in which Hubco's share will be USD 11.7 million (based on the 60% equity stake); and
- ii. An amendment in the Coal Supply Agreement (CSA) in such a way that coal supply by SECMC is available by December 31, 2021.

ASB Co

11.3 Sindh Engro Coal Mining Company Limited (SECMC)

During the period, the Company has made further investment in SECMC amounting to Rs. 272.1 million. Furthermore, SECMC achieved its Financial Closure for Phase II on December 31, 2019.

	Note	Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
12. TRADE DEBTS			
Considered good - Secured			
Capacity Purchase Price		25,827,119	23,108,089
Energy Purchase Price		7,988,948	12,515,171
Late Payment Interest	12.1	29,293,948	28,694,110
Startup Charges		237,795	246,593
Part Load Adjustment Charges		690,249	848,401
Pass through items (WPPF and taxes)		1,116,169	1,216,169
	12.2	<u>65,154,228</u>	<u>66,628,533</u>

12.1 This includes Rs. 4,216 million (June 2019: Rs. 3,438 million) which is not yet billed by the Company.

12.2 This includes an amount of Rs. 58,776 million (June 2019: Rs. 59,178 million) receivable from CPPA(G) which is overdue but not impaired because the trade debts are secured by a guarantee from the GOP under the Implementation Agreement (IA). The delay in payments from CPPA(G) carries mark-up at SBP discount rate plus 2% per annum compounded semi-annually for all overdue invoices except Late Payment Interest invoices.

	Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
13. PREPAYMENTS AND OTHER RECEIVABLES		
Prepayments	449,209	19,331
Other receivables		
Interest accrued	1,123	-
Income tax - refundable	1,904,971	1,912,347
Sales tax	7,656,208	7,170,968
Receivable from LEL	45,015	14,527
Receivable from HPSL	4,498	-
Receivable from HPHL	-	14,873
Receivable from NEL	946	2,112
Receivable from TEL	26,585	9,925
Receivable from TNPTL	54,454	7,483
Workers' profit participation fund recoverable from CPPA(G)	1,525,360	1,375,934
Miscellaneous	2,464	4,100
	<u>11,221,624</u>	<u>10,512,269</u>
	<u>11,670,833</u>	<u>10,531,600</u>

14. LONG TERM LOANS

On August 22, 2019, in order to meet investment requirements in CPHGC and TNPTL, the Company issued privately placed secured Sukuk Certificates amounting to Rs. 7,000 million at a mark-up of 1.9% per annum above three-month KIBOR. The mark-up on the Sukuk is payable on quarterly basis in arrears and the principal is payable in four equal semi-annual installments commencing from February 22, 2022. The Sukuk Certificates are secured by:

- revolving corporate guarantee from NEL;
- Subordinate hypothecation charge over receivables of NEL including but not limited to amounts receivable under the GOP guarantee;

AS

- c) Subordinate charge over all present and future movable fixed assets of the Company and NEL for Rs. 4,000 million and Rs. 9,333 million respectively; and
- d) Pledge of 100% shares of NEL.

15. TRADE AND OTHER PAYABLES

This includes Rs. 48,968 million (June 2019: Rs. 51,767 million) payable to Pakistan State Oil Company Limited (PSO), out of which Rs. 25,634 million (June 2019: Rs. 26,130 million) pertains to LPI. Overdue amount payable to PSO is Rs. 44,473 million (June 2019: Rs. 47,455 million).

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

	Note	Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
16. SHORT TERM BORROWINGS			
Secured			
Running finance	16.1 & 16.2	26,324,880	24,213,535
Short term / sub limit finance		-	5,000,000
		26,324,880	29,213,535
Unsecured			
Privately placed sukuks	16.3	4,500,000	8,500,000
Commercial paper	16.4	4,647,076	3,398,519
		9,147,076	11,898,519
		35,471,956	41,112,054

- 16.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 27,400 million (June 2019: Rs. 28,800 million) at mark-up ranging between 0.40% to 2.00% 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 February 28, 2020 to December 31, 2020. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. The facilities are secured by way of charge over the trade debts and stocks of the Company for the Hub Plant pari passu with the existing charge.
- 16.2 The Company has also entered into Musharaka agreements amounting to Rs. 1,400 million (June 2019: Rs. 1,400 million) at a mark-up of 0.75% per annum above one month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on June 30, 2020 and September 30, 2020. 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 16.1.
- 16.3 On November 21, 2019, the Company issued privately placed unsecured Sukuk certificates based on Musharaka amounting to Rs. 4,500 million at a mark-up of 1.50% per annum above three-month KIBOR. The mark-up on the Sukuk is payable on quarterly basis in arrear and the principal is payable on May 21, 2020. Any late payment by the Company is subject to mark-up at a rate of 2.00% per annum over three-month KIBOR.
- 16.4 The Company issued privately placed unsecured short term commercial paper amounting to Rs. 5,000 million at a discounted value Rs. 4,647 million. The tenor of this commercial paper is one hundred and eighty days from the date of draw down i.e. September 26, 2019 which carries mark-up at the rate of six month KIBOR plus 1.50% per annum.

ASB Co

17. COMMITMENTS AND CONTINGENCIES

There is no material change in the status of commitments and contingencies as disclosed in the annual unconsolidated financial statements of the Company for the year ended June 30, 2019, except for the following:

- 17.1 On October 11, 2019, the Company received an invoice of Rs. 398.5 million from the Power Purchaser, CPPA(G) in respect of Liquidated Damages (LDs) due to non-availability of Hub Power Plant for electricity generation during the operating year April 1, 2018 to March 31, 2019. The LDs invoice is for the time period during which the Hub Power Plant was not available for electricity generation due to lack of fuel caused by delay in payments by CPPA(G) which resulted in the Company not being able to meet its payment obligations to Pakistan State Oil (PSO). PSO had stopped the supply of RFO to the Hub Power Plant due to delay in payments as well as non-provision of Standby Letter of Credit (SBLC) by the Company as required under the Fuel Supply Agreement (FSA). The Company did not establish the SBLC for PSO because CPPA(G) did not establish SBLC in favor of the Company as required under the Power Purchase Agreement (PPA) dated August 3, 1992.

The Company has contested the LDs invoice and the claim therein on the grounds that the Hub Power Plant ran out of fuel because of the CPPA(G)'s payment defaults and non-provision of SBLC as required under the PPA. Also, in the past similar cases arose where CPPA(G) attempted to impose LDs on other IPPs and they challenged such imposition of LDs and won at various legal forums including expert adjudication as well as International Arbitration. Accordingly, the management is of the view that the position of the Company is sound on technical and legal basis and that the claim is without substance and merit and has been rejected. Pending the resolution of the matter stated above, no provision has been made in these condensed interim unconsolidated financial statements.

- 17.2 (i) In October 2019, the FBR issued income tax demand of Rs. 266 million relating to fiscal year ended June 2016. This is based on FBR's views that the Company's income on account of supplemental charges are taxable and CPP income is also liable for minimum tax. The FBR issued demand for WWF as well. The Company has filed appeal with the Commissioner Inland Revenue Appeal which is pending adjudication. The Company's maximum exposure as at December 31, 2019 including the principal amount, penalty and default surcharge is approximately Rs. 284 million.
- (ii) In December 2019, the FBR issued a demand of Rs. 19 million relating to fiscal year ended June 2016. This is based on FBR's views that during the said year the Company had not deducted tax on payments to supplier. The Company has filed appeal with the Commissioner Inland Revenue Appeal which is pending adjudication. The Company's maximum exposure as at December 31, 2019 including the principal amount, penalty and default surcharge is approximately Rs. 20 million.

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

ABC

18. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of subsidiaries, associates, retirement benefit funds, directors and key management personnel. Significant transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim unconsolidated financial statements, are as follows:

18.1 Details of transactions	Note	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
Subsidiaries			
Laraib Energy Limited			
Reimbursable expenses incurred on behalf of subsidiary		50,172	11,871
Receipts against reimbursement of expenses from subsidiary		19,684	14,590
Hub Power Holdings Limited			
Investment in subsidiary		6,822,500	3,393,764
Reimbursable expenses incurred on behalf of subsidiary		97,514	3,926
Receipts against reimbursement of expenses from subsidiary		114,761	44,996
Reimbursable expenses incurred by subsidiary		8,970	-
Payments against reimbursement of expenses to subsidiary		11,344	-
Hub Power Services Limited			
Reimbursable expenses incurred on behalf of subsidiary		35,587	5,447
Receipts against reimbursement of expenses from subsidiary		33,209	14,000
Reimbursable expenses incurred by subsidiary		11,481	50,536
Payments against reimbursement of expenses to subsidiary		16,904	42,687
Amount paid for O&M services rendered		920,735	952,603
Dividend received		45,000	100,000
Interest expense on loan from subsidiary	18.2.1	5,544	505
Payment against interest on loan from subsidiary		5,544	505
Narowal Energy Limited			
Reimbursable expenses incurred on behalf of subsidiary		17,267	20,746
Receipts against reimbursement of expenses from subsidiary		18,180	24,590
Interest income on loan to subsidiary	18.2.2	49,035	35,608
Receipts against interest on loan to subsidiary		49,288	35,838
Thar Energy Limited			
Investment in subsidiary		833,067	353,200
Reimbursable expenses incurred on behalf of subsidiary		19,558	3,504
Receipts against reimbursement of expenses from subsidiary		1,995	2,253
Reimbursable expenses incurred by subsidiary		1,227	1,338
Payments against reimbursement of expenses to subsidiary		324	901

	Note	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
Services rendered to subsidiary		232,198	181,625
Receipt against services agreement		237,206	333,390
Other related parties			
Reimbursable expenses incurred on behalf of TNPTL		69,543	250
Receipt against reimbursement of expenses from TNPTL		22,572	250
Services rendered to TNPTL		58,572	-
Receipt against services agreement from TNPTL		140,000	-
Remuneration to key management personnel			
Salaries, benefits and other allowances		81,541	67,278
Retirement benefits		3,230	2,502
	18.1.1 & 18.1.2	84,771	69,780
Directors' fee	18.1.3	2,550	2,950
Contribution to staff retirement benefit plans of the Company		42,069	17,576
Contribution to staff retirement benefit plan of HPSSL		1,036	-
18.1.1 Transactions with key management personnel are carried out under the terms of their employment. They are also provided with the use of Company maintained automobiles and certain other benefits.			
18.1.2 The above figures do not include cost allocated to subsidiary companies amounting to Rs. 9 million (Dec 2018: Rs. 12 million).			
18.1.3 This represents fee paid to the directors of the Company for attending meetings.			
18.1.4 The transactions with related parties are made under mutually agreed terms and conditions.			
18.2 Details of outstanding balances	Note	Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
Subsidiaries			
Hub Power Services Limited			
Payable to subsidiary		-	3,684
Narowal Energy Limited			
Loan to subsidiary	18.2.2	703,000	699,500
Thar Energy Limited			
Advance against management services		16,449	38,730
Other related parties			
Payable to staff retirement benefit plans		14,892	41,541
ThalNova Power Thar (Private) Limited			
Advance against management services		65,322	-

18.2.1 The Company has arranged an unsecured short term loan facility for an amount of up to Rs. 500 million from HPSSL, to meet its working capital requirements. This facility carries mark-up at the rate of 0.75% per annum above one month KIBOR payable on quarterly basis. The maximum aggregate amount outstanding at any month end during the period was Rs. 70 million (June 2019: Rs. 145 million).

ASB Co

18.2.2 The Company has provided NEL an unsecured short term loan facility for an amount of up to Rs. 3,000 million, to meet its working capital requirements, which carries mark-up at the rate of 0.40% per annum above one month KIBOR. Any late payment is subject to an additional payment of 1.00% per annum above the normal mark-up rate. The maximum aggregate amount receivable at month end during the period was Rs. 1,320 million (June 2019: Rs. 1,800 million).

	Note	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
19. CASH AND CASH EQUIVALENTS			
Cash and bank balances	19.1	534,125	309,090
Short term borrowings		(35,471,956)	(25,817,131)
		<u>(34,937,831)</u>	<u>(25,508,041)</u>

19.1 This includes short term deposit of Rs. 225 million placed with a bank as a security for issuance of LOS guarantee in favour of TNPTL (refer note 11.1.1).

20. PLANT CAPACITY AND PRODUCTION	3 months ended Dec 2019	3 months ended Dec 2018	6 months ended Dec 2019	6 months ended Dec 2018
<u>HUB PLANT</u>				
Theoretical Maximum Output	2,650 GWh	2,650 GWh	5,299 GWh	5,299 GWh
Output produced	0 GWh	160 GWh	34 GWh	504 GWh
Load Factor	0%	6%	1%	10%

Practical maximum output for the power plant taking into account all the scheduled outages is 4,867 GWh (Dec 2018: 4,543 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

21. REPRESENTATION / RECLASSIFICATION

Certain corresponding figures have been represented / re-classified to reflect a more appropriate presentation of events and transactions for the purpose of consistency.

22. DATE OF AUTHORISATION

These condensed interim unconsolidated financial statements were authorised for issue on February 25, 2020 in accordance with the resolution of the Board of Directors.

23. GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

Handwritten signature



M. Habibullah Khan
Chairman



Khalid Mansoor
Chief Executive




Abdul Nasir
Chief Financial Officer




**THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	Note	3 months ended Dec 2019 (Rs. '000s)	3 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
Turnover	5	10,572,530	13,070,725	24,653,589	31,059,378
Operating costs	6	(3,592,359)	(8,497,464)	(10,182,031)	(21,648,514)
GROSS PROFIT		<u>6,980,171</u>	<u>4,573,261</u>	<u>14,471,558</u>	<u>9,410,864</u>
General and administration expenses		(381,186)	(362,124)	(830,000)	(675,629)
Other income	7	94,199	174,715	160,115	224,888
Other operating expenses	8	(5,804)	(5,441)	(26,271)	(5,765)
PROFIT FROM OPERATIONS		<u>6,687,380</u>	<u>4,380,411</u>	<u>13,775,402</u>	<u>8,954,358</u>
Finance costs	9	(3,191,708)	(1,613,143)	(6,251,021)	(2,935,597)
Share of profit / (loss) from associates	10	3,280,142	(132,696)	5,153,226	(193,455)
Loss on shares to be transferred to GoB	12.1	(1,009,029)	-	(1,009,029)	-
PROFIT BEFORE TAXATION		<u>5,766,785</u>	<u>2,634,572</u>	<u>11,668,578</u>	<u>5,825,306</u>
Taxation		(79,583)	(77,874)	(157,888)	(144,589)
PROFIT FOR THE PERIOD		<u>5,687,202</u>	<u>2,556,698</u>	<u>11,510,690</u>	<u>5,680,717</u>
Attributable to:					
- Owners of the holding company		5,484,179	2,446,780	11,052,406	5,407,059
- Non-controlling interest		203,023	109,918	458,284	273,658
		<u>5,687,202</u>	<u>2,556,698</u>	<u>11,510,690</u>	<u>5,680,717</u>
			Restated		Restated
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)		<u>4.23</u>	<u>2.04</u>	<u>8.52</u>	<u>4.51</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.


M. Habibullah Khan
Chairman


Khalid Mansoor
Chief Executive


Abdul Nasir
Chief Financial Officer




**THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	3 months ended Dec 2019 (Rs. '000s)	3 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
Profit for the period	5,687,202	2,556,698	11,510,690	5,680,717
Other comprehensive (loss) / income for the period				
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>				
(Loss) / gain on remeasurement of post employment benefits obligation	-	(28,132)	-	4,565
Loss on revaluation of equity investment at fair value through other comprehensive income	(90,551)	-	(107,508)	-
	(90,551)	(28,132)	(107,508)	4,565
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,596,651	2,528,566	11,403,182	5,685,282
Attributable to:				
- Owners of the holding company	5,393,628	2,418,648	10,944,898	5,411,624
- Non-controlling interest	203,023	109,918	458,284	273,658
	5,596,651	2,528,566	11,403,182	5,685,282

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.


M. Habibullah Khan
Chairman


Khalid Mansoor
Chief Executive


Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	11	70,228,232	68,487,309
Intangibles		1,452,667	1,472,145
Long term investments	12	43,687,067	36,302,726
Long term deposits, prepayments and others		70,712	69,362
		115,438,678	106,331,542
CURRENT ASSETS			
Stores, spares and consumables		3,014,643	3,124,509
Stock-in-trade		6,694,468	5,844,656
Trade debts	13	87,186,361	85,646,949
Loans and advances		71,685	52,685
Deposits, prepayments and other receivables	14	13,381,802	12,135,523
Cash and bank balances		6,833,321	12,131,754
		117,182,280	118,936,076
TOTAL ASSETS		232,620,958	225,267,618
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised		17,000,000	17,000,000
Issued, subscribed and paid-up		12,971,544	12,971,544
Capital Reserve			
Share premium		5,600,000	5,600,000
Revenue Reserve			
Unappropriated profit		43,331,229	32,427,157
Attributable to owners of the holding company		61,902,773	50,998,701
NON-CONTROLLING INTEREST			
		7,298,824	6,424,007
		69,201,597	57,422,708
NON-CURRENT LIABILITIES			
Long term loans	15	39,871,936	33,399,225
Long term lease liabilities		2,508,903	2,533,131
		42,380,839	35,932,356
CURRENT LIABILITIES			
Trade and other payables	16	68,884,222	70,529,859
Unclaimed dividend		201,809	189,516
Unpaid dividend		57,947	87,615
Interest / mark-up accrued		1,840,846	1,558,324
Short term borrowings	17	43,866,119	53,478,425
Current maturity of long term loans		5,632,949	5,527,014
Current maturity of lease liabilities		509,873	501,192
Taxation-net		44,757	40,609
		121,038,522	131,912,554
TOTAL EQUITY AND LIABILITIES		232,620,958	225,267,618
COMMITMENTS AND CONTINGENCIES			
	18		

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



**THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,668,578	5,825,306
Adjustments for:		
Depreciation	1,902,964	2,261,719
Amortisation	19,695	20,646
Gain on disposal of fixed assets	(2,782)	(42,650)
Provision against slow moving stores, spares and consumables	88,284	72,210
Share of profit / (loss) from associates	(5,642,832)	193,455
Staff gratuity	39,937	34,378
Interest income	(146,449)	(51,438)
Mark-up on lease liabilities	120,049	-
Interest / mark-up expense	5,760,425	2,786,176
Amortisation of transaction costs	48,693	42,370
Operating profit before working capital changes	13,856,562	11,142,172
Working capital changes	(7,070,865)	(1,553,586)
Cash generated from operations	6,785,697	9,588,586
Interest income received	100,012	48,359
Interest / mark-up paid	(5,597,952)	(2,564,565)
Staff gratuity paid	(71,225)	(41,078)
Taxes paid	(151,933)	(159,625)
Net cash generated from operating activities	1,064,599	6,871,677
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,965,158)	(4,362,447)
Proceeds from disposal of fixed assets	7,336	49,139
Long term investments made	(1,870,772)	(3,492,453)
Long term deposits and prepayments	(1,350)	2,152
Net cash used in investing activities	(3,829,944)	(7,803,609)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the holding company	(9,365)	(3,336,641)
Dividends paid to non controlling interest	(8,010)	-
Proceeds from long term loans - net	9,824,999	3,378,589
Repayment of long term loans	(2,865,444)	(3,324,872)
Proceeds against issuance of shares to non controlling interest (TEL)	416,533	848,106
Repayment of long term lease liabilities	(260,424)	(182,963)
Share issue cost	(19,071)	(12,977)
Net cash generated from / (used in) financing activities	7,079,218	(2,630,758)
Net increase / (decrease) in cash and cash equivalents	4,313,873	(3,562,690)
Cash and cash equivalents at the beginning of the period	(41,346,671)	(26,150,455)
Cash and cash equivalents at the end of the period	21 (37,032,798)	(29,713,145)

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY		
ISSUED CAPITAL		
Balance at the beginning of the period	12,971,544	11,571,544
Balance at the end of the period	<u>12,971,544</u>	<u>11,571,544</u>
SHARE PREMIUM		
Balance at the beginning of the period	5,600,000	-
Balance at the end of the period	<u>5,600,000</u>	<u>-</u>
UNAPPROPRIATED PROFIT		
Balance at the beginning of the period	32,427,157	23,878,200
Profit for the period	11,052,406	5,407,059
Other comprehensive (loss) / income for the period	(107,508)	4,565
Total comprehensive income for the period	10,944,898	5,411,624
Share issue cost	(40,826)	(36,552)
Disposal of partial interest in TEL	-	18,180
Transactions with owners in their capacity as owners		
Final dividend for the fiscal year 2018-2019 @ Rs. Nil (2017-2018: @ Rs. 2.80) per share	-	(3,240,032)
Balance at the end of the period	<u>43,331,229</u>	<u>26,031,420</u>
Attributable to owners of the holding company	<u>61,902,773</u>	<u>37,602,964</u>
NON-CONTROLLING INTEREST		
Balance at the beginning of the period	6,424,007	3,584,186
Total comprehensive income for the period	458,284	273,658
Investment made	416,533	848,106
Disposal of partial interest in TEL	-	(18,180)
Share issue cost	-	(961)
Balance at the end of the period	<u>7,298,824</u>	<u>4,686,809</u>
TOTAL EQUITY	<u>69,201,597</u>	<u>42,289,773</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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. The shares of the holding company are listed on the Pakistan Stock Exchange (PSX). 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).

The Group consists of the holding company and following subsidiaries / associates:

Subsidiaries:

- Laraib Energy Limited (LEL) - Holding of 74.95%;
- Hub Power Services Limited (HPSL) - Holding of 100%;
- Hub Power Holdings Limited (HPhL) - Holding of 100%;
- Narowal Energy Limited (NEL) - Holding of 100%; and
- Thar Energy Limited (TEL) - Holding of 60%.

Associates:

- China Power Hub Generation Company (Private) Limited (CPHGC) - Holding of 46%; and
- ThalNova Power Thar (Private) Limited (TNPTL) - Holding of 38.3%.

Thar Energy Limited (TEL)

On January 30, 2020, PPIB on behalf of the Government of Pakistan notified the achievement of Financial Close (FC) of TEL.

In relation to the achievement of TEL's FC, a Deed of Undertaking (Deed) has been signed between TEL and Habib Bank Limited (HBL), which is the Intercreditor Agent, pursuant to which TEL is required to procure the following no later than June 30, 2020, subject to the terms and conditions defined in the Deed:

- i. An amendment in the Sponsor Support Agreement (SSA) for Additional Sponsor Support up to maximum of USD 19.5 million in which holding company's share will be USD 11.7 million (based on the 60% equity stake); and
- ii. An amendment in the Coal Supply Agreement (CSA) in such a way that coal supply by SECMC is available by December 31, 2021.

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements of the holding company for the half year ended December 31, 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 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, 2019.

3. 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 consolidated financial statements for the year ended June 30, 2019, except for the following:



3.1 First time adoption of IFRS 16 'Leases' (effective for annual periods beginning on or after January 1, 2019)

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases- Incentive" and SIC-27 "Evaluating the substance of transactions involving the legal form of a Lease". It results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases has been removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The Group has adopted IFRS 16 by applying the modified retrospective approach along with transitional provision provided under IFRS 16 according to which the Group is not required to restate the prior period results and no impact of adoption of IFRS 16 on opening equity has been recognised by the Group. The Group has used a single discount rate to a portfolio of leases with reasonably similar characteristics (i.e. lessee's incremental borrowing rate of 13.5%) and used hindsight, in determining the lease term if the contracts contain options to extend or terminate the lease.

Following is the impact of IFRS 16 on these condensed interim consolidated financial statements:

	Dec 31, 2019 (Rs. '000s) (Unaudited)	Jul 01, 2019 (Rs. '000s) (Unaudited)
Impact on statement of financial position		
Property, plant and equipment - increased by	378,395	407,890
Prepayments and other receivables - decreased by	-	(2,174)
Lease liability - increased by	391,211	401,211
Current portion of lease liability - increased by	(36,356)	(31,307)
Long term lease liability - increased by	354,855	369,904
	6 months ended Dec 31, 2019 (Rs. '000s) (Unaudited)	
Impact on statement of profit or loss		
General and administration expenses		
- Increase in depreciation	(29,495)	
- Decrease in rent expense	36,317	
	6,822	
Increase in finance cost	(24,613)	
Decrease in profit before taxation	(17,791)	
Decrease in taxation	-	
Decrease in profit for the period	(17,791)	

The Group, as a lessee, recognises a right to use asset and a lease liability on the lease commencement date.

Upon initial recognition, the right to use asset is measured as the amount equal to initially measured lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently, the right to use asset is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter of estimated useful lives of the right to use assets or the lease term.

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate. Subsequently, lease liability is measured at amortised cost using the effective interest rate method.



4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions. Judgements and estimates made by the management in the preparation of these condensed interim consolidated financial statements are same as those applied in the Group's annual consolidated financial statements for the year ended June 30, 2019. The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's annual consolidated financial statements for the year ended June 30, 2019.

	3 months ended Dec 2019 (Rs. '000s)	3 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
5. TURNOVER				
Capacity Purchase Price (CPP)	7,999,949	6,558,146	16,254,927	13,186,429
Energy Purchase Price (EPP)	573,904	5,346,813	4,873,328	16,366,009
Late Payment Interest (LPI)	2,077,840	1,803,072	4,137,573	3,459,149
Startup Charges (SC)	-	39,723	25,671	71,000
Part Load Adjustment Charges (PLAC)	-	83,366	62,463	336,200
	<u>10,651,693</u>	<u>13,831,120</u>	<u>25,353,962</u>	<u>33,418,787</u>
Less: Sales tax on EPP	(79,163)	(760,395)	(700,373)	(2,359,409)
	<u><u>10,572,530</u></u>	<u><u>13,070,725</u></u>	<u><u>24,653,589</u></u>	<u><u>31,059,378</u></u>
6. OPERATING COSTS				
Fuel cost	321,558	4,580,178	3,939,667	14,050,648
Late Payment Interest to fuel suppliers	955,480	1,185,863	2,038,858	2,447,820
Water use charges	38,340	30,683	58,736	51,301
Salaries, benefits and other allowances	345,271	347,334	680,349	693,873
Stores and spares	125,290	269,139	248,850	507,540
Insurance	305,718	238,146	616,022	476,236
Depreciation	968,935	1,222,283	1,830,383	2,234,476
Amortisation	19,385	8,952	36,354	17,338
Repairs, maintenance and other costs	512,382	614,886	732,812	1,169,282
	<u>3,592,359</u>	<u>8,497,464</u>	<u>10,182,031</u>	<u>21,648,514</u>
7. OTHER INCOME				
Financial assets				
Interest income	89,255	37,505	146,449	61,378
Non-financial assets				
Gain on disposal of fixed assets	191	41,208	2,782	42,704
Income from management services	2,681	-	5,560	-
Exchange gain - net	-	83,106	-	86,700
Income under shared facilities agreement - net	1,098	6,027	2,312	12,893
Others	974	6,869	3,012	21,213
	<u>4,944</u>	<u>137,210</u>	<u>13,666</u>	<u>163,510</u>
	<u>94,199</u>	<u>174,715</u>	<u>160,115</u>	<u>224,888</u>
7.1 Income from management services				
Services income	37,742	-	58,572	-
Cost of services	(35,061)	-	(53,012)	-
	<u>2,681</u>	<u>-</u>	<u>5,560</u>	<u>-</u>



The holding company has entered into services agreement with TNPTL (an associate company). In accordance with the terms of the agreement, the holding company provides assistance to TNPTL in performance of their obligations under project agreements including Power Purchase Agreement, Coal Supply Agreement, Water Use Agreement, Implementation Agreement, EPC Contract and O&M Agreement.

		3 months ended Dec 2019 (Rs. '000s)	3 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
8. OTHER OPERATING EXPENSES					
Exchange loss - net		2,797	-	22,638	-
Workers' profit participation fund	8.1	3,007	5,441	3,633	5,765
		<u>5,804</u>	<u>5,441</u>	<u>26,271</u>	<u>5,765</u>
8.1 Workers' profit participation fund					
Provision for workers' profit participation fund		122,772	117,529	264,433	240,200
Workers' profit participation fund recoverable from CPPA-G / NTDC		(119,765)	(112,088)	(260,800)	(234,435)
		<u>3,007</u>	<u>5,441</u>	<u>3,633</u>	<u>5,765</u>

The holding company and NEL are required to pay 5% of its profit to the workers' profit participation fund (the "Fund"). The holding company and NEL are entitled to claim majority of this expense from the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) / National Transmission and Despatch Company Limited (NTDC) as a pass through item.

		3 months ended Dec 2019 (Rs. '000s)	3 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
9. FINANCE COSTS					
Interest / mark-up on long term loans		1,421,593	715,709	2,624,369	1,339,196
Mark-up on short term borrowings		1,485,079	772,245	3,136,056	1,349,875
Mark-up on lease liabilities		66,574	50,600	120,049	97,105
Amortisation of transaction costs		27,353	20,504	48,693	42,370
Other finance costs		191,109	54,085	321,854	107,051
		<u>3,191,708</u>	<u>1,613,143</u>	<u>6,251,021</u>	<u>2,935,597</u>
10. SHARE OF PROFIT / (LOSS) FROM ASSOCIATES - NET					
- China Power Hub Generation Company (Private) Limited		3,282,811	(131,931)	5,163,322	(192,690)
- ThalNova Power Thar (Private) Limited		(2,669)	(765)	(10,096)	(765)
		<u>3,280,142</u>	<u>(132,696)</u>	<u>5,153,226</u>	<u>(193,455)</u>

		Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
11. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment		46,338,141	48,272,279
Capital work-in-progress			
Holding company		198,451	177,593
NEL		22,204	22,301
LEL		-	4,773
TEL		23,669,436	19,993,656
HPSL		-	9,907
HPHL		-	6,800
		<u>23,890,091</u>	<u>20,215,030</u>
	11.1	<u>70,228,232</u>	<u>68,487,309</u>



11.1 Additions to property, plant and equipment during the current period were Rs. 1,798 million (Dec 2018: Rs. 5,618 million) which is reduced by Rs. 593 million exchange gain capitalized on foreign currency loans (Dec 2018: Rs. 1,285 million exchange loss), and disposals therefrom at net book value were Rs. 4 million (Dec 2018: Rs. 7 million). Additions include recognition of right to use assets of Rs. 408 million as a result of adoption of new accounting standard IFRS 16 (see note 3.1).

	Note	Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
12. LONG TERM INVESTMENTS			
Investment in associates - unquoted			
China Power Hub Generation Company (Private) Limited (CPHGC)	12.1	36,225,105	28,995,221
ThalNova Power Thar (Private) Limited (TNPTL)	12.2	5,252,812	5,262,908
		<u>41,477,917</u>	<u>34,258,129</u>
Others - unquoted			
Equity investment at fair value through other comprehensive income - Sindh Engro Coal Mining Company Limited (SECMC)	12.3	2,209,150	2,044,597
		<u>43,687,067</u>	<u>36,302,726</u>
12.1 China Power Hub Generation Company (Private) Limited (CPHGC)			
Opening investment		28,995,221	7,880,953
Investment during the period / year		3,097,346	21,597,414
Share of profit / (loss) from associate		5,163,322	(447,607)
Group's share in share issue cost		(21,755)	(35,539)
Loss on shares to be transferred to GoB	12.1.1	(1,009,029)	-
		<u>36,225,105</u>	<u>28,995,221</u>

12.1.1 This represents loss on shares to be transferred to Government of Baluchistan (GoB). Pursuant to Memorandum of Understanding (MOU) dated December 23, 2016 with GoB, HPHL and China Power International (Pakistan) Investment Limited (CPIPI) are committed to transfer 3% equity shareholding in CPHGC (1.5% each by HPHL and CPIPI) to GoB. Sponsors are in discussion with GoB to complete the transaction in a transparent manner.

	Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
12.2 ThalNova Power Thar (Private) Limited (TNPTL)		
Opening investment	5,262,908	-
Investment during the period / year	-	5,250,379
Share of (loss) / profit from associate	(10,096)	13,623
Groups's share in share issue cost	-	(1,094)
	<u>5,252,812</u>	<u>5,262,908</u>

On August 19, 2019, Private Power and Infrastructure Board (PPIB) upon TNPTL's request approved the extension in Financial Closing Date from June 30, 2019 to December 31, 2019 and further on December 16, 2019 approved the request for extension in Financial Closing Date till April 30, 2020 subject to provision of prescribed fee and extension of performance guarantee at least three months beyond the extended financial closing date. TNPTL has paid the prescribed fee and HPHL has provided its share of performance guarantee amounting to USD 1.26 million in favour of PPIB, which is valid till August 10, 2020. The holding company has placed Rs. 225 million with a bank as a security for issuance of said LOS guarantee (see note 21.1).

PPIB is entitled to encash the performance guarantee in case TNPTL is not able to meet the conditions or TNPTL decides to exercise termination option, as defined in the LOS. Further, the Project agreements as well as the Project will automatically terminate on the expiration or termination of the LOS.

12.3 Sindh Engro Coal Mining Company Limited (SECMC)

During the period, the holding company has made further investment in SECMC amounting to Rs. 272.1 million. Furthermore, SECMC achieved its Financial Closure for Phase II on December 31, 2019.



	Note	Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
13. TRADE DEBTS - secured			
Considered good - Secured			
Capacity Purchase Price		33,688,594	30,763,005
Energy Purchase Price		16,744,557	19,454,374
Late Payment Interest	13.1	34,530,459	32,892,504
Startup Charges		237,795	246,593
Part Load Adjustment Charges		690,249	848,401
Pass through items (WPPF and taxes)		1,294,707	1,442,072
	13.2	<u>87,186,361</u>	<u>85,646,949</u>

13.1 This includes Rs. 5,370 million (June 2019: Rs. 4,372 million) which is not yet billed by the Group.

13.2 This includes includes an overdue amount of Rs. 58,789 million (June 2019: Rs. 59,178 million) from CPPA-G and Rs. 17,438 million (June 2019: Rs. 13,719 million) from NTDC. These are not impaired because the trade debts are secured by a guarantee from the Government of Pakistan (GOP) under the Implementation Agreements.

The delay in payments under Hub PPA carries mark-up at State Bank of Pakistan (SBP) discount rate plus 2% per annum compounded semi-annually and the delay in payments under Narowal and Laraib PPAs carries mark-up at a rate of three month KIBOR plus 4.5% and six month KIBOR plus 2% per annum respectively, compounded semi-annually for all overdue invoices except Late Payment Interest invoices.

	Note	Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits		359	359
Prepayments		640,020	53,081
Other receivables			
Interest accrued		20,971	4,714
Income tax - refundable		1,904,971	1,912,347
Sales tax		8,476,557	8,058,169
Advance tax		23,834	36,977
Receivable from CPHGC		1,957	2,158
Receivable from TNPTL		97,155	29,755
Workers' profit participation fund recoverable from CPPA-G / NTDC	8.1	2,192,507	1,931,707
Miscellaneous		23,471	106,256
		<u>12,741,423</u>	<u>12,082,083</u>
		<u>13,381,802</u>	<u>12,135,523</u>

15. LONG TERM LOANS

15.1 On August 22, 2019, in order to meet investment requirements in CPHGC and TNPTL, the holding company issued privately placed secured Sukuk Certificates amounting to Rs. 7,000 million at a mark-up of 1.9% per annum above three-month KIBOR. The mark-up on the Sukuk is payable on quarterly basis in arrears and the principal is payable in four equal semi-annual installments commencing from February 22, 2022. The Sukuk Certificates are secured by:

- revolving corporate guarantee from NEL;
- Subordinate hypothecation charge over receivables of NEL including but not limited to amounts receivable under the GOP guarantee;
- Subordinate charge over all present and future movable fixed assets of the holding company and NEL for Rs. 4,000 million and Rs. 9,333 million respectively; and
- Pledge of 100% shares of NEL.



15.2 On November 12, 2019, HPHL entered into a long term finance arrangement with a bank for an amount of Rs. 2,500 million to arrange for equity commitment of TNPTL. The facility is repayable in eight installments on semi annual basis starting from May 18, 2020 at a mark-up rate of 3 month KIBOR plus 1.50% per annum. The mark-up is payable on quarterly basis in arrear. Any late payment by HPHL is subject to an additional mark-up of 2% per annum. This loan is secured by way of second ranking / subordinated charge over all present and future assets of the Holding Company with 10% margin.

16. TRADE AND OTHER PAYABLES

This includes Rs. 48,968 million (June 2019: Rs. 51,767 million) payable to Pakistan State Oil Company Limited (PSO), out of which Rs. 25,634 million (June 2019: Rs. 26,130 million) pertains to LPI. Overdue amount payable to PSO is Rs. 44,473 million (June 2019: Rs. 47,455 million).

The delay in payments to PSO carries mark-up at the SBP discount rate plus 2% per annum compounded semi-annually except Late Payment Interest invoices.

	Note	Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
17. SHORT TERM BORROWINGS			
Secured			
Running finance	17.1 to 17.5	34,719,043	33,079,906
Short term / sub limit finance		-	8,500,000
		<u>34,719,043</u>	<u>41,579,906</u>
Unsecured			
Privately placed sukuks	17.6	4,500,000	8,500,000
Commercial paper	17.7	4,647,076	3,398,519
		9,147,076	11,898,519
		<u>43,866,119</u>	<u>53,478,425</u>

17.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 27,400 million (June 2019: Rs. 28,800 million) at mark-up ranging between 0.40% to 2.00% 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 February 28, 2020 to December 31, 2020. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. The facilities are secured by way of charge over the trade debts and stocks of the holding company for the Hub Plant pari passu with the existing charge.

17.2 The facilities for running finances available from various banks / financial institutions amounted to Rs. 5,425 million (June 2019: Rs. 5,425 million) at mark-up ranging between 0.6% to 2.00% (June 2019 : 0.6% to 2.00%) per annum above one / three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrears. The facilities will expire during the period commencing from February 29, 2020 to October 31, 2020. Any late payment NEL is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

17.2.1 The facilities are secured by way of:

- 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 plant; and (iii) the Energy Payment Receivables of the NEL.
- a subordinated charge on all present and future plant, machinery and equipment and other moveable assets of the NEL 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 NEL's right, title and interest in the Project Documents (including any receivables thereunder); and (vi) all current assets.

17.3 The facilities for running finances available from various banks / financial institutions amounted to Rs. 1,000 million (June 2019: Rs. 500 million) at mark-up ranging between 1.75% to 3.5% (June 2019 : 1.75% to 3.5%) per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrears. The facilities will expire during the period commencing from February 28, 2020 to February 29, 2020. All the facilities are secured by way of subordinated charge over the current assets (including receivables, advances, deposits and prepayments) of LEL.



- 17.4 The holding company has also entered into Musharaka agreements amounting to Rs. 1,400 million (June 2019: Rs. 1,400 million) at a mark-up of 0.75% per annum above one month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on June 30, 2020 and September 30, 2020. 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 17.1.
- 17.5 NEL also has Musharaka agreements with banks amounting to Rs. 3,125 million (June 2019: Rs. 2,900 million), at a mark-up ranging from 0.7% to 1.50% (June 2019: 0.50% to 1.00%) per annum above one month / three month KIBOR. The mark-up on the facilities are payable on quarterly basis in arrears. These facilities will expire during the period from June 30, 2020 to October 31, 2020. Any late payment by NEL 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 17.2.1.
- 17.6 On November 21, 2019, the holding company issued privately placed unsecured Sukuk certificates based on Musharaka amounting to Rs. 4,500 million at a mark-up of 1.50% per annum above three-month KIBOR. The mark-up on the Sukuk is payable on quarterly basis in arrear and the principal is payable on May 21, 2020. Any late payment by the holding company is subject to mark-up at a rate of 2.00% per annum over three-month KIBOR.
- 17.7 The holding company issued privately placed unsecured short term commercial paper amounting to Rs. 5,000 million at a discounted value Rs. 4,647 million. The tenor of this commercial paper is one hundred and eighty days from the date of draw down i.e. September 26, 2019 which carries mark-up at the rate of six month KIBOR plus 1.50% per annum.

18. COMMITMENTS AND CONTINGENCIES

There is no material change in the status of commitments and contingencies as disclosed in the annual consolidated financial statements of the Group for the year ended June 30, 2019, except as follows:

18.1 In connection with the operations of holding company:

- 18.1.1 On October 11, 2019, the holding company received an invoice of Rs. 398.5 million from the Power Purchaser, CPPA(G) in respect of Liquidated Damages (LDs) due to non-availability of Hub power plant for electricity generation during the operating year April 1, 2018 to March 31, 2019. The LDs invoice is for the time period during which the Hub Power Plant was not available for electricity generation due to lack of fuel caused by delay in payments by CPPA(G) which resulted in the holding company not being able to meet its payment obligations to Pakistan State Oil (PSO). PSO had stopped the supply of RFO to the Hub Power Plant due to delay in payments as well as non-provision of Standby Letter of Credit (SBLC) by the holding company as required under the Fuel Supply Agreement (FSA). The holding company did not establish the SBLC for PSO because CPPA(G) did not establish SBLC in favor of the holding company as required under the Power Purchase Agreement (PPA) dated August 3, 1992.

The holding company has contested the LDs invoice and the claim therein on the grounds that the Hub Power Plant ran out of fuel because of the CPPA(G)'s payment defaults and non-provision of SBLC as required under the PPA. Also, in the past similar cases arose where CPPA(G) attempted to impose LDs on other IPPs and they challenged such imposition of LDs and won at various legal forums including expert adjudication as well as International Arbitration. Accordingly, the management is of the view that the position of the holding company is sound on technical and legal basis and that the claim is without substance and merit and has been rejected. Pending the resolution of the matter stated above, no provision has been made in these condensed interim consolidated financial statements.

- 18.1.2 (i) In October 2019, the FBR issued income tax demand of Rs. 266 million relating to fiscal year ended June 2016. This is based on FBR's views that the holding company's income on account of supplemental charges are taxable and CPP income is also liable for minimum tax. The FBR issued demand for WWF as well. The holding company has filed appeal with the Commissioner Inland Revenue Appeal which is pending adjudication. The holding company's maximum exposure as at December 31, 2019 including the principal amount, penalty and default surcharge is approximately Rs. 284 million.
- (ii) In December 2019, the FBR issued a demand of Rs. 19 million relating to fiscal year ended June 2016. This is based on FBR's views that during the said year the holding company had not deducted tax on payments to supplier. The holding company has filed appeal with the Commissioner Inland Revenue Appeal which is pending adjudication. The holding company's maximum exposure as at December 31, 2019 including the principal amount, penalty and default surcharge is approximately Rs. 20 million.

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



18.2 In connection with the operations of NEL:

18.2.1 Following notices / demand orders have been issued by tax authorities to the holding company in respect of combined operations of Hub and Narowal Plants prior to Narowal Demerger. Through, an agreement dated May 11, 2017 between the NEL and the holding company, NEL has undertaken to reimburse any cost which may directly be incurred by the holding company in respect of exposures transferred pursuant to the scheme of demerger.

- (i) In October 2019, the FBR issued an income tax demand of Rs 75 million relating to fiscal year ended June 2016. This is based on FBR's views that NEL's income on account of CPP is liable for minimum tax. The FBR issued demand for WWF as well. Appeal has been filed with the Commissioner Inland Revenue Appeal which is pending adjudication. The NEL's maximum exposure as at December 31, 2019 is approximately Rs. 81 million.
- (ii) In December 2019, the FBR issued a demand of Rs. 26 million relating to fiscal year ended June 2016. This is based on FBR's views that during the year NEL had not deducted tax on payments to supplier. Appeal has been filed with the Commissioner Inland Revenue Appeal which is pending adjudication. NEL's maximum exposure as at December 31, 2019 is approximately Rs. 27 million.

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



19. SEGMENT INFORMATION

19.1 SEGMENT ANALYSIS

The management has determined the operating segments based on the information that is presented to the Board of Directors of the Group for allocation of resources and assessment of performance. The Group has the following two reportable segments; power generation business, which includes the Hub plant, Narowal plant & Laraib plant and operations and maintenance business.

The unallocated items of profit and loss and assets and liabilities include items which cannot be allocated to a specific segment on a reasonable basis.

	3 months ended Dec 2019						
	Hub plant	Power Generation Narowal plant	Laraib plant	Operations and Maintenance (Rs. '000s)	Unallocated	Eliminations	Total
Turnover	6,443,253	2,611,849	1,517,428	609,227	-	(609,227)	10,572,530
Operating costs	(2,309,267)	(1,010,019)	(405,329)	(405,868)	-	538,124	(3,592,359)
GROSS PROFIT	4,133,986	1,601,830	1,112,099	203,359	-	(71,103)	6,980,171
General and administration expenses	(209,628)	(21,378)	(39,323)	(50,803)	(60,054)	-	(381,186)
Other income	12,507	893	15,430	6,344	120,153	(60,287)	95,040
Other operating expenses	-	-	-	-	(6,645)	-	(6,645)
PROFIT FROM OPERATIONS	3,936,865	1,581,345	1,088,206	158,900	53,454	(131,390)	6,687,380
Finance costs	(872,513)	(558,042)	(260,860)	(81)	(1,730,748)	230,536	(3,191,708)
Share of profit from associates	-	-	-	-	3,280,142	-	3,280,142
Loss on shares to be transferred to GoB	-	-	-	-	(1,009,029)	-	(1,009,029)
PROFIT BEFORE TAXATION	3,064,352	1,023,303	827,346	158,819	593,819	99,146	5,766,785
Taxation	-	(258)	(325)	(57,824)	(21,176)	-	(79,583)
PROFIT FOR THE YEAR	3,064,352	1,023,045	827,021	100,995	572,643	99,146	5,687,202



3 months ended Dec 2018

	Power Generation			Operations and Maintenance (Rs. '000s)	Unallocated	Eliminations	Total
	Hub plant	Narowal plant	Laraib plant				
Turnover	8,356,669	3,467,789	1,246,320	569,342	-	(569,395)	13,070,725
Operating costs	(5,808,369)	(2,220,107)	(634,537)	(393,943)	-	559,492	(8,497,464)
GROSS PROFIT	2,548,300	1,247,682	611,783	175,399	-	(9,903)	4,573,261
General and administration expenses	(194,055)	(28,889)	(31,181)	(63,062)	(44,937)	-	(362,124)
Other income	45,879	711	45,619	18,789	177,569	(109,308)	179,259
Other operating expenses	(4,544)	-	-	-	(5,441)	-	(9,985)
PROFIT FROM OPERATIONS	2,395,580	1,219,504	626,221	131,126	127,191	(119,211)	4,380,411
Finance costs	(557,519)	(413,678)	(246,012)	(74)	(396,365)	505	(1,613,143)
Share of loss from associates	-	-	-	-	(132,696)	-	(132,696)
PROFIT BEFORE TAXATION	1,838,061	805,826	380,209	131,052	(401,870)	(118,706)	2,634,572
Taxation	-	(205)	(4,308)	(61,745)	(11,616)	-	(77,874)
PROFIT FOR THE YEAR	1,838,061	805,621	375,901	69,307	(413,486)	(118,706)	2,556,698

6 months ended Dec 2019

	Power Generation			Operations and Maintenance (Rs. '000s)	Unallocated	Eliminations	Total
	Hub plant	Narowal plant	Laraib plant				
Turnover	13,695,283	7,753,302	3,205,004	1,197,010	-	(1,197,010)	24,653,589
Operating costs	(5,452,379)	(4,382,650)	(677,897)	(785,109)	-	1,116,004	(10,182,031)
GROSS PROFIT	8,242,904	3,370,652	2,527,107	411,901	-	(81,006)	14,471,558
General and administration expenses	(379,327)	(43,937)	(78,778)	(130,252)	(197,706)	-	(830,000)
Other income	39,563	2,536	24,124	13,387	156,099	(72,654)	163,055
Other operating expenses	-	-	-	-	(29,211)	-	(29,211)
PROFIT FROM OPERATIONS	7,903,140	3,329,251	2,472,453	295,036	(70,818)	(153,660)	13,775,402
Finance costs	(1,707,507)	(1,101,756)	(550,522)	(154)	(3,274,577)	383,495	(6,251,021)
Share of profit from associates	-	-	-	-	5,153,226	-	5,153,226
Loss on shares to be transferred to GoB	-	-	-	-	(1,009,029)	-	(1,009,029)
PROFIT BEFORE TAXATION	6,195,633	2,227,495	1,921,931	294,882	798,802	229,835	11,668,578
Taxation	-	(735)	(2,796)	(114,497)	(39,860)	-	(157,888)
PROFIT FOR THE YEAR	6,195,633	2,226,760	1,919,135	180,385	758,942	229,835	11,510,690



6 months ended Dec 2018

	Power Generation			Operations and Maintenance (Rs. '000s)	Unallocated	Eliminations	Total
	Hub plant	Narowal plant	Laraib plant				
Turnover	19,089,468	9,374,658	2,595,370	1,135,739	-	(1,135,857)	31,059,378
Operating costs	(14,133,121)	(6,806,724)	(1,048,784)	(775,936)	-	1,116,051	(21,648,514)
GROSS PROFIT	4,956,347	2,567,934	1,546,586	359,803	-	(19,806)	9,410,864
General and administration expenses	(373,242)	(47,580)	(59,004)	(107,053)	(88,750)	-	(675,629)
Other income	50,119	1,914	61,758	41,907	190,292	(115,800)	230,190
Other operating expenses	(5,302)	-	-	-	(5,765)	-	(11,067)
PROFIT FROM OPERATIONS	4,627,922	2,522,268	1,549,340	294,657	95,777	(135,606)	8,954,358
Finance costs	(979,518)	(768,402)	(474,431)	(125)	(713,626)	505	(2,935,597)
Share of loss from associates	-	-	-	-	(193,455)	-	(193,455)
PROFIT BEFORE TAXATION	3,648,404	1,753,866	1,074,909	294,532	(811,304)	(135,101)	5,825,306
Taxation	-	(554)	(7,248)	(117,204)	(19,583)	-	(144,589)
PROFIT FOR THE YEAR	3,648,404	1,753,312	1,067,661	177,328	(830,887)	(135,101)	5,680,717

19.2 SEGMENT ASSETS & LIABILITIES

As at Dec 31, 2019

	Power Generation			Operations and Maintenance (Rs. '000s)	Unallocated	Eliminations	Total
	Hub plant	Narowal plant	Laraib plant				
Assets	99,347,270	35,846,390	24,329,893	360,170	124,892,980	(52,155,745)	232,620,958
Liabilities	79,398,388	15,439,667	11,479,388	217,951	57,733,094	(849,127)	163,419,361

As at June 30, 2019

	Power Generation			Operations and Maintenance (Rs. '000s)	Unallocated	Eliminations	Total
	Hub plant	Narowal plant	Laraib plant				
Assets	106,069,870	35,544,821	24,428,187	385,390	103,561,058	(44,721,708)	225,267,618
Liabilities	98,296,204	17,364,858	13,496,817	378,556	39,104,297	(795,822)	167,844,910

19.3 The customers of the Group are CPPA-G and NTDC (Power Purchasers) under the long term PPAs of the respective power plants. The obligations of Power Purchasers are guaranteed by the GOP under IAs of the respective power plants.



20. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of associates, retirement benefit funds and key management personnel. Significant transactions and balances with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim consolidated financial statements, are as follows:

	Note	6 months ended Dec 2019 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)
20.1 Details of Transactions			
Associates			
Services rendered to CPHGC		2,862	13,564
Reimbursable expenses incurred by CPHGC		-	136
Payment against reimbursement of expenses to CPHGC		-	136
Receipt against reimbursement of expenses by CPHGC		-	41,306
Reimbursable expenses incurred on behalf of TNPTL		93,859	250
Receipt against reimbursement of expenses from TNPTL		22,572	250
Services rendered to TNPTL		58,572	-
Receipt against services agreement from TNPTL		140,000	-
Other related parties			
Remuneration to key management personnel			
Salaries, benefits and other allowances		199,596	146,298
Retirement benefits		7,793	7,184
	20.1.1	207,389	153,482
Directors' fee	20.1.3	4,180	4,450
Contribution to staff retirement benefit plans		127,635	68,630

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

20.1.2 During the period, a compensation car was disposed off to key management personnel having cost of Rs. 2.5 million and a net book value of Rs. Nil against sale proceeds of Rs. 10 thousand as per Group's policy.

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

20.1.4 HPSL has provided loan amounting to Rs. 4.49 million to key management personnel which is recoverable in 12 equal monthly installments as per Group's policy. As at the reporting date, outstanding balance is Rs. 3.3 million.

20.1.5 The transactions with related parties are made under mutually agreed terms and conditions.

		Dec 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
20.2 Details of Balances			
Other related parties			
Payable to staff retirement benefit plans		36,494	73,880
Advance against management services from TNPTL		65,322	-



	Note	Dec 2019 (Rs. '000s)	Dec 2018 (Rs. '000s)
21. CASH AND CASH EQUIVALENTS			
Cash and bank balances	21.1 & 21.2	6,833,321	3,961,809
Finances under mark-up arrangements		(43,866,119)	(33,674,954)
		<u>(37,032,798)</u>	<u>(29,713,145)</u>

21.1 This includes short term deposit of Rs. 225 million placed by the holding company with a bank as a security for issuance of LOS guarantee in favour of TNPTL (see note 12.2).

21.2 This includes an amount of Rs. 2,425 million placed by HPHL with a bank as a security for issuance of equity Standby Letter of Credit (SBLC) of TNPTL.

22. PLANT CAPACITY AND PRODUCTION

	3 months ended Dec 2019	3 months ended Dec 2018	6 months ended Dec 2019	6 months ended Dec 2018
<u>HUB PLANT</u>				
Theoretical Maximum Output	2,650 GWh	2,650 GWh	5,299 GWh	5,299 GWh
Output produced	0 GWh	160 GWh	34 GWh	504 GWh
Load Factor	0%	6%	1%	10%

Practical maximum output for the power plant taking into account all the scheduled outages is 4,867 GWh (Dec 2018: 4,543 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

NAROWAL PLANT

Theoretical Maximum Output	472 GWh	472 GWh	944 GWh	944 GWh
Output produced	27 GWh	113 GWh	224 GWh	419 GWh
Load Factor	6%	24%	24%	44%

Practical maximum output for the power plant, taking into account all the scheduled outages is 931 GWh (Dec 2018: 918 GWh). Output produced by the plant is dependent on the load demanded by NTDC and the plant availability.

LARAIB PLANT

Theoretical Maximum Output	185 GWh	185 GWh	368 GWh	368 GWh
Average Energy	103 GWh	103 GWh	221 GWh	221 GWh
Total Output	98 GWh	87 GWh	152 GWh	146 GWh

Output produced by the plant is dependent on available hydrology and the plant availability.

23. REPRESENTATION / RECLASSIFICATION

Certain prior period figures have been represented / re-classified to reflect a more appropriate presentation of events and transactions for the purpose of consistency.

24. DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on February 25, 2020 in accordance with the resolution of the Board of Directors.

25. GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer

ڈائریکٹرز کا جائزہ

ڈائریکٹرز کی رپورٹ بسلسلہ انضمام شدہ اور غیر انضمام شدہ مالی گوشوارے برائے ششماہی مختتمہ 31 دسمبر، 2019ء

بورڈ آف ڈائریکٹرز مسرت کے ساتھ، 31 دسمبر، 2019ء کو ختم ہونے والی ششماہی کے لیے، کمپنی کی مالی اور آپریشنل کارکردگی کا مختصر جائزہ پیش کرتا ہے۔

زیر جائزہ عرصے کے دوران انضمام شدہ خالص منافع 11,052 ملین روپے رہا جس کے نتیجے میں فی حصص آمدنی 8.52 روپے ہو گئی جبکہ گزشتہ برس، اسی عرصے کے لیے انضمام شدہ خالص منافع 5,407 ملین روپے تھا اور فی حصص آمدنی 4.51 روپے تھی۔ منافع میں اضافے کی بنیادی وجہ ایسوسی ایٹ کمپنی (چائنا پاور حب جنریشن کمپنی لمیٹڈ) سے منافع میں حصے کی وصولی تھی جس نے 17 اگست، 2019ء میں تجارتی آپریشنز کا آغاز کیا جبکہ سی پی ایچ جی سی کے حصص پر منافع حکومت بلوچستان کو منتقلی، مرمت اور دیکھ بھال کے اخراجات میں کمی اور امریکی ڈالرز کے مقابلے میں پاکستانی روپے کی قدر میں کمی تھی جس کی تلافی بلند مالی اخراجات کے ذریعے کی گئی۔

زیر جائزہ عرصے کے دوران غیر انضمام شدہ خالص منافع 3,031 ملین روپے تھا جس کے نتیجے میں فی حصص آمدنی 2.34 روپے ہو گئی جبکہ گزشتہ برس، اسی عرصے کے لیے غیر انضمام شدہ خالص منافع 3,030 ملین روپے تھا اور فی حصص آمدنی 2.53 روپے تھی۔ غیر انضمام شدہ خالص منافع میں اضافے کی بنیادی وجہ مرمت اور دیکھ بھال کے اخراجات میں کمی، امریکی ڈالرز کے مقابلے میں پاکستانی روپے کی قدر میں کمی اور بلند مالی اخراجات تھے۔

گردشی قرضے میں اضافے اور پاور پر چیز کی جانب سے ادائیگی میں تاخیر کے باعث کمپنی کی لیکویڈیٹی پر شدید دباؤ رہا جس کے باعث کمپنی کسی قسم کا منافع منقسم کا اعلان نہ کر سکی۔

ترقیاتی پروجیکٹس

تھر بلاک II میں بھورے کوئلے (lignite) سے چلنے والے 330MW کے تھرانز جی لمیٹڈ پروجیکٹ کی تعمیر کا 54 فیصد کام مکمل ہو چکا ہے اور توقع ہے کہ تجارتی آپریشنز کے آغاز کی تاریخ (COD) 2021ء کی دوسری سہ ماہی تک حاصل کر لی جائے گی۔ کمپنی نے چائنا ڈیولپمنٹ بینک (CDB) کو چین سے مالی وسائل کی دستیابی (financing) کے لیے اور حبیب بینک لمیٹڈ (HBL) کو مقامی

ذرائع سے مالی وسائل کی دستیابی کے لیے انتظامی سربراہ (lead arranger) مقرر کیا ہے جب کہ پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ (Private Power and Infrastructure Board; PPIB) نے مالی معاملات کی تکمیل کے لیے جنوری 2020ء حتمی تاریخ کے طور پر مقرر کی ہے۔

کمپنی نے تھر بلاک II میں اپنے دوسرے پروجیکٹ یعنی 330MW کے تھل نو واپا ورتھر (پرائیویٹ) لمٹیڈ کی فناننگ کے لیے ایک معاہدے پر دستخط کیے ہیں۔ اس پروجیکٹ کے لیے چائنا ڈیولپمنٹ بینک (CDB) کو چین سے مالی وسائل کی دستیابی (financing) کے لیے اور حبیب بینک لمٹیڈ (HBL) کو مقامی ذرائع سے مالی وسائل کی دستیابی کے لیے انتظامی سربراہ (lead arranger) مقرر کیا گیا ہے۔ تھل نو واپا میں پروجیکٹ کی تعمیر کا 21 فیصد (تقریباً) کام پہلے ہی مکمل ہو چکا ہے۔ توقع ہے کہ پروجیکٹ کے مالی معاملات مارچ، 2020ء کے اختتام تک مکمل ہو جائیں گے جبکہ تجارتی آپریشنز کا آغاز (COD) 2021ء کے اختتام تک متوقع ہے۔

حب پلانٹ

زیر جائزہ عرصے کے دوران، حب پلانٹ نے 34GWh بجلی پیدا کی جبکہ گزشتہ برس، اسی عرصے کے دوران 504GWh بجلی پیدا کی تھی۔ اس طرح اس پلانٹ کا لوڈ فیکٹر 1 فیصد رہا۔ (دوسری سہ ماہی 19-2018: 10 فیصد)۔ لوڈ فیکٹر میں کمی کی بنیادی وجہ RFC پلانٹس کی کونکے اور RLNG سے چلنے والے پلانٹس سے تبدیلی تھی۔

نارووال پلانٹ

زیر جائزہ عرصے کے دوران نارووال پلانٹ نے 224GWh بجلی پیدا کی جبکہ گزشتہ برس، اسی عرصے کے دوران 419GWh بجلی پیدا کی تھی۔ اس طرح اس کا لوڈ فیکٹر 24 فیصد رہا۔ (دوسری سہ ماہی 19-2018: 44 فیصد)۔ لوڈ فیکٹر میں کمی کی بنیادی وجہ RFC پلانٹس کی کونکے اور RLNG سے چلنے والے پلانٹس سے تبدیلی تھی۔

لاریب پلانٹ

زیر جائزہ عرصے کے دوران لاریب پلانٹ نے 152GWh بجلی پیدا کی جبکہ گزشتہ برس، اسی عرصے کے دوران 146GWh بجلی پیدا کی تھی۔ اس طرح اس کا لوڈ فیکٹر 41 فیصد رہا۔ (دوسری سہ ماہی 19-2018: 39 فیصد)۔

سی پی ایچ جی سی پلانٹ

زیر جائزہ عرصے کے دوران سی پی ایچ جی سی پلانٹ نے 2,347GWh بجلی پیدا کی، اس طرح اس کا لوڈ فیکٹر 57 فیصد رہا۔ پروجیکٹ کا باضابطہ افتتاح عزت مآب وزیر اعظم پاکستان، عمران خان صاحب نے اکتوبر، 2019ء میں کیا۔ اس پروجیکٹ کو

شیڈول کے مطابق، ریکارڈ وقت میں اور تخمینے کے اندر رہتے ہوئے مکمل کیا گیا ہے۔ سی پی ایچ جی سی پلانٹ چین۔ پاکستان اقتصادی راہداری (سی۔ پیک) کے فریم ورک میں شروع کیے گئے توانائی کے ابتدائی پروجیکٹس میں سے ایک ہے اور اس طرح یہ حقیقی معنوں میں قومی اور حکمت عملی کے اعتبار سے ایک اہم پروجیکٹ ہے۔ یہ پلانٹ نیشنل گرڈ کو، ہر سال، 9 Billion kWh بجلی فراہم کرے گا اور ملک میں 4 ملین گھروں کی ضروریات پوری گا۔

سندھ اینگروکول مائننگ کمپنی

سندھ اینگروکول مائننگ کمپنی (SECMC) نے اپنے فیز II پروجیکٹ کے لیے مالی معاملات (Financial Close) دسمبر، 2019ء میں مکمل کر لیے۔ فیز II سے تھرانز جی لمیٹڈ اور تھل نووا پاور تھر (پرائیویٹ) لمیٹڈ کو کونٹراکٹ فراہم کیا جائے گا۔

کمپنی اپنے تمام حصص یافتگان، ملازمین، کاروباری پارٹنرز اور دیگر تمام فریقین کی شکر گزار ہے کہ انہوں نے کمپنی پر اعتماد کیا اور کمپنی کو ترقی اور خوشحالی کے سفر پر اپنی اعانت فراہم کی۔

بحکم بورڈ

ایم حبیب اللہ خان
چیئر مین

خالد منصور
چیف ایگزیکٹو آفیسر