



THE HUB POWER COMPANY LIMITED

**UNAUDITED QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2013**

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COMPANY INFORMATION

BOARD OF DIRECTORS

Hussain Dawood Chairman
Syed Muhammad Ali
Iqbal Alimohamed
Alamuddin Bullo
Abdul Samad Dawood
Shabbir Hussain Hashmi
Asif Hassan NBP Nominee
Qaiser Javed
Khaleeq Nazar Kiani GOB Nominee
Khalid Mansoor Chief Executive
Ruhail Mohammed
Ali Munir
Shahid Hamid Pracha
Inam ur Rahman
Syed Khalid Siraj Subhani

Audit Committee

Iqbal Alimohamed
Shabbir Hussain Hashmi
Qaiser Javed
Ruhail Mohammed
Ali Munir

COMPANY SECRETARY

Shamsul Islam

MANAGEMENT

Khalid Mansoor
Hasnain Haider
Shamsul Islam
Tahir Jawaid
Mohammad Kaleem Khan
Shahid Mahmood
Abdul Nasir
M. Inam ur Rahman Siddiqui

REGISTERED & HEAD OFFICE

3rd Floor, Islamic Chamber of Commerce Bldg;
ST-2/A, Block 9, Clifton,
P.O. Box No. 13841, Karachi-75600
Email: Info@hubpower.com
Website: <http://www.hubpower.com>

PRINCIPAL BANKERS

Allied Bank of Pakistan
Askari Bank Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
Bank of Punjab
Bank Islami Pakistan Limited
Barclays Bank PLC Pakistan
Burj Bank Limited
Citibank N.A. Karachi.
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
PAIR Investment Company Limited

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

**INTER-CREDITOR
AGENTS**

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

LEGAL ADVISORS

RIAALAW, Karachi

AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder

REGISTRAR

Famco Associates (Pvt) Limited

HUB PLANT

Mouza Kund,
Post Office Gaddani,
District Lasbela, Balochistan

NAROWAL PLANT

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

**LARAIB ENERGY LIMITED
(SUBSIDIARY)**

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



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THE HUB POWER COMPANY LIMITED

3rd Floor, Islamic Chamber of Commerce Building
Block 9, Clifton, P.O Box 13841, Karachi-75600
Tel: 92-21 35874677 - 86 Fax: 92-21 35870397
Website: <http://www.hubpower.com>

REPORT OF THE DIRECTORS FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

The Directors of the Company are pleased to present the financial statements (un-audited) for the first quarter ended September 30, 2013.

Turnover for the period under the review was Rs. 38,055 million (2012: Rs. 48,316 million) and operating costs were Rs. 35,242 million (2012: Rs. 44,297 million). The turnover and operating costs have registered a decrease in the current period mainly due to lower load factor. The Company earned a net profit of Rs. 1,815 million during the period resulting in earnings per share of Rs. 1.57 compared to a net profit of Rs. 2,114 million and earnings per share of Rs. 1.83 during the corresponding period last year. The decrease in profit is mainly attributable to lower efficiency and higher repairs and maintenance expenditures.

On the date of this Report an amount of Rs. 43 billion was outstanding against WAPDA in respect of Hub Plant of which Rs. 36 billion was overdue. NTDC, the power purchaser for our Narowal Plant under the 2002 Power Policy, owed Rs. 5.6 billion of which Rs. 2.8 billion was classified as overdue. The Company had been in constant follow-up with all the key stakeholders in the power sector for early release of the entire outstanding amounts.

As a result of power purchasers late payments the Company presently owed Rs. 36 billion to Pakistan State Oil (PSO) for RFO supplied to the Hub Power Plant of which Rs. 32 billion was classified as overdue while the payments to Bakri Trading Company the fuel supplier for our Narowal Plant was being made by the Company as scheduled to keep the plant in operations and help the Country to reduce load shedding.

The Company had signed a Memorandum of Undertaking to convert its Plant at Hub to coal. However, if the power purchasers were unable to pay the outstanding amounts and demonstrate that circular debt would not build-up again, it will not be possible to arrange financing for the coal conversion project.

During the review period, the Hub Plant operated at an average load factor of 64% (2012: 81.8%) and an average complex availability (ACA) of 68% (2012: 85.4%). Electricity sold to WAPDA was 1,691 GWh (2012: 2,171 GWh). Our Narowal Plant operated at an average load factor of 81% (2012: 73.5%) and an ACA of 93% (2012: 82.9%). Electricity sold to Wapda was 382 GWh (2012: 347 GWh).

The Directors in compliance with the requirements of the "Commission De Surveillance Du Secteur Financier, Societe de Bourse de Luxembourg SA", are pleased to confirm that to the best of their knowledge, the condensed interim financial statements for the quarter ended September 30, 2013 give a true and fair view of the assets, liabilities, financial position and financial results of the Company and are in conformity with approved accounting standards as applicable in Pakistan. Further, the aforementioned management report includes a fair review of the development and performance of the Company together with the potential risks and uncertainties faced, if any.

The Company continued to remain proactive in maintaining and expanding its Corporate Social Responsibility programme. Our focus had been to support health and education programme particularly in the areas where our plants are located in the provinces of Balochistan and Punjab.

The Directors' Report on Consolidated financial statements (un-audited) of The Hub Power Company Limited (the Company) and its Subsidiary Laraib Energy Limited (the Subsidiary) for the first quarter ended September 30, 2013 has been separately presented in this Report.

By Order of the Board



Khalid Mansoor
Chief Executive

Karachi: October 24, 2013



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Note	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
Turnover		38,055,299	48,316,436
Operating costs	4	(35,242,475)	(44,296,500)
GROSS PROFIT		<u>2,812,824</u>	<u>4,019,936</u>
General and administration expenses		(113,647)	(91,236)
Other income		55,729	3,330
Workers' profit participation fund	5	-	-
PROFIT FROM OPERATIONS		<u>2,754,906</u>	<u>3,932,030</u>
Finance costs	6	(939,388)	(1,818,464)
PROFIT BEFORE TAXATION		<u>1,815,518</u>	<u>2,113,566</u>
Taxation		(795)	-
PROFIT FOR THE PERIOD		<u><u>1,814,723</u></u>	<u><u>2,113,566</u></u>
Basic and diluted earnings per share (Rupees)		<u>1.57</u>	<u>1.83</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
Profit for the period	1,814,723	2,113,566
Other comprehensive income for the period	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,814,723	2,113,566

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Khalid Mansoor
Chief Executive


Iqbal Alimohamed
Director




THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM
BALANCE SHEET
AS AT SEPTEMBER 30, 2013

	Note	Sep 2013 (Rs. '000s) (Unaudited)	Jun 2013 (Rs. '000s) (Audited)
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	7	42,817,131	43,462,670
Intangibles		21,688	27,194
Investment in subsidiary		4,674,189	4,674,189
Long term loan and advance		83,365	87,342
Long term deposits and prepayments		8,805	8,267
CURRENT ASSETS			
Stores and spares		1,697,493	1,574,038
Stock-in-trade		5,512,268	4,247,498
Trade debts	8	43,892,385	24,799,191
Loan and advances		200,642	108,333
Prepayments and other receivables		3,233,411	3,255,814
Cash and bank balances		4,833,574	17,068,953
		59,369,773	51,053,827
TOTAL ASSETS		106,974,951	99,313,489
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised		12,000,000	12,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		17,669,450	21,061,922
		29,240,994	32,633,466
NON-CURRENT LIABILITIES			
Long term loans		22,680,250	23,551,136
CURRENT LIABILITIES			
Trade and other payables	9	41,471,547	34,814,899
Interest / mark-up accrued		979,718	1,422,134
Short term borrowings	10	10,182,238	4,526,903
Current maturity of long term loans		2,420,204	2,364,951
		55,053,707	43,128,887
COMMITMENTS AND CONTINGENCIES			
TOTAL EQUITY AND LIABILITIES		106,974,951	99,313,489

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


Khalid Mansoor
Chief Executive



Iqbal Alimohamed
Director




THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM
CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Note	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,815,518	2,113,566
Adjustments for:			
Depreciation		669,797	670,401
Amortisation		5,506	3,670
Gain on disposal of fixed assets		(30)	(2)
Staff gratuity		3,706	3,023
Interest income		(48,344)	(2,379)
Interest / mark-up		898,499	1,755,203
Amortisation of transaction cost		15,394	14,371
Operating profit before working capital changes		3,360,046	4,557,853
Working capital changes		(18,677,809)	(4,622,970)
Cash used in operations		(15,317,763)	(65,117)
Interest received		57,091	2,361
Interest / mark-up paid		(1,340,915)	(1,812,150)
Taxes paid		(279)	-
Net cash used in operating activities		(16,601,866)	(1,874,906)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(25,779)	(12,234)
Proceeds from disposal of fixed assets		1,551	2
Long term loan and advance		3,977	4,314
Long term deposits and prepayments		(538)	47
Net cash used in investing activities		(20,789)	(7,871)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(437,031)	(5,454)
Repayment of long term loans - Hub plant		(489,531)	(489,531)
Repayment of long term loans - Narowal plant		(341,497)	(293,783)
Net cash used in financing activities		(1,268,059)	(788,768)
Net decrease in cash and cash equivalents		(17,890,714)	(2,671,545)
Cash and cash equivalents at the beginning of the period		12,542,050	(19,191,438)
Cash and cash equivalents at the end of the period	12	(5,348,664)	(21,862,983)

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.



Khalid Mansoor
Chief Executive



Iqbal Alimohamed
Director

THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
Issued capital		
Balance at the beginning of the period	11,571,544	11,571,544
Balance at the end of the period	<u>11,571,544</u>	<u>11,571,544</u>
Unappropriated profit		
Balance at the beginning of the period	21,061,922	19,195,545
Total comprehensive income for the period	1,814,723	2,113,566
Transactions with owners in their capacity as owners		
Final dividend for the fiscal year 2012-2013 @ Rs. 4.50 (2011-2012: @ Rs. 3.00) per share	<u>(5,207,195)</u>	<u>(3,471,463)</u>
	(5,207,195)	(3,471,463)
Balance at the end of the period	<u>17,669,450</u>	<u>17,837,648</u>
Total equity	<u><u>29,240,994</u></u>	<u><u>29,409,192</u></u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


Khalid Mansoor
Chief Executive


Iqbal Alimohamed
Director



THE HUB POWER COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

1. THE COMPANY AND ITS OPERATIONS

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

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are same as those applied in preparing the financial statements for the year ended June 30, 2013 except as explained in note 2.1.

2.1 Change in accounting standards, interpretations and pronouncements

IAS 19 (Amended) - Employee Benefits is applicable for the Company from July 01, 2013. It eliminates the corridor approach and recognises all actuarial gain and losses in the other comprehensive income as they occur, immediately recognises all past service costs and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined liability / assets. The change is not material and therefore it is not reflected in this condensed interim financial statements.

3. BASIS OF PREPARATION

These unaudited condensed interim financial statements for the first quarter ended September 30, 2013 have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of and directives issued under the Ordinance have been followed.

4. OPERATING COSTS

	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
Fuel cost	32,991,805	42,262,146
Stores and spares	104,018	38,482
Operation and Maintenance	938,832	924,810
Insurance	238,246	207,836
Depreciation	664,405	664,774
Amortisation	5,320	2,753
Repairs, maintenance and other costs	299,849	195,699
	35,242,475	44,296,500

5. WORKERS' PROFIT PARTICIPATION FUND

Provision for Workers' profit participation fund	90,776	105,678
Workers' profit participation fund recoverable from WAPDA / NTDC	(90,776)	(105,678)
	-	-

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

6. FINANCE COSTS

	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
Interest / mark-up on long term loans	777,090	1,025,343
Mark-up on short term borrowings	121,409	729,860
Amortisation of transaction cost	15,394	14,371
Other finance costs	25,495	48,890
	939,388	1,818,464

	Note	Sep 2013 (Rs. '000s) (Unaudited)	Jun 2013 (Rs. '000s) (Audited)
7. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment		42,752,347	43,395,401
Capital work-in-progress		64,784	67,269
	7.1	<u>42,817,131</u>	<u>43,462,670</u>

7.1 Additions to property, plant and equipment during the period were Rs. 25,779 million and disposal therefrom at net book value were Rs. 1,521 million.

	Note	Sep 2013 (Rs. '000s) (Unaudited)	Jun 2013 (Rs. '000s) (Audited)
8. TRADE DEBTS - Secured			
Considered good	8.1	<u>43,892,385</u>	<u>24,799,191</u>

8.1 These receivables include an overdue amount of Rs. 29,845 million (June 2013: Rs. 12,047 million) from WAPDA and Rs. 1,780 million (June 2013: Rs. 627 million) from NTDC. These are not impaired because the trade debts are secured by a guarantee from the Government of Pakistan under Implementation Agreements.

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

9. TRADE AND OTHER PAYABLES

This includes Rs. 32,364 million (June 2013: Rs. 29,785 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 28,937 million (June 2013: Rs. 20,520 million).

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

	Note	Sep 2013 (Rs. '000s) (Unaudited)	Jun 2013 (Rs. '000s) (Audited)
10. SHORT TERM BORROWINGS - Secured			
Finances under mark-up arrangements	10.1 to 10.3	<u>10,182,238</u>	<u>4,526,903</u>

10.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 21,965 million (June 2013: Rs. 21,965 million) at mark-up ranging between 0.75% to 3.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities expire during the period from October 01, 2013 to September 30, 2014. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate

10.1.1 The facilities amounting to Rs. 17,040 million (June 2013: Rs. 17,040 million) are secured by way of charge over the trade debts and stocks of the Company pari passu with the existing charge.

10.1.2 The facilities amounting to Rs. 4,925 million (June 2013: Rs. 4,925 million) are secured by way of:

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

10.2 The Company also has Murabahah facility agreements with banks for an amount of Rs. 625 million (June 2013: Rs. 625 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on August 28, 2014. Any late payment by the Company is subject to an additional payment of 4.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 10.1.2.

10.3 The Company also entered into a Musharaka agreement amounting to Rs. 635 million (June 2013: Rs. 635 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on September 30, 2014. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 10.1.2 (a).

11. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Note	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
Subsidiary			
Outstanding balance of subordinated loan to Subsidiary		80,395	-
Interest income on subordinated loan to Subsidiary		2,873	-
Interest receivable on subordinated loan to Subsidiary		7,217	-
Reimbursement of expenses from Subsidiary		9,085	-
Receivable from Subsidiary against reimbursement of expenses		98,973	-
Associated Undertakings			
Interest income on placement of funds		17,939	-
Amounts paid for the purchase of assets		9,247	-
Amounts paid for services rendered		3,884	-
Reimbursement of expenses and others		32	-
Repayment of long term loans		613,911	-
Accrued Markup on long term loans		44,959	-
Accrued Markup on short term borrowings		345	-
Interest / Mark-up on long term loans		312,602	-
Mark-up on short term borrowings		1,825	-
Other finance costs		11,084	-
Other related parties			
Mark-up on short term borrowings		49	-
Repayment of short term borrowings and related Mark-up		15,537	-
Remuneration to key management personnel			
Salaries, benefits and other allowances		24,330	15,024
Retirement benefits		3,163	1,277
	11.2	27,493	16,301
Directors' fee	11.3	2,700	1,250
Contribution to staff retirement benefit plans		1,667	1,835



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- 11.1 In addition to above, the outstanding balance of long term loan includes Rs. 1,333 million (June 2013: Rs. 1,395 million) payable to Askari Bank Limited (an associated undertaking).
- 11.2 Transactions with key management personnel are carried out under the terms of their employment. Key management personnel are also provided with the use of Company maintained automobiles.
- 11.3 This represents fee paid to Board of Directors for attending meetings.
- 11.4 The transactions with related parties are made under normal commercial terms and conditions.

12. CASH AND CASH EQUIVALENTS

	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
Cash and bank balances	4,833,574	499,164
Finances under mark-up arrangements	(10,182,238)	(22,362,147)
	<u>(5,348,664)</u>	<u>(21,862,983)</u>

13. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on October 24, 2013 in accordance with the resolution of the Board of Directors.

14. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director



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THE HUB POWER COMPANY LIMITED

3rd Floor, Islamic Chamber of Commerce Building
Block 9, Clifton, P.O Box 13841, Karachi-75600
Tel: 92-21 35874677 - 86 Fax: 92-21 35870397
Website: <http://www.hubpower.com>

REPORT OF THE DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

The Directors of the Company take pleasure in presenting the Financial Statements (un-audited) of The Hub Power Company Limited (the holding company) and its Subsidiary Laraib Energy Limited (the Subsidiary) for the first quarter ended September 30, 2013.

Laraib Energy Limited, the Company's 75% owned subsidiary located at 8 km downstream of the Mangla Dam in Azad Kashmir had been operating satisfactorily since achieving commercial operations in March 2013. During the review period Laraib Plant operated at an average load factor of 36.21%, an average complex availability (ACA) of 72.1% and the electricity sold to NTDC was 67 GWh.

The consolidated net profit during the period under review was Rs. 2,151 million whilst the net profit attributable to the equity holders of the holding company was Rs. 2,064 million resulting in earnings per share of Rs. 1.78.

In addition the Directors, in compliance with the requirements of the Commission De Surveillance Du Secteur Financier, Societe de Bourse de Luxembourg SA; are pleased to confirm that to the best of their knowledge, the condensed interim financial statements for the quarter ended March 31, 2013 give a true and fair view of the assets, liabilities, financial position and financial results of the Company and are in conformity with approved accounting standards as applicable in Pakistan. Further, the aforementioned management report includes a fair review of the development and performance of the Company together with the potential risks and uncertainties faced, if any.

The Directors' Report on the Financial Statements (un-audited) of The Hub Power Company Limited for the quarter ended September 30, 2013 has been separately presented in this Report.

By Order of the Board

Khalid Mansoor
Chief Executive

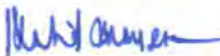
Karachi: October 24, 2013




THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Note	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
Turnover		39,073,012	48,316,436
Operating costs	4	(35,615,048)	(44,296,500)
GROSS PROFIT		3,457,964	4,019,936
General and administration expenses		(149,931)	(104,389)
Other income		76,188	4,713
Workers' profit participation fund	5	-	-
PROFIT FROM OPERATIONS		3,384,221	3,920,260
Finance costs	6	(1,232,560)	(1,706,595)
PROFIT BEFORE TAXATION		2,151,661	2,213,665
Taxation		(795)	(812)
PROFIT FOR THE PERIOD		2,150,866	2,212,853
Attributable to:			
- Owners of the holding company		2,064,181	2,216,035
- Non-controlling interest		86,685	(3,182)
		2,150,866	2,212,853
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)		1.78	1.92

The annexed notes from 1 to 15 form an integral part of these condensed interim consolidated financial statements.



 Khalid Mansoor
 Chief Executive



 Iqbal Alimohamed
 Director

THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
Profit for the period	2,150,866	2,212,853
Other comprehensive income for the period	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,150,866	2,212,853
Attributable to:		
- Owners of the holding company	2,064,181	2,216,035
- Non-controlling interest	86,685	(3,182)
	2,150,866	2,212,853

The annexed notes from 1 to 15 form an integral part of these condensed interim consolidated financial statements.


Khalid Mansoor
Chief Executive


Iqbal Alimohamed
Director



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THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
BALANCE SHEET
AS AT SEPTEMBER 30, 2013

	Note	Sep 2013 (Rs. '000s) (Unaudited)	Jun 2013 (Rs. '000s) (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	7	63,889,319	63,858,995
Intangibles		1,435,826	1,441,365
Long term advance, deposits and prepayments		29,143	32,790
CURRENT ASSETS			
Stores and spares		1,812,012	1,690,334
Stock-in-trade		5,512,268	4,247,498
Trade debts	8	44,637,535	25,925,964
Advances, deposit, prepayments and other receivables		3,488,887	3,365,639
Cash and bank balances		6,509,250	18,378,649
		61,959,952	53,608,084
TOTAL ASSETS		127,314,240	118,941,234
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised		12,000,000	12,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		19,048,729	22,191,743
Attributable to owners of the holding company		30,620,273	33,763,287
NON-CONTROLLING INTEREST		1,245,958	1,159,273
		31,866,231	34,922,560
NON-CURRENT LIABILITIES			
Long term loans		34,668,396	35,540,428
Liabilities against assets subject to finance lease		3,491,752	3,423,721
Deferred liability - Gratuity		3,981	3,674
CURRENT LIABILITIES			
Trade and other payables	9	41,897,874	35,522,372
Interest / mark-up accrued		1,264,479	1,959,175
Short term borrowings	10	10,182,238	4,526,903
Current maturity of long term loans		3,614,742	2,899,733
Current maturity of liabilities against assets subject to finance lease		324,547	142,668
		57,283,880	45,050,851
COMMITMENTS AND CONTINGENCIES			
TOTAL EQUITY AND LIABILITIES		127,314,240	118,941,234

The annexed notes from 1 to 15 form an integral part of these condensed interim consolidated financial statements.

Khalid Mansoor
Chief Executive


Iqbal Alimohamed
Director




THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,151,661	2,213,665
Adjustments for:		
Depreciation	914,356	671,803
Amortisation	5,539	3,772
Gain on disposal of fixed assets	(45)	(15)
Staff gratuity	4,013	3,100
Interest income	(52,689)	(3,749)
Interest / mark-up	1,180,267	1,643,213
Amortisation of transaction cost	15,394	14,371
Operating profit before working capital changes	4,218,496	4,546,160
Working capital changes	(18,621,511)	(4,895,926)
Cash used in operations	(14,403,015)	(349,766)
Interest received	54,855	5,044
Interest / mark-up paid	(1,874,963)	(1,700,160)
Taxes paid	(1,084)	(299)
Net cash used in operating activities	(16,224,207)	(2,045,181)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(38,234)	(1,586,624)
Proceeds from disposal of fixed assets	2,119	859
Long term advance, deposits and prepayments	3,647	8,793
Net cash used in investing activities	(32,468)	(1,576,972)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the holding company	(437,031)	(5,454)
Proceeds from long term loans - Subsidiary	-	2,866,891
Repayment of long term loans - Hub plant	(489,531)	(489,531)
Repayment of long term loans - Narowal plant	(341,497)	(293,783)
Net cash (used in) / from financing activities	(1,268,059)	2,078,123
Net decrease in cash and cash equivalents	(17,524,734)	(1,544,030)
Cash and cash equivalents at the beginning of the period	13,851,746	(18,348,271)
Cash and cash equivalents at the end of the period	13 (3,672,988)	(19,892,301)

The annexed notes from 1 to 15 form an integral part of these condensed interim consolidated financial statements.


Khalid Mansoor
 Chief Executive



Iqbal Alimohamed
 Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
Attributable to owners of the holding company		
Issued capital		
Balance at the beginning of the period	11,571,544	11,571,544
Balance at the end of the period	11,571,544	11,571,544
Unappropriated profit		
Balance at the beginning of the period	22,191,743	19,622,261
Total comprehensive income for the period	2,064,181	2,216,035
Transactions with owners in their capacity as owners		
Final dividend for the fiscal year 2012-2013 @ Rs. 4.50 (2011-2012: @ Rs. 3.00) per share	(5,207,195)	(3,471,463)
Reduction in controlling interest of the holding company	-	898
	(5,207,195)	(3,470,565)
Balance at the end of the period	19,048,729	18,367,731
Attributable to owners of the holding company	30,620,273	29,939,275
Advance against issue of shares to minority shareholders		
Balance at the beginning of the period	-	74,481
Shares issued during the period	-	(74,481)
Balance at the end of the period	-	-
Non-controlling interest		
Balance at the beginning of the period	1,159,273	946,014
Shares issued during the period	-	74,481
Total comprehensive income for the period	86,685	(3,182)
Reduction in controlling interest of the holding company	-	(898)
Balance at the end of the period	1,245,958	1,016,415
Total equity	31,866,231	30,955,690

The annexed notes from 1 to 15 form an integral part of these condensed interim consolidated financial statements.


 Khalid Mansoor
 Chief Executive


 Iqbal Atifmohamed
 Director

1. STATUS AND NATURE OF BUSINESS

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

The Group consists of:

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

The subsidiary was incorporated in Pakistan on August 9, 1995 as a public limited company under the Companies Ordinance, 1984. The subsidiary owns a 84 MW hydropower generating complex near the New Bong Escape, which is 8 km downstream of the Mangla Dam in Azad Jammu & Kashmir. The hydel power plant commenced operations on March 23, 2013. As per the terms of the PPA, the Reference Tariff approved by the National Electric Power Regulatory Authority (NEPRA) is to be adjusted at Commercial Operation Date (COD) and the subsidiary is in the process of obtaining tariff adjustment from NEPRA. These condensed interim consolidated financial statements include revenue on the basis of Reference Tariff and the differential amount of revenue due to tariff adjustment will be recognized in the subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim consolidated financial statements are same as those applied in preparing the consolidated financial statements for the year ended June 30, 2013 except as explained in note 2.1.

2.1 Change in accounting standards, interpretations and pronouncements

IAS 19 (Amended) - Employee Benefits is applicable to the holding company from July 01, 2013. It eliminates the corridor approach and recognises all actuarial gain and losses in the other comprehensive income as they occur, immediately recognises all past service costs and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined liability / assets. The change is not material and therefore it is not reflected in these condensed interim consolidated financial statements.

3. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements for the first quarter ended September 30, 2013 have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of and directives issued under the Ordinance have been followed.

	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
4. OPERATING COSTS		
Fuel cost	32,991,805	42,262,146
Water use charges	10,075	-
Stores and spares	105,795	38,482
Operation and Maintenance	1,014,863	924,810
Insurance	268,115	207,836
Depreciation	907,545	664,774
Amortisation	5,320	2,753
Repairs, maintenance and other costs	311,530	195,699
	<u>35,615,048</u>	<u>44,296,500</u>

	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
5. WORKERS' PROFIT PARTICIPATION FUND		
Provision for Workers' profit participation fund	108,078	105,678
Workers' profit participation fund recoverable from WAPDA / NTDC	(108,078)	(105,678)
	<u>-</u>	<u>-</u>

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

	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
6. FINANCE COSTS		
Interest / mark-up on long term loans	1,009,157	1,214,303
Interest on finance lease	49,701	37,099
Mark-up on short term borrowings	121,409	729,860
Amortisation of transaction cost	15,394	14,371
Other finance costs	36,899	65,763
	<u>1,232,560</u>	<u>2,061,396</u>
Less: amount capitalised in the cost of qualifying assets	-	(354,801)
	<u>1,232,560</u>	<u>1,706,595</u>

	Sep 2013 (Rs. '000s) (Unaudited)	Jun 2013 (Rs. '000s) (Audited)
7. PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment	63,772,703	63,743,063
Capital work-in-progress		
Holding company	64,784	67,269
Subsidiary	51,832	48,663
	<u>116,616</u>	<u>115,932</u>
	<u>63,889,319</u>	<u>63,858,995</u>
	Note	

7.1 Additions to property, plant and equipment during the period were Rs. 38,234 million and disposal therefrom at net book value were Rs. 2,074 million.

	Sep 2013 (Rs. '000s) (Unaudited)	Jun 2013 (Rs. '000s) (Audited)
8. TRADE DEBTS - Secured		
Considered good	8.1 <u>44,637,535</u>	<u>25,925,964</u>
	Note	

8.1 These receivables include an amount of Rs. 29,845 million (June 2013: Rs. 12,047 million) from WAPDA and Rs. 1,872 million (June 2013: Rs. 843 million) from NTDC. These are not impaired because the trade debts are secured by a guarantee from the Government of Pakistan under Implementation Agreements.

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

9. TRADE AND OTHER PAYABLES

This includes Rs. 32,364 million (June 2013: Rs. 29,785 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 28,937 million (June 2013: Rs. 20,520 million).

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

	Sep 2013 (Rs. '000s) (Unaudited)	Jun 2013 (Rs. '000s) (Audited)
Note		
10. SHORT TERM BORROWINGS - Secured		
Finances under mark-up arrangements	10.1 to 10.3	10,182,238 4,526,903

10.1 The facilities for running finance available to the holding company from various banks / financial institutions amounted to Rs. 21,965 million (June 2013: Rs. 21,965 million) at mark-up ranging between 0.75% to 3.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities expire during the period from October 01, 2013 to September 30, 2014. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

10.1.1 The facilities amounting to Rs. 17,040 million (June 2013: Rs. 17,040 million) are secured by way of charge over the trade debts and stocks of the holding company pari passu with the existing charge.

10.1.2 The facilities amounting to Rs. 4,925 million (June 2013: Rs. 4,925 million) are secured by way of:

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

10.2 The holding company also has Murabahah facility agreements with banks for an amount of Rs. 625 million (June 2013: Rs. 625 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on August 28, 2014. Any late payment by the holding company is subject to an additional payment of 4.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 10.1.2.

10.3 The holding company also entered into a Musharaka agreement amounting to Rs. 635 million (June 2013: Rs. 635 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on September 30, 2014. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 10.1.2 (a).

11. SEGMENT INFORMATION

11.1 SEGMENT RESULTS

The unallocated items of profit and loss relate to costs incurred by the holding company for investment in the subsidiary. The unallocated liabilities represent amounts payable in respect of investment in the subsidiary.

	3 months ended Sep 2013				
	Hub plant	Narowal plant	Laraib plant	Unallocated	Total
	(Rs. '000s)				
Turnover	31,065,347	6,989,952	1,017,713	-	39,073,012
Operating costs	(29,286,783)	(5,955,692)	(372,573)	-	(35,615,048)
GROSS PROFIT	1,778,564	1,034,260	645,140	-	3,457,964
General and administration expenses	(105,242)	(8,108)	(36,284)	(297)	(149,931)
Other income	48,896	3,960	23,332	-	76,188
Workers' profit participation fund	-	-	-	-	-
PROFIT FROM OPERATIONS	1,722,218	1,030,112	632,188	(297)	3,384,221
Finance costs	(154,804)	(658,052)	(293,172)	(126,532)	(1,232,560)
PROFIT BEFORE TAXATION	1,567,414	372,060	339,016	(126,829)	2,151,661
Taxation - current	-	(625)	-	(170)	(795)
PROFIT FOR THE PERIOD	1,567,414	371,435	339,016	(126,999)	2,150,866

	3 months ended Sep 2012				
	Hub plant	Narowal plant	Laraib plant	Unallocated	Total
	(Rs. '000s)				
Turnover	41,101,661	7,214,775	-	-	48,316,436
Operating costs	(38,707,126)	(5,589,374)	-	-	(44,296,500)
GROSS PROFIT	2,394,535	1,625,401	-	-	4,019,936
General and administration expenses	(80,053)	(11,059)	(13,153)	(124)	(104,389)
Other income	2,582	748	1,383	-	4,713
Workers' profit participation fund	-	-	-	-	-
PROFIT FROM OPERATIONS	2,317,064	1,615,090	(11,770)	(124)	3,920,260
Finance costs	(386,452)	(1,276,678)	(121)	(43,344)	(1,706,595)
PROFIT BEFORE TAXATION	1,930,612	338,412	(11,891)	(43,468)	2,213,665
Taxation - current	-	-	(812)	-	(812)
PROFIT FOR THE PERIOD	1,930,612	338,412	(12,703)	(43,468)	2,212,853

11.2 SEGMENT ASSETS & LIABILITIES

	(Unaudited)				
	Sep 2013				
	Hub plant	Narowal plant	Laraib plant	Unallocated	Total
	(Rs. '000s)				
TOTAL ASSETS	72,627,136	29,665,881	25,020,063	1,160	127,314,240
TOTAL LIABILITIES	43,962,861	24,313,363	22,746,660	4,425,125	95,448,009
	(Audited)				
	Jun 2013				
	Hub plant	Narowal plant	Laraib plant	Unallocated	Total
	(Rs. '000s)				
TOTAL ASSETS	69,261,622	25,199,749	24,479,863	-	118,941,234
TOTAL LIABILITIES	40,719,554	21,581,481	17,419,046	4,298,593	84,018,674

12. RELATED PARTY TRANSACTIONS / BALANCES

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

	Note	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
Associated Undertakings			
Shares issued to an associated undertaking of the subsidiary		-	74,481
Interest income on placement of funds		17,939	-
Amounts paid for the purchase of assets		9,247	-
Amounts paid for services rendered		3,884	-
Reimbursement of expenses and others		32	-
Repayment of long term loans		613,911	-
Accrued Markup on long term loans		44,959	-
Accrued Markup on short term borrowings		345	-
Interest / Mark-up on long term loans		312,602	-
Mark-up on short term borrowings		1,825	-
Other finance costs		11,084	-
Other related parties			
Mark-up on short term borrowings		49	-
Repayment of short term borrowings and related Mark-up		15,537	-
Remuneration to key management personnel			
Salaries, benefits and other allowances		29,962	20,378
Retirement benefits		3,731	1,835
	12.2	33,693	22,213
Directors' fee	12.3	3,850	1,250
Contribution to staff retirement benefit plans		2,176	2,412

12.1 In addition to above, the outstanding balance of long term loan includes Rs. 1,333 million (June 2013: Rs. 1,395 million) payable to Askari Bank Limited (an associated undertaking).

12.2 Transactions with key management personnel are carried out under the terms of their employment. Key management personnel are also provided with the use of Company maintained automobiles.

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

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



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13. CASH AND CASH EQUIVALENTS

	3 months ended Sep 2013 (Rs. '000s)	3 months ended Sep 2012 (Rs. '000s)
Cash and bank balances	6,509,250	2,469,846
Finances under mark-up arrangements	(10,182,238)	(22,362,147)
	<u>(3,672,988)</u>	<u>(19,892,301)</u>

14. DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on October 24, 2013 in accordance with the resolution of the Board of Directors of the holding company.

15. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director