



THE HUB POWER COMPANY LIMITED

**UNAUDITED QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2014**

C O N T E N T S

| THE HUB POWER COMPANY LIMITED | PAGE |
|--|-------------|
| Company Information | 1 |
| Report of the Directors | 3 |
| Condensed Interim Profit & Loss Account | 6 |
| Condensed Interim Statement of Comprehensive Income | 7 |
| Condensed Interim Balance Sheet | 8 |
| Condensed Interim Cash Flow Statement | 9 |
| Condensed Interim Statement of Changes in Equity | 10 |
| Notes to the Condensed Interim Financial Statements | 11 |
| | |
| THE HUB POWER COMPANY LIMITED and its Subsidiary Company | |
| Report of the Directors on the Consolidated Financial Statements | 15 |
| Condensed Interim Consolidated Profit & Loss Account | 18 |
| Condensed Interim Consolidated Statement of Comprehensive Income | 19 |
| Condensed Interim Consolidated Balance Sheet | 20 |
| Condensed Interim Consolidated Cash Flow Statement | 21 |
| Condensed Interim Consolidated Statement of Changes in Equity | 22 |
| Notes to the Condensed Interim Consolidated Financial Statements | 23 |

COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Iqbal Alimohamed
Shabbir H. Hashmi
Qaiser Javed
Ruhail Mohammed
Ali Munir

COMPANY SECRETARY

Shamsul Islam

MANAGEMENT

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

REGISTERED & HEAD OFFICE

3rd Floor, Islamic Chamber of Commerce Building;
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
Industrial and Commercial Bank of China
Pak Brunei investment Company Limited
Pak China Investment Company Limited
Pak Kuwait Investment Company (Pvt) Ltd.,
Samba Bank Limited
Standard Chartered Bank (Pakistan) Ltd.,
Sumitomo Mitsui Banking Corp. Europe Ltd., London
United Bank Limited

**INTER-CREDITOR
AGENTS**

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

LEGAL ADVISORS

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

Directors' Report for the First Quarter ended September 30, 2014

The Board of Directors of the Company are pleased to present the stand-alone un-audited financial statements for the first quarter ended September 30, 2014.

The Company

The Hub Power Company is the largest Independent Power Producer (IPP) in the Country with a combined power generation capacity of over 1600 MW.

Our Hub Plant, situated at Mouza Kund, Hub in Baluchistan, is one of the most efficient thermal power plants in Pakistan. It provides reliable and uninterrupted electricity to the national grid. Our Narowal Plant is an oil-fired power station, located at Mouza Poong, Narowal in Punjab.

The Company also holds 75% controlling interest in Laraib Energy Limited which owns and operates an 84 MW hydel power plant near the New Bong Escape, 8 km downstream of Mangla Dam in Azad Kashmir.

Financial Highlights

Table below represents the financial highlights of the company during the period under review:

| | Quarter ended September 30, 2014 Rs. In Million | Quarter ended September 30, 2013 Rs. In Million |
|--------------------|---|---|
| Turnover | 45,754 | 38,055 |
| Operating costs | 42,195 | 35,242 |
| Net Profit | 2,094 | 1,815 |
| Earnings per share | 1.81 | 1.57 |

Turnover for the period under review was Rs. 45,754 million compared to Rs. 38,055 million during the corresponding period last year. The operating costs were Rs. 42,195 million compared to Rs. 35,242 million in the same period last year. Both turnover and operating costs registered increase in the period under review compared to corresponding period last year mainly due to higher load factor.

Net profit earned by the Company during the period was Rs. 2,094 million (2013: Rs. 1,815 million). Earnings per share for the period was Rs. 1.81 compared to Rs. 1.57 in the same period last year. The increase in profit is mainly attributable to lower repair & maintenance expenditures and currency devaluation partly offset by lower efficiency.

As on September 30, 2014, Company's overdue receivables stand at Rs. 79.803 billion, out of which Rs. 75.502 billion for the Hub plant and Rs. 4.301 billion for the Narowal plant are owed by the power purchasers.

The Company had been in constant follow-up with all the key stakeholders in the power sector for early release of the outstanding amounts.

Operational Highlights

Operational Highlights of all three plants during the quarter under review are as follows:

| | Unit | Quarter ended September 30, 2014 | Quarter ended September 30, 2013 |
|------------------------------------|------|-------------------------------------|-------------------------------------|
| Hub Plant | | | |
| Net Electrical output | GWh | 2,042 | 1,691 |
| Load factor | % | 77 | 64 |
| Average Complex Availability (ACA) | % | 84 | 68 |
| Narowal Plant | | | |
| Generation | GWh | 413 | 382 |
| Load factor | % | 88 | 81 |
| Average Complex Availability (ACA) | % | 94 | 93 |

During the quarter under review, plant operated at an average load factor of 77% against the plan of 73%. Available capacity was 84 % against the plan of 87%. Electricity sold to WAPDA was 2,042 GWh as compared to planned dispatch of 1,937 GWh.

The total allowance of equivalent weighted unit forced outage and partial derating energy for the Operating Year (April 2014- Mar 2015) is 960 GWh. By end of the quarter, 624.6 GWh allowance was consumed, which is 65.1 % of the total allowance.

Corporate Social Responsibility (CSR)

The Company remained committed to its social responsibilities and remained focused on the development of the Community Physical Infrastructure; provision of Basic and Technical Education; Health and various Livelihood Interventions.

Health Safety and Environment (HSE)

The Company continued with its practice of upholding the highest environmental standards and stringently monitored the Safety and Security procedures at the Head Office and at the plants.

Information in relation to Luxembourg Stock Exchange

The Directors, in compliance with the requirements of the "Commission De Surveillance Du Secteur Financier, Societe de Bourse de Luxembourg SA", are pleased to confirm that to the best of their knowledge, the condensed interim financial statements for the quarter ended September 30, 2014 give a true and fair view of the assets, liabilities, financial position and financial results of the Company and are in conformity with approved accounting standards as applicable in Pakistan. Further, the aforementioned management report includes a fair review of the development and performance of the Company together with the potential risks and uncertainties faced, if any.

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

The Directors' Report on the consolidated financial statements (un-audited) of The Hub Power Company Limited and its subsidiary Laraib Energy Limited, for the first quarter ended September 30, 2014 has been separately presented in this Report.

By Order of the Board

A handwritten signature in blue ink, appearing to read "Khalid Mansoor", is written over a light yellow rectangular background.


Khalid Mansoor
Chief Executive

Karachi – October 28, 2014

THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

| | Note | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|---|------|---|---|
| Turnover | | 45,754,128 | 38,055,299 |
| Operating costs | 4 | (42,195,140) | (35,242,475) |
| GROSS PROFIT | | 3,558,988 | 2,812,824 |
| General and administration expenses | | (164,896) | (113,647) |
| Other income | | 6,592 | 55,729 |
| Workers' profit participation fund | 5 | - | - |
| PROFIT FROM OPERATIONS | | 3,400,684 | 2,754,906 |
| Finance costs | 6 | (1,306,110) | (939,388) |
| PROFIT BEFORE TAXATION | | 2,094,574 | 1,815,518 |
| Taxation | | (509) | (795) |
| PROFIT FOR THE PERIOD | | 2,094,065 | 1,814,723 |
| Basic and diluted earnings per share (Rupees) | | 1.81 | 1.57 |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Khalid Mansoor
Chief Executive


Ruhail Muhammed
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

| | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|--|--|--|
| Profit for the period | 2,094,065 | 1,814,723 |
| Other comprehensive income for the year | | |
| <i>Items that will not be reclassified to Profit or Loss in subsequent periods</i> | | |
| Loss on remeasurements of post employment benefit obligation | (3,270) | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u><u>2,090,795</u></u> | <u><u>1,814,723</u></u> |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Khalid Mansoor
Chief Executive

Ruhail Muhammed
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM
BALANCE SHEET
AS AT SEPTEMBER 30, 2014

| | Note | Sep 2014 (Rs. '000s) (Unaudited) | Jun 2014 (Rs. '000s) (Audited) |
|--------------------------------------|------|--|--------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed Assets | | | |
| Property, plant and equipment | 7 | 40,537,597 | 41,223,196 |
| Intangibles | | 9,089 | 11,857 |
| Investment in subsidiary | | 4,674,189 | 4,674,189 |
| Long term loan and advance | | 62,529 | 62,529 |
| Long term deposits and prepayments | | 22,537 | 21,303 |
| CURRENT ASSETS | | | |
| Stores and spares | | 1,643,553 | 1,599,161 |
| Stock-in-trade | | 1,830,262 | 2,388,435 |
| Trade debts | 8 | 96,700,727 | 79,879,236 |
| Loan and advances | | 225,744 | 78,201 |
| Prepayments and other receivables | | 2,615,750 | 2,817,541 |
| Cash and bank balances | | 1,258,502 | 2,676,177 |
| | | 104,274,538 | 89,438,751 |
| TOTAL ASSETS | | 149,580,479 | 135,431,825 |
| 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 | | 21,564,013 | 19,473,218 |
| | | 33,135,557 | 31,044,762 |
| NON-CURRENT LIABILITIES | | | |
| Long term loans | | 19,102,965 | 20,033,860 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 82,027,978 | 62,794,145 |
| Interest / mark-up accrued | | 1,217,375 | 1,157,756 |
| Short term borrowings | 10 | 10,507,139 | 16,878,118 |
| Current maturity of long term loans | | 3,589,465 | 3,523,184 |
| | | 97,341,957 | 84,353,203 |
| COMMITMENTS AND CONTINGENCIES | | | |
| | 11 | | |
| TOTAL EQUITY AND LIABILITIES | | 149,580,479 | 135,431,825 |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Khalid Mansoor
Chief Executive


Ruhail Muhammed
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM
CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

| | Note | 3 months ended | 3 months ended |
|--|-------------|-----------------------|-----------------------|
| | | Sep 2014 | Sep 2013 |
| | | (Rs. '000s) | (Rs. '000s) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 2,094,574 | 1,815,518 |
| Adjustments for: | | | |
| Depreciation | | 680,277 | 669,797 |
| Amortisation | | 2,768 | 5,506 |
| Gain on disposal of fixed assets | | (3) | (30) |
| Staff gratuity | | 4,567 | 3,706 |
| Interest income | | (4,177) | (48,344) |
| Interest / mark-up | | 1,262,168 | 898,499 |
| Amortisation of transaction costs | | 21,966 | 15,394 |
| Operating profit before working capital changes | | 4,062,140 | 3,360,046 |
| Working capital changes | | 2,977,793 | (18,677,809) |
| Cash generated from / (used in) operations | | 7,039,933 | (15,317,763) |
| Interest received | | 691 | 57,091 |
| Interest / mark-up paid | | (1,202,549) | (1,340,915) |
| Taxes paid | | (509) | (279) |
| Net cash generated from / (used in) operating activities | | 5,837,566 | (16,601,866) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure - net | | 5,322 | (25,779) |
| Proceeds from disposal of fixed assets | | 3 | 1,551 |
| Long term loan and advance | | - | 3,977 |
| Long term deposits and prepayments | | (1,234) | (538) |
| Net cash generated from / (used in) investing activities | | 4,091 | (20,789) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividends paid | | (1,773) | (437,031) |
| Repayment of long term loans - Hub plant | | (489,531) | (489,531) |
| Repayment of long term loans - Narowal plant | | (397,049) | (341,497) |
| Net cash used in financing activities | | (888,353) | (1,268,059) |
| Net increase / (decrease) in cash and cash equivalents | | 4,953,304 | (17,890,714) |
| Cash and cash equivalents at the beginning of the period | | (14,201,941) | 12,542,050 |
| Cash and cash equivalents at the end of the period | 13 | (9,248,637) | (5,348,664) |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Khalid Mansoor
 Chief Executive


Ruhail Muhammed
 Director

THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

| | Note | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|--|------|---|---|
| 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 | | 19,473,218 | 21,061,922 |
| Total comprehensive income for the period | | 2,090,795 | 1,814,723 |
| Transactions with owners in their capacity as owners | | | |
| Final dividend for the fiscal year 2012-2013 @ Rs. 4.50 per share | 14 | - | (5,207,195) |
| | | - | (5,207,195) |
| Balance at the end of the period | | 21,564,013 | 17,669,450 |
| Total equity | | 33,135,557 | 29,240,994 |

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Khalid Mansoor
Chief Executive



Ruhail Muhammed
Director

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, 2014.

3. BASIS OF PREPARATION

These unaudited condensed interim financial statements for the first quarter ended September 30, 2014 have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of and directives issued under the Ordinance have been followed.

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

4. OPERATING COSTS

| | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|--------------------------------------|--|--|
| Fuel cost | 40,020,973 | 32,991,805 |
| Stores and spares | 57,848 | 104,018 |
| Operation and Maintenance | 1,044,286 | 938,832 |
| Insurance | 208,487 | 238,246 |
| Depreciation | 673,468 | 664,405 |
| Amortisation | 2,683 | 5,320 |
| Repairs, maintenance and other costs | 187,395 | 299,849 |
| | 42,195,140 | 35,242,475 |

5. WORKERS' PROFIT PARTICIPATION FUND

| | | |
|--|-----------|----------|
| Provision for Workers' profit participation fund | 104,729 | 90,776 |
| Workers' profit participation fund recoverable from WAPDA / NTDC | (104,729) | (90,776) |
| | - | - |

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 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|---------------------------------------|--|--|
| Interest / mark-up on long term loans | 748,543 | 777,090 |
| Mark-up on short term borrowings | 513,625 | 121,409 |
| Amortisation of transaction costs | 21,966 | 15,394 |
| Other finance costs | 21,976 | 25,495 |
| | 1,306,110 | 939,388 |

| | Note | Sep 2014 (Rs. '000s) (Unaudited) | Jun 2014 (Rs. '000s) (Audited) |
|---|------|--|--------------------------------------|
| 7. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating property, plant and equipment | | 40,458,131 | 41,095,800 |
| Capital work-in-progress | | 79,466 | 127,396 |
| | | <u>40,537,597</u> | <u>41,223,196</u> |

8. TRADE DEBTS - Secured

| | | | |
|-----------------|-----|-------------------|-------------------|
| Considered good | 8.1 | <u>96,700,727</u> | <u>79,879,236</u> |
|-----------------|-----|-------------------|-------------------|

8.1 These receivables include an overdue amount of Rs. 75,502 million (June 2014: Rs. 61,540 million) from WAPDA and Rs. 4,301 million (June 2014: Rs. 4,631 million) from NTDC. These are not impaired because the trade debts are secured by a guarantee from the Government of Pakistan 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. 77,419 million (June 2014: Rs. 57,680 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 68,484 million (June 2014: Rs. 52,608 million).

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

| | Note | Sep 2014 (Rs. '000s) (Unaudited) | Jun 2014 (Rs. '000s) (Audited) |
|--|--------------|--|--------------------------------------|
| 10. SHORT TERM BORROWINGS - Secured | | | |
| Finances under mark-up arrangements | 10.1 to 10.3 | <u>10,507,139</u> | <u>16,878,118</u> |

10.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 26,865 million (June 2014: Rs. 25,165 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 will expire during the period from October 02, 2014 to September 30, 2015. Any late payment by the Company is subject to an additional payment of 1.00% to 2.00% per annum above the normal mark-up rate.

10.1.1 The facilities amounting to Rs. 21,940 million (June 2014: Rs. 20,240 million) are secured by way of charge over the trade debts and stocks of the Company part passu with the existing charge

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

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

10.1.3 This includes a sum of Rs. 275 million (June 2014: Rs. 275 million) payable to an associated undertaking. The available facilities amounted to Rs. 775 million (June 2014: Rs. 275 million). These facilities are secured by way of securities mentioned in note 10.1.1 and 10.1.2.

10.2 The Company also has Murabahah facility agreements with banks for an amount of Rs. 625 million (June 2014: Rs. 625 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on August 28, 2015. Any late payment by the Company is subject to an additional payment of 4.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 10.1.2.

- 10.3 The Company also entered into a Musharaka agreement amounting to Rs. 635 million (June 2014: Rs. 635 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on October 31, 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. COMMITMENTS AND CONTINGENCIES

- 11.1 Commitments in respect of capital and revenue expenditures amount to Rs. 1,215,244 million (June 2014: Rs. 1,008,304 million).
- 11.2 In 1998, the Federal Board of Revenue ("FBR") made assessments under section 52/86 of the Income Tax Ordinance, 1979 ["ITO,79"] amounting to Rs. 1,896 million stating that the Company did not withhold tax at the time of issue of shares to sponsors against project development costs incurred by them. The Company deposited Rs. 297 million against the above assessments in accordance with the departmental procedures prevalent at that time. Appeals filed by the Company before the Commissioner of Income tax (Appeals) [the "CIT (A)"] and thereafter with the Income Tax Appellate Tribunal ("ITAT") were decided against the Company. Against the decision of the ITAT, the Company filed appeals before the High Court ("HC") which were also decided against the Company in March 2012. Against the decision of the HC, the Company filed further appeals before the Honourable Supreme Court of Pakistan ("SCP").

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

12. 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:

| | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|--|---|---|
| Subsidiary | | |
| Outstanding balance of subordinated loan to Subsidiary | 80,395 | 80,395 |
| Interest income on subordinated loan to Subsidiary | 3,494 | 2,873 |
| Interest receivable on subordinated loan to Subsidiary | 20,330 | 7,217 |
| Reimbursement of expenses from Subsidiary | 8,271 | 9,085 |
| Receivable from Subsidiary against reimbursement of expenses | 108,229 | 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 | 2,533 | 3,884 |
| Reimbursement of expenses and others | - | 32 |
| Repayment of long term loans | 24,529 | 613,911 |
| Accrued Markup on long term loans | 45,726 | 44,959 |

| | Note | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|--|------|---|---|
| Accrued Markup on short term borrowings | | 2,295 | 345 |
| Interest / Mark-up on long term loans | | 39,553 | 312,602 |
| Mark-up on short term borrowings | | 7,544 | 1,825 |
| Other finance costs | | 51 | 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 | | 14,790 | 24,330 |
| Retirement benefits | | 1,771 | 3,163 |
| | 12.2 | 16,561 | 27,493 |
| Directors' fee | 12.3 | 2,700 | 2,700 |
| Contribution to staff retirement benefit plans | | 2,900 | 1,667 |

12.1 In addition to above, the outstanding balance of long term loan includes Rs. 1,241 million (June 2014: Rs. 1,265 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 and certain other benefits.

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.

13. CASH AND CASH EQUIVALENTS

| | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|-------------------------------------|---|---|
| Cash and bank balances | 1,258,502 | 4,833,574 |
| Finances under mark-up arrangements | (10,507,139) | (10,182,238) |
| | (9,248,637) | (5,348,664) |

14. FINAL DIVIDEND

The final dividend of Rs. 4.00 per share, amounting to Rs. 4,628,618 million for the fiscal year ended June 30, 2014 was approved at the Annual General Meeting held on October 14, 2014, subsequent to the period end. Hence, it was accounted for in the period in which it was approved.

15. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on October 28, 2014 in accordance with the resolution of the Board of Directors.

16. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Khalid Mansoor
Chief Executive



Ruhail Muhammed
Director

Report of the Directors on the Consolidated Financial Statements for the First Quarter ended September 30, 2014

The Board of Directors of the Company are pleased to present the results the Financial Statements (un-audited) of The Hub Power Company Limited (the holding company) and its Subsidiary Laraib Energy Limited for the first quarter ended September 30, 2014.

The Company

The Hub Power Company is the largest Independent Power Producer (IPP) in the Country with a combined power generation capacity of over 1600 MW.

Our Hub Plant, situated at Mouza Kund, Hub in Baluchistan, is one of the most efficient thermal power plants in Pakistan. It provides reliable and uninterrupted electricity to the national grid. Our Narowal Plant is an oil-fired power station, located at Mouza Poong, Narowal in Punjab.

The Company also holds 75% controlling interest in Laraib Energy Limited which owns and operates an 84 MW hydel power plant near the New Bong Escape, 8 km downstream of Mangla Dam in Azad Kashmir.

Financial Highlights

Table below represents the financial highlights of the Group during the period under review:

| | Quarter ended September 30, 2014 Rs. In Million | Quarter ended September 30, 2013 Rs. In Million |
|---------------------------------|--|--|
| Turnover | 46,750 | 39,073 |
| Operating costs | 42,582 | 35,615 |
| Net Profit * | 2,329 | 2,064 |
| Earnings per share * | 2.01 | 1.78 |

* *Attributable to Owners of the holding company.*

Turnover for the period under review was Rs. 46,750 million compared to Rs. 39,073 million during the corresponding period last year. The operating costs were Rs. 42,582 million compared to Rs. 35,615 million in the same period last year. Both Turnover and operating costs registered an increase in the period under review compared to corresponding period last year mainly due to higher load factor at Hub Plant.

Net profit earned by the Group during the period was Rs. 2,329 million (2013: Rs. 2,064 million). Earnings per share for the period was Rs. 2.01 compared to Rs. 1.78

in the same period last year. The increase in profit is mainly attributable to lower repair & maintenance expenditures and currency devaluation partly offset by lower efficiency.

Operational Highlights

Operational Highlights of all three plants during the quarter under review are as follows:

| | Unit | Quarter ended September 30, 2014 | Quarter ended September 30, 2013 |
|------------------------------------|------|--|--|
| Hub Plant | | | |
| Net Electrical output | GWh | 2,042 | 1,691 |
| Load factor | % | 77 | 64 |
| Average Complex Availability (ACA) | % | 84 | 68 |
| Narowal Plant | | | |
| Generation | GWh | 413 | 382 |
| Load factor | % | 88 | 81 |
| Average Complex Availability (ACA) | % | 94 | 93 |
| Laraib Energy | | | |
| Generation | GWh | 92 | 67 |
| Load factor | % | 49.65 | 36.21 |
| Average Complex Availability (ACA) | % | 92.20 | 93.00 |

Information in relation to Luxembourg Stock Exchange

The Directors, in compliance with the requirements of the “Commission De Surveillance Du Secteur Financier, Societe de Bourse de Luxembourg SA”, are pleased to confirm that to the best of their knowledge, the condensed interim financial statements for the quarter ended September 30, 2014 give a true and fair view of the assets, liabilities, financial position and financial results of the Company and are in conformity with approved accounting standards as applicable in Pakistan. Further, the aforementioned management report includes a fair review of the development and performance of the Company together with the potential risks and uncertainties faced, if any.

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

By Order of the
Board

A handwritten signature in blue ink, appearing to read "Khalid Mansoor", is written over a light yellow rectangular background.

Khalid Mansoor
Chief Executive

Karachi – October 28, 2014



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

| | Note | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|---|------|---|---|
| Turnover | | 46,749,826 | 39,073,012 |
| Operating costs | 4 | (42,582,091) | (35,615,048) |
| GROSS PROFIT | | 4,167,735 | 3,457,964 |
| General and administration expenses | | (188,801) | (149,931) |
| Other income | | 34,980 | 76,188 |
| Workers' profit participation fund | 5 | - | - |
| PROFIT FROM OPERATIONS | | 4,013,914 | 3,384,221 |
| Finance costs | 6 | (1,603,175) | (1,232,560) |
| PROFIT BEFORE TAXATION | | 2,410,739 | 2,151,661 |
| Taxation | | (509) | (795) |
| PROFIT FOR THE PERIOD | | 2,410,230 | 2,150,866 |
| Attributable to: | | | |
| - Owners of the holding company | | 2,328,550 | 2,064,181 |
| - Non-controlling interest | | 81,680 | 86,685 |
| | | 2,410,230 | 2,150,866 |
| Basic and diluted earnings per share attributable to owners of the holding company (Rupees) | | 2.01 | 1.78 |

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.


 Khalid Mansoor
 Chief Executive


 Ruhail Muhammed
 Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

| | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|--|---|---|
| Profit for the period | 2,410,230 | 2,150,866 |
| Other comprehensive income for the period | | |
| <i>Items that will not be reclassified to Profit or Loss in subsequent periods</i> | | |
| Loss on remeasurements of post employment benefit obligation | (3,270) | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>2,406,960</u> | <u>2,150,866</u> |
| Attributable to: | | |
| - Owners of the holding company | 2,325,280 | 2,064,181 |
| - Non-controlling interest | 81,680 | 86,685 |
| | <u>2,406,960</u> | <u>2,150,866</u> |

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.

Khalid Mansoor
Chief Executive


Ruhail Muhammed
Director

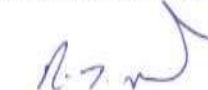


THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
BALANCE SHEET
AS AT SEPTEMBER 30, 2014

| | Note | Sep 2014 (Rs. '000s) (Unaudited) | Jun 2014 (Rs. '000s) (Audited) |
|---|------|--|--------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed Assets | | | |
| Property, plant and equipment | 7 | 60,431,596 | 60,866,502 |
| Intangibles | | 1,423,185 | 1,425,953 |
| Long term advance, deposits and prepayments | | 33,291 | 34,822 |
| CURRENT ASSETS | | | |
| Stores and spares | | 1,747,385 | 1,703,764 |
| Stock-in-trade | | 1,830,262 | 2,388,435 |
| Trade debts | 8 | 97,454,973 | 80,938,582 |
| Advances, deposits, prepayments and other receivables | | 2,822,592 | 2,831,138 |
| Cash and bank balances | | 3,427,767 | 5,015,638 |
| | | 107,282,979 | 92,877,557 |
| TOTAL ASSETS | | 169,171,051 | 155,204,834 |
| 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 | | 23,868,654 | 21,543,374 |
| Attributable to owners of the holding company | | 35,440,198 | 33,114,918 |
| NON-CONTROLLING INTEREST | | 1,568,474 | 1,486,794 |
| | | 37,008,672 | 34,601,712 |
| NON-CURRENT LIABILITIES | | | |
| Long term loans | | 29,663,830 | 30,859,272 |
| Liabilities against assets subject to finance lease | | 3,079,677 | 3,113,527 |
| Deferred liability - Gratuity | | 5,207 | 4,900 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 82,351,176 | 63,095,616 |
| Interest / mark-up accrued | | 1,478,268 | 1,688,275 |
| Short term borrowings | 10 | 10,507,139 | 16,878,118 |
| Current maturity of long term loans | | 4,761,337 | 4,660,612 |
| Current maturity of liabilities against assets subject to finance lease | | 315,745 | 302,802 |
| | | 99,413,665 | 86,625,423 |
| COMMITMENTS AND CONTINGENCIES | 11 | | |
| TOTAL EQUITY AND LIABILITIES | | 169,171,051 | 155,204,834 |

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.


Khalid Mansoor
Chief Executive



Ruhail Muhammed
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

| | Note | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|--|------|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 2,410,739 | 2,151,661 |
| Adjustments for: | | | |
| Depreciation | | 935,700 | 914,356 |
| Amortisation | | 2,768 | 5,539 |
| Gain on disposal of fixed assets | | (3) | (45) |
| Staff gratuity | | 4,874 | 4,013 |
| Interest income | | (19,006) | (52,689) |
| Interest / mark-up | | 1,522,346 | 1,180,267 |
| Amortisation of transaction cost | | 39,947 | 15,394 |
| Operating profit before working capital changes | | 4,897,365 | 4,218,496 |
| Working capital changes | | 3,263,495 | (18,621,511) |
| Cash generated from / (used in) operations | | 8,160,860 | (14,403,015) |
| Interest received | | 13,388 | 54,855 |
| Interest / mark-up paid | | (1,732,353) | (1,874,963) |
| Taxes paid | | (2,183) | (1,084) |
| Net cash generated from / (used in) operating activities | | 6,439,712 | (16,224,207) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure - net | | (11,750) | (38,234) |
| Proceeds from disposal of fixed assets | | 3 | 2,119 |
| Long term advance, deposits and prepayments | | 1,531 | 3,647 |
| Net cash used in investing activities | | (10,216) | (32,468) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividends paid to owners of the holding company | | (1,773) | (437,031) |
| Repayment of long term loans - Hub plant | | (489,531) | (489,531) |
| Repayment of long term loans - Narowal plant | | (397,049) | (341,497) |
| Repayment of long term loans - Subsidiary | | (602,605) | - |
| Repayment of liabilities against assets subject to finance lease | | (155,430) | - |
| Net cash used in financing activities | | (1,646,388) | (1,268,059) |
| Net increase / (decrease) in cash and cash equivalents | | 4,783,108 | (17,524,734) |
| Cash and cash equivalents at the beginning of the period | | (11,862,480) | 13,851,746 |
| Cash and cash equivalents at the end of the period | 14 | (7,079,372) | (3,672,988) |

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.


Khalid Mansoor
Chief Executive


Ruhail Muhammed
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

| | Note | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (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 | | 21,543,374 | 22,191,743 |
| Total comprehensive income for the period | | 2,325,280 | 2,064,181 |
| Transactions with owners in their capacity as owners | | | |
| Final dividend for the fiscal year 2012-2013 @ Rs. 4.50 per share | 15 | - | (5,207,195) |
| | | - | (5,207,195) |
| Balance at the end of the period | | 23,868,654 | 19,048,729 |
| Attributable to owners of the holding company | | 35,440,198 | 30,620,273 |
| Non-controlling interest | | | |
| Balance at the beginning of the period | | 1,486,794 | 1,159,273 |
| Total comprehensive income for the period | | 81,680 | 86,685 |
| Balance at the end of the period | | 1,568,474 | 1,245,958 |
| Total equity | | 37,008,672 | 31,866,231 |

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.


Khalid Mansoor
Chief Executive


Ruhail Muhammed
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 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, 2014.

3. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements for the first quarter ended September 30, 2014 have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of and directives issued under the Ordinance have been followed.

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

4. OPERATING COSTS

| | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|--------------------------------------|--|--|
| Fuel cost | 40,020,973 | 32,991,805 |
| Water use charges | 13,813 | 10,075 |
| Stores and spares | 58,619 | 105,795 |
| Operation and Maintenance | 1,121,497 | 1,014,863 |
| Insurance | 233,945 | 268,115 |
| Depreciation | 927,762 | 907,545 |
| Amortisation | 2,683 | 5,320 |
| Repairs, maintenance and other costs | 202,799 | 311,530 |
| | 42,582,091 | 35,615,048 |

| | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|---|---|---|
| 5. WORKERS' PROFIT PARTICIPATION FUND | | |
| Provision for Workers' profit participation fund | 104,729 | 108,078 |
| Workers' profit participation fund recoverable from WAPDA / NTDC | (104,729) | (108,078) |
| | <u>-</u> | <u>-</u> |

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

During last year, the subsidiary obtained an opinion from its legal advisor who has advised that the subsidiary is not required to pay any amount to Workers' profit participation fund in respect of the profits earned from its industrial undertaking situated in AJK. Accordingly, no provision has been made for the period.

| | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|---------------------------------------|---|---|
| 6. FINANCE COSTS | | |
| Interest / mark-up on long term loans | 964,033 | 1,009,157 |
| Interest on finance lease | 44,688 | 49,701 |
| Mark-up on short term borrowings | 513,625 | 121,409 |
| Amortisation of transaction cost | 39,947 | 15,394 |
| Other finance costs | 40,882 | 36,899 |
| | <u>1,603,175</u> | <u>1,232,560</u> |

| | Sep 2014 (Rs. '000s) (Unaudited) | Jun 2014 (Rs. '000s) (Audited) |
|---|--|--------------------------------------|
| 7. PROPERTY, PLANT AND EQUIPMENT | | |
| Operating property, plant and equipment | 60,265,858 | 60,665,680 |
| Capital work-in-progress | | |
| Holding company | 79,466 | 127,396 |
| Subsidiary | 86,272 | 73,426 |
| | <u>165,738</u> | <u>200,822</u> |
| | <u>60,431,596</u> | <u>60,866,502</u> |

| | Note | Sep 2014 (Rs. '000s) (Unaudited) | Jun 2014 (Rs. '000s) (Audited) |
|---------------------------------|------|--|--------------------------------------|
| 8. TRADE DEBTS - Secured | | | |
| Considered good | 8.1 | <u>97,454,973</u> | <u>80,938,582</u> |

8.1 These receivables include an overdue amount of Rs. 75,502 million (June 2014: Rs. 61,540 million) from WAPDA and Rs. 4,401 million (June 2014: Rs. 4,776 million) from NTDC. These are not impaired because the trade debts are secured by a guarantee from the Government of Pakistan 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. 77,419 million (June 2014: Rs. 57,680 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 68,484 million (June 2014: Rs. 52,608 million).

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

| | Note | Sep 2014 (Rs. '000s) (Unaudited) | Jun 2014 (Rs. '000s) (Audited) |
|--|--------------|--|--------------------------------------|
| 10. SHORT TERM BORROWINGS - Secured | | | |
| Finances under mark-up arrangements | 10.1 to 10.3 | 10,507,139 | 16,878,118 |

10.1 The facilities for running finance available to the holding company from various banks / financial institutions amounted to Rs. 26,865 million (June 2014: Rs. 25,165 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 will expire during the period from October 02, 2014 to September 30, 2015. Any late payment by the holding company is subject to an additional payment of 1.00% to 2.00% per annum above the normal mark-up rate.

10.1.1 The facilities amounting to Rs. 21,940 million (June 2014: Rs. 20,240 million) are secured by way of charge over the trade debts and stocks of the holding company pari passu with the existing charge.

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

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

10.1.3 This includes a sum of Rs. 275 million (June 2014: Rs. 275 million) payable to an associated undertaking of the holding company. The available facilities amounted to Rs. 775 million (June 2014: Rs. 275 million). These facilities are secured by way of securities mentioned in note 10.1.1 and 10.1.2.

10.2 The holding company also has Murabahah facility agreements with banks for an amount of Rs. 625 million (June 2014: Rs. 625 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on August 28, 2015. Any late payment by the holding company is subject to an additional payment of 4.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 10.1.2.

10.3 The holding company also entered into a Musharaka agreement amounting to Rs. 635 million (June 2014: Rs. 635 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on October 31, 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. COMMITMENTS AND CONTINGENCIES

11.1 Commitments in respect of capital and revenue expenditures of the holding company and its subsidiary are amounted to Rs. 1,215,244 million (June 2014: Rs. 1,008,304 million) and Rs. 413,355 million (June 2014: Rs. 461,320 million) respectively.

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

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

12. SEGMENT INFORMATION

12.1 SEGMENT ANALYSIS

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 2014 | | | | |
|-------------------------------------|-------------------------|------------------|----------------|------------------|------------------|
| | Hub plant | Narowal plant | Laraib plant | Unallocated | Total |
| | (Rs. '000s) | | | | |
| Turnover | 38,136,908 | 7,617,220 | 995,698 | - | 46,749,826 |
| Operating costs | (35,850,967) | (6,344,173) | (386,951) | - | (42,582,091) |
| GROSS PROFIT | 2,285,941 | 1,273,047 | 608,747 | - | 4,167,735 |
| General and administration expenses | (140,643) | (24,220) | (23,905) | (33) | (188,801) |
| Other income | 1,225 | 1,873 | 31,882 | - | 34,980 |
| Workers' profit participation fund | - | - | - | - | - |
| PROFIT FROM OPERATIONS | 2,146,523 | 1,250,700 | 616,724 | (33) | 4,013,914 |
| Finance costs | (363,711) | (802,355) | (297,065) | (140,044) | (1,603,175) |
| PROFIT BEFORE TAXATION | 1,782,812 | 448,345 | 319,659 | (140,077) | 2,410,739 |
| Taxation | - | (184) | - | (325) | (509) |
| PROFIT FOR THE PERIOD | 1,782,812 | 448,161 | 319,659 | (140,402) | 2,410,230 |

| | 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 | - | (625) | - | (170) | (795) |
| PROFIT FOR THE PERIOD | 1,567,414 | 371,435 | 339,016 | (126,999) | 2,150,866 |

12.2 SEGMENT ASSETS & LIABILITIES

| | (Unaudited) | | | | |
|--------------------------|--------------------|-------------------|-------------------|------------------|--------------------|
| | Sep 2014 | | | | |
| | Hub plant | Narowal plant | Laraib plant | Unallocated | Total |
| | (Rs. '000s) | | | | |
| TOTAL ASSETS | 112,682,660 | 32,013,526 | 24,473,715 | 1,150 | 169,171,051 |
| TOTAL LIABILITIES | 88,045,548 | 23,949,301 | 15,717,457 | 4,450,073 | 132,162,379 |
| | (Audited) | | | | |
| | Jun 2014 | | | | |
| | Hub plant | Narowal plant | Laraib plant | Unallocated | Total |
| | (Rs. '000s) | | | | |
| TOTAL ASSETS | 95,902,749 | 34,654,102 | 24,647,693 | 290 | 155,204,834 |
| TOTAL LIABILITIES | 74,025,071 | 26,051,673 | 16,216,059 | 4,310,319 | 120,603,122 |

13. RELATED PARTY TRANSACTIONS AND 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 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|--|------|---|---|
| Associated Undertakings | | | |
| Interest income on placement of funds | | - | 17,939 |
| Amounts paid for the purchase of assets | | - | 9,247 |
| Amounts paid for services rendered | | 2,533 | 3,884 |
| Reimbursement of expenses and others | | - | 32 |
| Repayment of long term loans | | 24,529 | 613,911 |
| Accrued Markup on long term loans | | 45,726 | 44,959 |
| Accrued Markup on short term borrowings | | 2,295 | 345 |
| Interest / Mark-up on long term loans | | 39,553 | 312,602 |
| Mark-up on short term borrowings | | 7,544 | 1,825 |
| Other finance costs | | 51 | 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 | | 22,088 | 29,962 |
| Retirement benefits | | 2,359 | 3,731 |
| | 13.2 | 24,447 | 33,693 |
| Directors' fee | 13.3 | 3,600 | 3,850 |
| Contribution to staff retirement benefit plans | | 3,684 | 2,176 |

13.1 In addition to above, the outstanding balance of long term loan includes Rs. 1,241 million (June 2014: Rs. 1,265 million) payable to Askari Bank Limited (an associated undertaking of the holding company).

13.2 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.

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

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

14. CASH AND CASH EQUIVALENTS

Cash and bank balances
Finances under mark-up arrangements

| | 3 months ended Sep 2014 (Rs. '000s) | 3 months ended Sep 2013 (Rs. '000s) |
|--|---|---|
| | 3,427,767 | 6,509,250 |
| | <u>(10,507,139)</u> | <u>(10,182,238)</u> |
| | <u>(7,079,372)</u> | <u>(3,672,988)</u> |

15. FINAL DIVIDEND

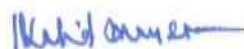
The final dividend of Rs. 4.00 per share, amounting to Rs. 4,628.618 million for the fiscal year ended June 30, 2014 was approved at the Annual General Meeting of the holding company held on October 14, 2014, subsequent to the period end. Hence, it was accounted for in the period in which it was approved.

16. DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on October 28, 2014 in accordance with the resolution of the Board of Directors of the holding company.

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Khalid Mansoor
Chief Executive



Ruhail Muhammed
Director