



The Hub Power Company Limited

Unaudited Financial Statements
for the Half Yearly Ended
December 31, 2018

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Directors' Report Urdu

Company Information

Board of Directors

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

Audit Committee

Manzoor Ahmed	Chairman
Qaiser Javed	
Owais Shahid	
Aly khan	
Saad Iqbal	

Company Secretary

Shaharyar Nashat

Management Committee

Khalid Mansoor
Tahir Jawaid
Abdul Nasir
Nazoor Baig
Kamran Kamal
Saleemullah Memon
M. Inam Ur Rehman Siddiqui
Farrukh Rasheed
Ruhail Muhammad

**Registered & Head
Office**

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

Email: Info@hubpower.com
Website: <http://www.hubpower.com>

Principal Bankers

Allied Bank of Pakistan
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Bank of Punjab
Al-Baraka Bank (Pakistan) Limited
Citibank N.A. Pakistan
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial & Commercial Bank of China
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Brunei Investment Company Limited
Pak China Investment Company Limited
Samba Bank Limited
Standard Chartered Bank (Pakistan) Ltd.
Sumitomo Mitsui Banking Corp. Europe Ltd, London
United Bank Limited

Inter-Creditor Agents

Habib Bank Limited

Allied Bank Limited

MCB Bank Limited

Legal Advisors

RIAA Barker Gillette

Auditors

A.F.F Ferguson & Co.

Registrar

FAMCO Associates (Pvt) Limited

Hub Plant

Mouza Kund,

Post Office Gaddani,

District Lasbela, Balochistan

Narowal Plant

Mouza Poong,

5 KM from Luban Pulli Point on Mureedkay-Narowal

Road, District Narowal, Punjab

Laraib Energy Limited

(Subsidiary)

12-B/1, Multi Mansion Plaza,

G-8, Markaz, Islamabad

Directors' Review

Report of Directors on the Consolidated and Unconsolidated Financial Statements for Second Quarter ended December 31, 2018

The Board of Directors is pleased to present a brief overview of the financial and operational performance of the Company for the six months ended December 31, 2018.

Consolidated net profit during the period under review was Rs. 5,407 million, resulting in earnings per share of Rs. 4.67 compared to net profit of Rs. 5,298 million and earnings per share of Rs. 4.58 last year. The increase in profit is mainly due to depreciation of Rupee against USD, lower repair and maintenance expenditures at Narowal Plant and lower administrative expenses partly offset by higher financing costs.

Unconsolidated net profit earned by the Company for six months ended December 31, 2018 was Rs. 3,030 million, resulting in earnings per share of Rs. 2.62 compared to net profit of Rs. 4,129 million and earnings per share of Rs. 3.57 last year. The decrease in profit is mainly due to lower dividend income from subsidiaries and higher financing costs partly offset by depreciation of Rupee against USD and lower administrative expenses.

Hub Plant

During the quarter under review, plant generated 160 GWh as compared to 1,675 GWh in the corresponding period last year, at an average load factor of 6% (Q2 2017-18: 63%). The available capacity was 72% (Q2 2017-18: 99%). During the period under review, the Plant demonstrated highest ever dependable capacity of 1,208MW in its Annual Dependable Capacity test conducted on December 29, 2018.

Narowal Plant

During the quarter, Narowal Plant generated 113 GWh as compared to 269 GWh in the corresponding period last year, at a load factor of 24% (Q2 2017-18: 57%).

Laraib Plant

During the quarter, the plant generated 87 GWh as compared to 121 GWh in the corresponding period last year. The load factor for the quarter was 47% (Q2 2017-18 -65%). The lower load factor is due to low hydrology. The plant achieved 100% availability and reliability during the quarter and satisfactorily conducted Demonstrated Complex Energy Test (DCET) for 6th Agreement Year in November 2018.

Dividend

Due to rising circular debt and delay in payments by Power Purchaser, the Company is constrained from declaring any dividend this quarter.

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

By Order of the Board



Khalid Mansoor
Chief Executive Officer



M. Habibullah Khan
Chairman



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of The Hub Power Company Limited

Report on review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of The Hub Power Company Limited as at December 31, 2018 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, condensed interim unconsolidated statement of cash flows, and notes to the condensed interim unconsolidated financial statements for the half year then ended (here-in-after referred to as the "condensed interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim unconsolidated financial statements based on our review.

The figures of the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

Scope of Review

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

Conclusion

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

Other matter

The unconsolidated financial statements of the Company for the year ended June 30, 2018 were audited by another auditor whose report dated August 20, 2018 expressed an unmodified opinion thereon. Further, the unconsolidated condensed interim financial statements of the Company for the half year ended December 31, 2017 were reviewed by the same auditor whose report dated February 19, 2018 expressed an unmodified conclusion thereon.

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

Chartered Accountants

Karachi

Date: February 26, 2019



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	3 months ended Dec 2018 (Rs. '000s)	3 months ended Dec 2017 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (Rs. '000s)
Turnover		8,281,995	21,788,465	18,972,048	43,362,135
Operating costs	5	(5,733,695)	(19,101,511)	(14,015,701)	(38,428,186)
GROSS PROFIT		<u>2,548,300</u>	<u>2,686,954</u>	<u>4,956,347</u>	<u>4,933,949</u>
General and administration expenses		(194,055)	(167,877)	(373,242)	(458,737)
Other income	6	154,682	22,783	165,414	816,795
Other operating expenses	7	(9,985)	(564)	(11,067)	(39,780)
PROFIT FROM OPERATIONS		<u>2,498,942</u>	<u>2,541,296</u>	<u>4,737,452</u>	<u>5,252,227</u>
Finance costs	8	(953,865)	(587,629)	(1,693,088)	(1,054,003)
PROFIT BEFORE TAXATION		<u>1,545,077</u>	<u>1,953,667</u>	<u>3,044,364</u>	<u>4,198,224</u>
Taxation		(8,370)	(5,955)	(14,530)	(69,538)
PROFIT FOR THE PERIOD		<u><u>1,536,707</u></u>	<u><u>1,947,712</u></u>	<u><u>3,029,834</u></u>	<u><u>4,128,686</u></u>
Basic and diluted earnings per share (Rupees)		<u>1.33</u>	<u>1.68</u>	<u>2.62</u>	<u>3.57</u>

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

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M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	3 months ended Dec 2018 (Rs. '000s)	3 months ended Dec 2017 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (Rs. '000s)
Profit for the period	1,536,707	1,947,712	3,029,834	4,128,686
Other comprehensive (loss) / 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	(1,905)	(11,724)	(3,810)	(9,273)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,534,802</u>	<u>1,935,988</u>	<u>3,026,024</u>	<u>4,119,413</u>

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

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M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Note	Dec 2018 (Rs. '000s) (Unaudited)	Jun 2018 (Rs. '000s) (Audited)
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	9	14,490,663	15,400,857
Intangibles		67,205	54,818
Long term investments	10	24,594,841	20,679,288
Long term deposits and prepayments		21,183	20,883
		39,173,892	36,155,846
CURRENT ASSETS			
Stores, spares and consumables		1,899,438	1,954,808
Stock-in-trade		1,665,433	5,687,922
Trade debts	11	75,944,530	82,683,678
Loans and advances		69,468	90,485
Prepayments and other receivables	12	9,614,747	9,617,835
Cash and bank balances		309,090	426,885
		89,502,706	100,461,613
TOTAL ASSETS		128,676,598	136,617,459
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised		17,000,000	17,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		8,041,587	8,255,595
		19,613,131	19,827,139
NON-CURRENT LIABILITIES			
Long term loans		15,238,918	12,662,033
CURRENT LIABILITIES			
Trade and other payables	13	65,883,178	79,821,494
Unclaimed dividend		164,380	140,286
Unpaid dividend		126,578	247,281
Interest / mark-up accrued		260,590	157,647
Short term borrowings		25,817,131	21,776,111
Current maturity of long term loans		1,572,692	1,985,468
		93,824,549	104,128,287
TOTAL EQUITY AND LIABILITIES		128,676,598	136,617,459

COMMITMENTS AND CONTINGENCIES 14

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

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M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,044,364	4,198,224
Adjustments for:			
Depreciation		957,947	955,235
Amortisation		17,627	14,568
Dividend income from subsidiaries		(100,000)	(784,314)
Gain on disposal of fixed assets		(39,714)	(2,258)
Provision against slow moving stores, spares and consumables		61,816	15,583
Provision for Workers' profit participation fund		5,765	39,780
Staff gratuity		12,242	12,725
Interest income		(10,405)	(8,241)
Interest / mark-up		1,614,740	930,991
Amortisation of transaction costs		1,004	4,457
Operating profit before working capital changes		5,565,386	5,376,750
Working capital changes		(2,221,824)	(1,854,163)
Cash generated from operations		3,343,562	3,522,587
Interest income received		10,730	8,161
Interest / mark-up paid		(1,511,797)	(932,896)
Workers' profit participation fund paid		(935,191)	-
Staff gratuity paid		(12,000)	(22,649)
Taxes paid		(26,677)	(97,988)
Net cash generated from operating activities		868,627	2,477,215
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from subsidiaries		100,000	784,314
Fixed capital expenditure		(82,416)	(79,980)
Proceeds from disposal of fixed assets		44,363	11,915
Long term investments made		(3,915,553)	(1,380,892)
Long term deposits and prepayments		(300)	81,181
Net cash used in investing activities		(3,853,906)	(583,462)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(3,336,641)	(4,915,704)
Proceeds from long term loans		3,378,589	1,121,007
Repayment of long term loans		(1,215,484)	(1,163,225)
Net cash used in financing activities		(1,173,536)	(4,957,922)
Net decrease in cash and cash equivalents		(4,158,815)	(3,064,169)
Cash and cash equivalents at the beginning of the period		(21,349,226)	(18,867,661)
Cash and cash equivalents at the end of the period	16	(25,508,041)	(21,931,830)

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

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M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (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	8,255,595	7,913,999
Profit for the period	3,029,834	4,128,686
Other comprehensive loss for the period	(3,810)	(9,273)
Total comprehensive income for the period	3,026,024	4,119,413
Transactions with owners in their capacity as owners		
Final dividend for the fiscal year 2017-2018 @ Rs. 2.80 (2016-2017 @ Rs. 2.50) per share	(3,240,032)	(2,892,886)
Interim dividend for the fiscal year 2018-2019 @ Nil (2017-2018 @ Rs. 1.50) per share	-	(1,735,732)
	(3,240,032)	(4,628,618)
Balance at the end of the period	8,041,587	7,404,794
TOTAL EQUITY	19,613,131	18,976,338

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

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M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. THE COMPANY AND ITS OPERATIONS

The Hub Power Company Limited (the "Company") was incorporated in Pakistan on August 1, 1991 as a public limited company. The shares of the Company are listed on the Pakistan Stock Exchange (PSX). The principal activities of the Company are to develop, own, operate and maintain power stations. The Company owns an oil-fired power station of 1,200 MW (net) in Baluchistan (Hub plant).

The Company has the following subsidiaries:

- Laraib Energy Limited (LEL)
- Hub Power Services Limited (HPSL)
- Hub Power Holdings Limited (HPHL)
- Narowal Energy Limited (NEL)
- Thar Energy Limited (TEL)

2. BASIS OF PREPARATION

These condensed interim unconsolidated financial statements of the Company for the half year ended December 31, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

These condensed interim unconsolidated financial statements do not include all the information and disclosures as required in the annual unconsolidated financial statements and should be read in conjunction with the Company's annual unconsolidated financial statements for the year ended June 30, 2018. These condensed interim unconsolidated financial statements of the Company for the half year ended December 31, 2018 are unaudited but subject to limited scope review by the statutory auditors as required by applicable laws. The figures of the condensed interim unconsolidated statement of profit or loss and statement of comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed by the statutory auditors of the Company as they are only required to review the cumulative figures for the half years ended December 31, 2018 and 2017.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim unconsolidated financial statements are same as those applied in preparing the annual unconsolidated financial statements for the year ended June 30, 2018. The adoption of new accounting standards and interpretations did not have any material effect on these condensed interim unconsolidated financial statements.

The Securities and Exchange Commission of Pakistan (SECP) through its S.R.O 1007 (I) / 2017 dated October 04, 2017 superseded the requirements of IAS – 39 'Financial Instruments: Recognition and Measurement' and required the adoption of IFRS – 9 'Financial Instruments' from 'Annual reporting periods beginning on or after July 01, 2018'. However, subsequently SECP through its S.R.O 229 (I) / 2019 dated February 14, 2019 has modified the effective date of adoption of IFRS-9 to 'Reporting period / year ending on or after June 30, 2019'. Accordingly, the Company has applied the requirements of IAS – 39 in these condensed interim unconsolidated financial statements.

As per IFRS – 9, Investments in equity instruments are either (i) required to be measured at fair value through profit or loss or (ii) with the irrevocable option at inception to present changes in fair value in other comprehensive income. Furthermore, there is now a new expected credit losses model that replaces the incurred loss impairment model of IAS – 39.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim unconsolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions. Judgements and estimates made by the management in the preparation of these condensed interim unconsolidated financial statements are same as those applied for the preparation of Company's annual unconsolidated financial statements for the year ended June 30, 2018. The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual unconsolidated financial statements for the year ended June 30, 2018.

	Note	3 months ended Dec 2018 (Rs. '000s)	3 months ended Dec 2017 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (Rs. '000s)
5. OPERATING COSTS					
Fuel cost		4,172,438	17,757,799	10,872,287	35,386,479
Stores and spares		150,401	78,671	278,237	320,941
Operation and maintenance	5.1	415,050	464,625	830,100	929,250
Insurance		155,224	125,446	311,114	254,287
Depreciation		469,889	468,007	940,809	935,069
Amortisation		7,683	5,809	14,799	11,599
Repairs, maintenance and other costs		363,010	201,154	768,355	590,561
		<u>5,733,695</u>	<u>19,101,511</u>	<u>14,015,701</u>	<u>38,428,186</u>

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

	Note	3 months ended Dec 2018 (Rs. '000s)	3 months ended Dec 2017 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (Rs. '000s)
6. OTHER INCOME					
Financial assets					
Interest income		6,185	4,829	10,405	8,241
Non-financial assets					
Gain on disposal of fixed assets - net		39,694	6,067	39,714	2,258
Dividend income from LEL		-	-	-	521,548
Dividend income from HPSL		100,000	-	100,000	-
Dividend income from NEL		-	-	-	262,766
Income from management services	6.1	8,803	6,518	15,295	11,278
Exchange gain		-	5,369	-	10,704
		<u>148,497</u>	<u>17,954</u>	<u>155,009</u>	<u>808,554</u>
		<u>154,682</u>	<u>22,783</u>	<u>165,414</u>	<u>816,795</u>

6.1 Income from management services

Services income from TEL (a subsidiary company)		92,593	65,869	160,730	118,518
Cost of services		(83,790)	(59,351)	(145,435)	(107,240)
		<u>8,803</u>	<u>6,518</u>	<u>15,295</u>	<u>11,278</u>

7. OTHER OPERATING EXPENSES

Exchange loss		4,544	-	5,302	-
Workers' profit participation fund	7.1	5,441	564	5,765	39,780
		<u>9,985</u>	<u>564</u>	<u>11,067</u>	<u>39,780</u>

7.1 Workers' profit participation fund

Provision for workers' profit participation fund		77,238	97,712	152,507	211,901
Workers' profit participation fund recoverable from CPPA-G		(71,797)	(97,148)	(146,742)	(172,121)
		<u>5,441</u>	<u>564</u>	<u>5,765</u>	<u>39,780</u>

The Company is required to pay 5% of its profit to the Workers' profit participation fund (the "Fund"). The Company is entitled to claim majority of this expense from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) as a pass through item.

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	3 months ended Dec 2018 (Rs. '000s)	3 months ended Dec 2017 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (Rs. '000s)
8. FINANCE COSTS				
Interest / mark-up on long term loans	348,226	131,502	621,910	269,310
Mark-up on short term borrowings	567,442	338,250	992,830	661,681
Amortisation of transaction costs	104	1,854	1,004	4,457
Other finance costs	38,093	116,023	77,344	118,555
	<u>953,865</u>	<u>587,629</u>	<u>1,693,088</u>	<u>1,054,003</u>

	Dec 2018 (Rs. '000s) (Unaudited)	Jun 2018 (Rs. '000s) (Audited)
9. PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment	14,459,316	15,292,482
Capital work-in-progress	31,347	108,375
	<u>14,490,663</u>	<u>15,400,857</u>

9.1 Additions to property, plant and equipment during the period were Rs. 52 million (Dec 2017: Rs. 80 million) and disposals therefrom at net book value were Rs. 5 million (Dec 2017: Rs. 10 million).

	Dec 2018 (Rs. '000s) (Unaudited)	Jun 2018 (Rs. '000s) (Audited)
10. LONG TERM INVESTMENTS		
Investment in subsidiaries - unquoted		
Laraib Energy Limited (LEL)	4,674,189	4,674,189
Hub Power Services Limited (HPSL)	100	100
Hub Power Holdings Limited (HPhL)	11,966,354	8,572,590
Narowal Energy Limited (NEL)	3,921,883	3,921,883
Thar Energy Limited (TEL)	2,920,800	2,567,600
	<u>23,483,326</u>	<u>19,736,362</u>
Others - unquoted		
Equity security available-for-sale		
- Sindh Engro Coal Mining Company Limited (SECMC)	1,111,515	942,926
	<u>24,594,841</u>	<u>20,679,288</u>

10.1 In relation with investment of HPhL in China Power Hub Generation Company (Private) Limited (CPHGC), the Company and China Power International Pakistan Investment Limited (CPIIL) have agreed to the draft valuation carried out by an independent valuer and on December 26, 2018 the Board of Directors of the Company decided to increase its shareholding in CPHGC, through HPhL, from 26% to 47.5%. The increase in shareholding will be subject to corporate and regulatory approvals in China and Pakistan, which are currently in progress. HPhL had earlier, on December 23, 2016, entered into a Memorandum of Understanding (MoU) with CPIIL and Government of Baluchistan (GoB) whereby 3% equity shareholding (1.5% each) in CPHGC will be transferred by HPhL and CPIIL to GoB, no later than the Commercial Operation Date (COD) of CPHGC. These shares will be issued to GoB in lieu of resources and services to benefit CPHGC in a transparent and legal manner.

Project status of CPHGC

Furthermore, on December 28, 2018 the first unit of the 2 x 660 MW coal fired power plant was synchronized with the national grid. The required COD as per the Power Purchase Agreement is August 01, 2019.

Investment of HPhL in ThalNova Power Thar (Private) Limited

During the period, Shares Subscription Agreement (SSA) was entered into between the Company, Thal Power (Private) Limited (Thal SPV), Nova Powergen Limited (Nova SPV), HPhL and ThalNova Power Thar (Private) Limited (TNPTL) on October 27, 2018. The Company, through HPhL, acquired 37% equity stake (to be increased to 38.3% as per SSA) in TNPTL by investing Rs. 690 million on December 10, 2018, thereby reducing the shareholdings of Thal SPV and Nova SPV from 50% each to 31.5% each. TNPTL is a private limited company, incorporated in Pakistan on April 18, 2016. The principal activities of TNPTL are to develop, own, operate and maintain a 1 x 330 MW mine-mouth coal fired power plant (the Project) to be established at Thar Block II, Thar Coal Mine, Sindh.

Project status and financial close of TNPTL

Private Power & Infrastructure Board (PPIB) issued the Letter of Support (LOS) to TNPTL on December 08, 2016. As per the terms of the LOS, TNPTL is required to (i) achieve the Financial Closure of the Project not later than nine months from the date of LOS and (ii) enter into the Implementation Agreement (IA), Power Purchase Agreement (PPA) and Water Use Agreement (WUA) not later than three months prior to the financial closing date. The required COD of the project is March 31, 2021.



On November 23, 2018, PPIB approved the extension in the financial closing date till June 30, 2019 (Extended Financial Closing Date) subject to extension of validity of Performance Guarantee provided to PPIB for a period of at least three months beyond the Extended Financial Closing Date and signing of an amendment to PPA, including the provisions to pay CPPA-G, the Liquidated Damages (LDs), equivalent to the payment of proportionate Transmission Service Charges (TSC) payable by National Transmission and Despatch Company Limited (NTDC) to Pak Matiari-Lahore Transmission Company Limited, in case there is delay in COD of March 31, 2021.

PPIB is entitled to encash the performance guarantee in case TNPTL is not able to meet the above conditions or TNPTL decides to exercise termination option as defined in the LOS. TNPTL is currently under negotiations with its lenders for the finalization of financing arrangements and is confident that Financial Closure will be achieved before the Extended Financial Closing Date.

Company's commitment to TNPTL - SSA

Under the SSA, the Company is committed to maintain 38.3% shareholding in TNPTL till the Financial Close of the Project. Furthermore:

- as part of its investment in shareholding of TNPTL, the Company shall provide such advance not exceeding USD 30 million to TNPTL for the purpose of issuance of Limited Notice to Proceed to the EPC Contractor of the Project in accordance with the EPC contract;
- till the Financial Close of the Project, Thal SPV and Nova SPV shall not be required to inject further equity in TNPTL. Any additional contribution that is required by TNPTL for the purpose of achieving Financial Close of the Project will be provided by the Company, and the same will be treated as advance against equity or subordinate debt to TNPTL; and
- for the purpose of extension of LOS, the Company is required to provide the performance guarantee on the basis of its shareholding in TNPTL as envisaged in SSA.

On the basis of current estimated project cost, the Company's total equity commitment is USD 51 million for 38.3% equity stake in TNPTL.

10.2 During the period, PPIB has approved a further amendment in LOS on December 17, 2018, and extended the Financial Closing Date to March 8, 2019, upon extension of performance guarantee till June 30, 2019. PPIB is entitled to encash the performance guarantee in case TEL is not able to meet the conditions specified in LOS and its amendments or if TEL decides to exercise termination option as defined in the LOS.

Further, TEL has signed term loan facility agreements for both US Dollar loan facility and Pakistan Rupees loan facility on December 20, 2018 with the consortium of foreign lenders and local lenders, respectively.

	Note	Dec 2018 (Rs. '000s) (Unaudited)	Jun 2018 (Rs. '000s) (Audited)
11. TRADE DEBTS - Secured			
Considered good	11.1	<u>75,944,530</u>	<u>82,683,678</u>

11.1 This includes an amount of Rs. 68.188 million (June 2018: Rs. 74.073 million) receivable from CPPA-G which is overdue but not impaired because the trade debts are secured by a guarantee from the GOP under Implementation Agreement. The delay in payments from CPPA-G carries mark-up at SBP discount rate plus 2% per annum compounded semi-annually.

	Dec 2018 (Rs. '000s) (Unaudited)	Jun 2018 (Rs. '000s) (Audited)
12. PREPAYMENTS AND OTHER RECEIVABLES		
Prepayments	337,199	22,059
Other receivables		
Interest accrued	-	325
Income tax - refundable	1,912,347	1,912,347
Sales tax	6,408,435	6,795,219
Advance tax	107,205	147,384
Receivable from LEL	4,075	6,794
Receivable from HPSL	-	8,935
Receivable from HPHL	236	41,306
Receivable from NEL	-	1,655
Receivable from TEL	878	64
Workers' profit participation fund recoverable from CPPA-G	827,981	681,275
Miscellaneous	16,391	472
	<u>9,277,548</u>	<u>9,595,776</u>
	<u>9,614,747</u>	<u>9,617,835</u>

ASB

13. TRADE AND OTHER PAYABLES

This includes Rs. 63,769 million (June 2018: Rs. 76,943 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 58,834 million (June 2018: Rs. 69,758 million).

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

14. COMMITMENTS AND CONTINGENCIES

There is no material change in the status of commitments and contingencies as disclosed in the annual unconsolidated financial statements of the Company for the year ended June 30, 2018, except as follows:

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

- (i) The FBR issued a show cause notice to recover sales tax amounting to Rs. 3,483 million relating to fiscal year ended June 2016. This is based on FBR's view that the Company had claimed input tax in excess of what was allowed under the law. The Company filed a Writ Petition in the IHC which asked the FBR not to pass a final order till next hearing. The Company's maximum exposure as at December 31, 2018 is approximately Rs. 3,483 million.
- (ii) The FBR issued a show cause notice to recover sales tax amounting to Rs. 2,665 million relating to fiscal year ended June 2017. This is based on FBR's view that the Company had claimed input tax in excess of what was allowed under the law. The Company filed a Writ Petition in the IHC which asked the FBR not to pass a final order till next hearing. The Company's maximum exposure as at December 31, 2018 is approximately Rs. 2,665 million.

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

15. RELATED PARTY TRANSACTIONS AND BALANCES

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

15.1 Details of Transactions

	Note	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (Rs. '000s)
Subsidiaries			
Laraib Energy Limited			
Reimbursable expenses incurred on behalf of subsidiary		11,871	21,552
Receipts against reimbursement of expenses from subsidiary		14,590	21,633
Dividend received		-	521,548
Receipt against disposal of an asset		-	1,425
Hub Power Holdings Limited			
Investment in subsidiary		3,393,764	-
Reimbursable expenses incurred on behalf of subsidiary		3,926	5,375
Receipts against reimbursement of expenses from subsidiary		44,996	1,100
Hub Power Services Limited			
Reimbursable expenses incurred on behalf of subsidiary		5,447	17,113
Receipts against reimbursement of expenses from subsidiary		14,000	62,137
Reimbursable expenses incurred by subsidiary		50,536	3,431
Payments against reimbursement of expenses to subsidiary		42,687	2,859
Amount paid for O&M services rendered by subsidiary		952,603	1,054,602
Dividend received		100,000	-
Interest expense on loan from subsidiary	15.1.1	505	-
Payment against interest on loan from subsidiary		505	-

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	Note	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (Rs. '000s)
Narowal Energy Limited			
Reimbursable expenses incurred on behalf of subsidiary		20,746	29,000
Receipts against reimbursement of expenses from subsidiary		24,590	99,787
Dividend received		-	262,766
Interest income on loan to subsidiary	15.1.2	35,608	-
Receipts against interest on loan to subsidiary		35,838	-
Thar Energy Limited			
Investment in subsidiary		353,200	1,180,000
Reimbursable expenses incurred on behalf of subsidiary		3,504	5,178
Receipts against reimbursement of expenses from subsidiary		2,253	8,269
Reimbursable expenses incurred by subsidiary		1,338	7,098
Payments against reimbursement of expenses to subsidiary		901	7,632
Transfer of assets to subsidiary		-	8,256
Receipts against transfer of assets from subsidiary		-	4,429
Transfer of assets by subsidiary		-	5,776
Payments against transfer of assets to subsidiary		-	1,949
Services rendered to subsidiary		181,625	120,223
Advance received against services agreement		333,390	119,102
Other related parties			
Proceeds from disposal of land to CPHGC		-	189,341
Loss on disposal of land to CPHGC		-	3,842
Reimbursable expenses incurred on behalf of TNPTL		250	-
Receipt against reimbursement of expenses from TNPTL		250	-
Remuneration to key management personnel			
Salaries, benefits and other allowances		67,278	173,626
Retirement benefits		2,502	1,821
	15.1.3 & 15.1.4	69,780	175,447
Directors' fee	15.1.5	2,950	5,100
Contribution to staff retirement benefit plans		17,576	27,904

15.1.1 The Company has obtained an unsecured short term loan facility for an amount of up to Rs. 500 million from HPSL, to meet its working capital requirements. This facility carries markup at the rate of 0.75% per annum above one month KIBOR payable on quarterly basis. The maximum aggregate amount outstanding at any time during the period was Rs. 195 million.

15.1.2 The Company has provided NEL an unsecured short term loan facility for an amount of up to Rs. 3 billion, to meet its working capital requirements, which carries markup at the rate of 0.4% per annum above one month KIBOR. Any late payment is subject to an additional payment of 1.00% per annum above the normal mark-up rate. The maximum aggregate amount outstanding at any time during the period was Rs. 1.8 billion.

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

15.1.4 The above figures do not include cost allocated to subsidiary companies amounting to Rs. 12 million (Dec 2017: Rs. 10 million).

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

15.1.6 The Company has provided loan amounting to Rs. 1.6 million to key management personnel which is recoverable in 12 equal monthly installments as per Company policy. As at the reporting date, outstanding balance is Rs. 1.5 million.

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

ABD



15.2 Details of Balances

	Dec 2018 (Rs. '000s) (Unaudited)	Jun 2018 (Rs. '000s) (Audited)
Subsidiaries		
Hub Power Services Limited		
Payable	5,607	-
Narowal Energy Limited		
Payable	2,189	-
Thar Energy Limited		
Advance against management services	207,691	73,386
Other related parties		
Payable to staff retirement benefit plan	20,387	16,336
	Dec 2018 (Rs. '000s) (Unaudited)	Dec 2017 (Rs. '000s) (Unaudited)

16. CASH AND CASH EQUIVALENTS

Cash and bank balances	309,090	939,802
Short term borrowings	(25,817,131)	(22,871,632)
	<u>(25,508,041)</u>	<u>(21,931,830)</u>

17. PLANT CAPACITY AND PRODUCTION

	3 months ended Dec 2018	3 months ended Dec 2017	6 months ended Dec 2018	6 months ended Dec 2017
Theoretical Maximum Output	2,650 GWh	2,650 GWh	5,299 GWh	5,299 GWh
Total Output	160 GWh	1,675 GWh	504 GWh	3,457 GWh
Load Factor	6%	63%	10%	65%

Practical maximum output of the power plant taking into account all the scheduled outages is 4,543 GWh (Dec 2017: 4,922 GWh). Output produced by the plant is dependent on the load demanded by CPPA-G and the plant availability. During the half year ended, load factor was low due to low load demanded by CPPA-G and plant ran out of fuel on September 04, 2018. PSO stopped the fuel supplies due to circular debt, which were resumed on October 13, 2018.

18. REPRESENTATION / RECLASSIFICATION

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

19. DATE OF AUTHORISATION

These condensed interim unconsolidated financial statements were authorised for issue on February 21, 2019 in accordance with the resolution of the Board of Directors.

20. GENERAL

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

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M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	3 months ended Dec 2018 (Rs. '000s)	3 months ended Dec 2017 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (Rs. '000s)
Turnover		12,996,051	26,951,163	30,941,958	54,291,096
Operating costs	5	(8,422,790)	(22,362,647)	(21,531,094)	(45,524,782)
GROSS PROFIT		<u>4,573,261</u>	<u>4,588,516</u>	<u>9,410,864</u>	<u>8,766,314</u>
General and administration expenses		(362,124)	(350,897)	(675,629)	(788,431)
Other income		179,259	48,827	230,190	80,136
Other operating expenses	6	(9,985)	(564)	(11,067)	(39,780)
PROFIT FROM OPERATIONS		<u>4,380,411</u>	<u>4,285,882</u>	<u>8,954,358</u>	<u>8,018,239</u>
Finance costs	7	(1,613,143)	(1,138,626)	(2,935,597)	(2,155,644)
Share of loss from associates	9.1 & 9.2	(132,696)	(62,173)	(193,455)	(106,799)
PROFIT BEFORE TAXATION		<u>2,634,572</u>	<u>3,085,083</u>	<u>5,825,306</u>	<u>5,755,796</u>
Taxation		(77,874)	(72,122)	(144,589)	(194,242)
PROFIT FOR THE PERIOD		<u><u>2,556,698</u></u>	<u><u>3,012,961</u></u>	<u><u>5,680,717</u></u>	<u><u>5,561,554</u></u>
Attributable to:					
- Owners of the holding company		2,446,780	2,914,181	5,407,059	5,297,691
- Non-controlling interest		109,918	98,780	273,658	263,863
		<u>2,556,698</u>	<u>3,012,961</u>	<u>5,680,717</u>	<u>5,561,554</u>
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)		<u>2.11</u>	<u>2.52</u>	<u>4.67</u>	<u>4.58</u>

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

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	3 months ended Dec 2018 (Rs. '000s)	3 months ended Dec 2017 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (Rs. '000s)
Profit for the period	2,556,698	3,012,961	5,680,717	5,561,554
Other comprehensive income / (loss) for the period				
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>				
(Loss) / gain on remeasurement of post employment benefits obligation	(28,132)	2,715	4,565	(22,376)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>2,528,566</u>	<u>3,015,676</u>	<u>5,685,282</u>	<u>5,539,178</u>
Attributable to:				
- Owners of the holding company	2,418,648	2,916,896	5,411,624	5,275,315
- Non-controlling interest	109,918	98,780	273,658	263,863
	<u>2,528,566</u>	<u>3,015,676</u>	<u>5,685,282</u>	<u>5,539,178</u>

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

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Note	Dec 2018 (Rs. '000s) (Unaudited)	Jun 2018 (Rs. '000s) (Audited)
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	8	57,167,231	53,817,768
Intangibles		1,487,330	1,477,963
Long term investments	9	12,098,341	8,823,879
Long term deposits and prepayments		34,296	36,448
		70,787,198	64,156,058
CURRENT ASSETS			
Stores, spares and consumables		3,284,136	3,255,501
Stock-in-trade		2,101,757	6,347,109
Trade debts	10	93,473,792	98,856,377
Loans and advances		128,688	147,327
Prepayments and other receivables	11	10,829,800	10,588,866
Cash and bank balances		3,961,809	2,654,315
		113,779,982	121,849,495
TOTAL ASSETS		184,567,180	186,005,553
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised		17,000,000	17,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		26,031,420	23,878,200
Attributable to owners of the holding company		37,602,964	35,449,744
NON-CONTROLLING INTEREST		4,686,809	3,584,186
		42,289,773	39,033,930
NON-CURRENT LIABILITIES			
Long term loans		26,390,474	25,287,815
Liabilities against assets subject to finance lease		2,349,777	2,234,388
		28,740,251	27,522,203
CURRENT LIABILITIES			
Trade and other payables	12	71,973,880	82,872,983
Unclaimed dividend		164,380	140,286
Unpaid dividend		126,578	247,281
Interest / mark-up accrued		1,001,560	779,949
Short term borrowings		33,674,954	28,804,770
Current maturity of long term loans		6,140,085	6,214,955
Current maturity of liabilities against assets subject to finance lease		421,503	366,320
Taxation-net		34,216	22,876
		113,537,156	119,449,420
TOTAL EQUITY AND LIABILITIES		184,567,180	186,005,553
COMMITMENTS AND CONTINGENCIES			
	13		

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

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



**THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Note	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		5,825,306	5,755,796
Adjustments for:			
Depreciation		2,261,719	2,020,641
Amortisation		20,646	17,673
Gain on disposal of fixed assets		(42,650)	(3,537)
Provision against slow moving stores, spares and consumables		72,210	26,236
Provision for workers' profit participation fund		5,765	39,780
Share of loss from associates		193,455	106,799
Staff gratuity		34,378	30,470
Interest income		(51,438)	(64,191)
Interest / mark-up		2,786,176	2,038,952
Amortisation of transaction costs		42,370	54,867
Operating profit before working capital changes		11,147,937	10,023,486
Working capital changes		(624,160)	(3,032,890)
Cash generated from operations		10,523,777	6,990,596
Interest income received		48,359	62,684
Interest / mark-up paid		(2,564,565)	(2,053,412)
Staff gratuity paid		(41,078)	(70,437)
Workers' profit participation fund paid		(935,191)	-
Taxes paid		(159,625)	(233,440)
Net cash generated from operating activities		6,871,677	4,695,991
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(4,362,447)	(374,369)
Proceeds from disposal of fixed assets		49,139	12,522
Long term investments made		(3,492,453)	(200,892)
Decrease in long term deposits and prepayments		2,152	77,310
Net cash used in investing activities		(7,803,609)	(485,429)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to owners of the holding company		(3,336,641)	(4,915,704)
Dividends paid to non controlling interest		-	(174,306)
Proceeds from long term loans		3,378,589	1,121,007
Repayment of long term loans		(3,324,872)	(3,047,922)
Proceeds against issuance of shares to non controlling interest		848,106	-
Repayment of liabilities against assets subject to finance lease		(182,963)	(156,210)
Share issue cost		(12,977)	(2,840)
Net cash used in financing activities		(2,630,758)	(7,175,975)
Net decrease in cash and cash equivalents		(3,562,690)	(2,965,413)
Cash and cash equivalents at the beginning of the period		(26,150,455)	(20,986,204)
Cash and cash equivalents at the end of the period	16	(29,713,145)	(23,951,617)

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

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (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		<u>11,571,544</u>	<u>11,571,544</u>
UNAPPROPRIATED PROFIT			
Balance at the beginning of the period		23,878,200	21,059,945
Profit for the period		5,407,059	5,297,691
Other comprehensive income for the period		4,565	(22,376)
Total comprehensive income for the period		5,411,624	5,275,315
Share issue cost		(36,552)	(6,948)
Disposal of partial interest in TEL		18,180	-
Transactions with owners in their capacity as owners			
Final dividend for the fiscal year 2017-2018 @ Rs. 2.80 (2016-2017: @ Rs. 2.50) per share		(3,240,032)	(2,892,886)
Interim dividend for the fiscal year 2018-2019 @ Nil (2017-2018 @ Rs. 1.50) per share		-	(1,735,732)
		<u>(3,240,032)</u>	<u>(4,628,618)</u>
Balance at the end of the period		<u>26,031,420</u>	<u>21,699,694</u>
Attributable to owners of the holding company		<u>37,602,964</u>	<u>33,271,238</u>
NON-CONTROLLING INTEREST			
Balance at the beginning of the period		3,584,186	2,367,012
Total comprehensive income for the period		273,658	263,863
Dividend paid		-	(174,306)
Investment made		848,106	-
Disposal of partial interest in TEL		(18,180)	-
Share issue cost		(961)	-
Balance at the end of the period		<u>4,686,809</u>	<u>2,456,569</u>
TOTAL EQUITY		<u>42,289,773</u>	<u>35,727,807</u>

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

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. STATUS AND NATURE OF BUSINESS

The Hub Power Company Limited (the "holding company") was incorporated in Pakistan on August 1, 1991 as a public limited company. The shares of the holding company are listed on the Pakistan Stock Exchange (PSX). The principal activities of the holding company are to develop, own, operate and maintain power stations. The holding company owns an oil-fired power station of 1,200 MW (net) in Balochistan (Hub plant).

The Group consists of The Hub Power Company Limited (the holding company) and following subsidiaries / associates:

Subsidiaries:

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

Associates:

- China Power Hub Generation Company (Private) Limited (CPHGC) - Holding of 26%; and
- ThalNova Power Thar (Private) Limited (TNPTL) Holding of 37%.

Thar Energy Limited (TEL)

During the period, PPIB has approved a further amendment in LOS on December 17, 2018, and extended the Financial Closing Date to March 8, 2019, upon extension of performance guarantee till June 30, 2019. PPIB is entitled to encash the performance guarantee in case TEL is not able to meet the conditions specified in LOS and its amendments or if TEL decides to exercise termination option as defined in the LOS.

Further, TEL has signed term loan facility agreements for both US Dollar loan facility and Pakistan Rupees loan facility on December 20, 2018 with the consortium of foreign lenders and local lenders, respectively.

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements of the holding company for the half year ended December 31, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

These condensed interim consolidated financial statements do not include all the information and disclosures as required in the annual consolidated financial statements and should be read in conjunction with the holding company's annual consolidated financial statements for the year ended June 30, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim consolidated financial statements are same as those applied in preparing the annual consolidated financial statements for the year ended June 30, 2018. The adoption of new accounting standards and interpretations did not have any material effect on these condensed interim consolidated financial statements.

The Securities and Exchange Commission of Pakistan (SECP) through its S.R.O 1007 (I) / 2017 dated October 04, 2017 superseded the requirements of IAS – 39 'Financial Instruments: Recognition and Measurement' and required the adoption of IFRS – 9 'Financial Instruments' from 'Annual reporting periods beginning on or after July 01, 2018'. However, subsequently SECP through its S.R.O 229 (I) / 2019 dated February 14, 2019 has modified the effective date of adoption of IFRS-9 to 'Reporting period / year ending on or after June 30, 2019'. Accordingly, the Group has applied the requirements of IAS – 39 in these condensed interim consolidated financial statements.

As per IFRS – 9, Investments in equity instruments are either (i) required to be measured at fair value through profit or loss or (ii) with the irrevocable option at inception to present changes in fair value in other comprehensive income. Furthermore, there is now a new expected credit losses model that replaces the incurred loss impairment model of IAS – 39.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions. Judgements and estimates made by the management in the preparation of these condensed interim consolidated financial statements are same as those applied for the preparation of Group's annual consolidated financial statements for the year ended June 30, 2018. The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's annual consolidated financial statements for the year ended June 30, 2018.

		3 months ended Dec 2018 (Rs. '000s)	3 months ended Dec 2017 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (Rs. '000s)
5. OPERATING COSTS					
Fuel cost		5,772,328	20,133,588	16,504,755	40,629,489
Water use charges		30,683	40,519	51,301	71,066
Salaries, benefits and other allowances		347,334	343,555	693,873	671,391
Stores and spares		269,139	178,751	507,540	697,308
Operation and maintenance		-	86,898	-	170,815
Insurance		238,146	197,805	476,236	396,667
Depreciation		1,222,283	1,033,456	2,234,476	1,990,088
Amortisation		8,952	7,078	17,338	14,138
Repairs, maintenance and other costs		533,925	340,997	1,045,575	883,820
		<u>8,422,790</u>	<u>22,362,647</u>	<u>21,531,094</u>	<u>45,524,782</u>
6. OTHER OPERATING EXPENSES					
Exchange loss		4,544	-	5,302	-
Workers' profit participation fund	6.1	5,441	564	5,765	39,780
		<u>9,985</u>	<u>564</u>	<u>11,067</u>	<u>39,780</u>
6.1 Workers' profit participation fund					
Provision for workers' profit participation fund		117,529	130,477	240,200	267,776
Workers' profit participation fund recoverable from CPPA-G / NTDC		(112,088)	(129,913)	(234,435)	(227,996)
		<u>5,441</u>	<u>564</u>	<u>5,765</u>	<u>39,780</u>

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

		3 months ended Dec 2018 (Rs. '000s)	3 months ended Dec 2017 (Rs. '000s)	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (Rs. '000s)
7. FINANCE COSTS					
Interest / mark-up on long term loans		715,709	497,234	1,339,196	1,013,221
Interest on finance lease		50,600	39,599	97,105	78,582
Mark-up on short term borrowings		772,245	543,860	1,349,875	947,149
Amortisation of transaction costs		20,504	26,976	42,370	54,867
Other finance costs		54,085	30,957	107,051	61,825
		<u>1,613,143</u>	<u>1,138,626</u>	<u>2,935,597</u>	<u>2,155,644</u>

Note	Dec 2018 (Rs. '000s) (Unaudited)	Jun 2018 (Rs. '000s) (Audited)
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8. PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment	48,667,849	49,492,686
Capital work-in-progress		
Holding company	31,347	108,375
NEL	45,497	49,681
LEL	3,628	3,628
TEL	8,418,910	4,163,398
	8,499,382	4,325,082
8.1	<u>57,167,231</u>	<u>53,817,768</u>

8.1 Additions to property, plant and equipment during the current period were Rs. 5,618 million, out of which Rs. 1,285 million relates to exchange loss capitalized on related foreign currency loans, and disposals therefrom at net book value were Rs. 7 million.

Note	Dec 2018 (Rs. '000s) (Unaudited)	Jun 2018 (Rs. '000s) (Audited)
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9. LONG TERM INVESTMENTS

Investment in associates - unquoted

China Power Hub Generation Company (Private) Limited - CPHGC	9.1	10,297,512	7,880,953
ThalNova Power Thar (Private) Limited (TNPTL)	9.2	689,314	-
		<u>10,986,826</u>	<u>7,880,953</u>

Others - unquoted

Equity security available-for-sale - Sindh Engro Coal Mining Company Limited (SECMC)		1,111,515	942,926
		<u>12,098,341</u>	<u>8,823,879</u>

9.1 Investment in China Power Hub Generation Company (Private) Limited - (CPHGC)

Opening investment	7,880,953	1,318,390
Investment during the period / year	2,633,785	6,858,669
Less: Share of loss from associate	(192,690)	(280,075)
Less: Group's share in share issue cost	(24,536)	(16,031)
	<u>10,297,512</u>	<u>7,880,953</u>

In relation with investment of HPHL in China Power Hub Generation Company (Private) Limited (CPHGC), the holding company and China Power International Pakistan Investment Limited (CPIIL) have agreed to the draft valuation carried out by an independent valuer and on December 26, 2018 the Board of Directors of the holding company decided to increase its shareholding in CPHGC, through HPHL, from 26% to 47.5%. The increase in shareholding will be subject to corporate and regulatory approvals in China and Pakistan, which are currently in progress. HPHL had earlier, on December 23, 2016, entered into a Memorandum of Understanding (MoU) with CPIIL and Government of Baluchistan (GoB) whereby 3% equity shareholding (1.5% each) in CPHGC will be transferred by HPHL and CPIIL to GoB, no later than the Commercial Operation Date (COD) of CPHGC. These shares will be issued to GoB in lieu of resources and services to benefit CPHGC in a transparent and legal manner.

Project status of CPHGC

Furthermore, on December 28, 2018 the first unit of the 2 x 660 MW coal fired power plant was synchronized with the national grid. The required COD as per the Power Purchase Agreement is August 01, 2019.

	Dec 2018 (Rs. '000s) (Unaudited)	Jun 2018 (Rs. '000s) (Audited)
9.2 Investment in ThalNova Power Thar (Private) Limited (TNPTL)		
Opening investment	-	-
Investment during the period	690,079	-
Less: Share of loss from associate	(765)	-
	689,314	-

During the period, Shares Subscription Agreement (SSA) was entered into between the holding company, Thal Power (Private) Limited (Thal SPV), Nova Powergen Limited (Nova SPV), HPHL and ThalNova Power Thar (Private) Limited (TNPTL) on October 27, 2018. The holding company, through HPHL, acquired 37% equity stake (to be increased to 38.3% as per SSA) in TNPTL by investing Rs. 690 million on December 10, 2018, thereby reducing the shareholdings of Thal SPV and Nova SPV from 50% each to 31.5% each. TNPTL is a private limited company, incorporated in Pakistan on April 18, 2016. The principal activities of TNPTL are to develop, own, operate and maintain a 1 x 330 MW mine-mouth coal fired power plant (the Project) to be established at Thar Block II, Thar Coal Mine, Sindh.

Project status and financial close of TNPTL

Private Power & Infrastructure Board (PPIB) issued the Letter of Support (LOS) to TNPTL on December 08, 2016. As per the terms of the LOS, TNPTL is required to (i) achieve the Financial Closure of the Project not later than nine months from the date of LOS and (ii) enter into the Implementation Agreement (IA), Power Purchase Agreement (PPA) and Water Use Agreement (WUA) not later than three months prior to the financial closing date. The required COD of the project is March 31, 2021.

On November 23, 2018, PPIB approved the extension in the financial closing date till June 30, 2019 (Extended Financial Closing Date) subject to extension of validity of Performance Guarantee provided to PPIB for a period of at least three months beyond the Extended Financial Closing Date and signing of an amendment to PPA, including the provisions to pay CPPA-G, the Liquidated Damages (LDs), equivalent to the payment of proportionate Transmission Service Charges (TSC) payable by National Transmission and Despatch Company Limited (NTDC) to Pak Matari-Lahore Transmission Company Limited, in case there is delay in COD of March 31, 2021.

PPIB is entitled to encash the performance guarantee in case TNPTL is not able to meet the above conditions or TNPTL decides to exercise termination option as defined in the LOS. TNPTL is currently under negotiations with its lenders for the finalization of financing arrangements and is confident that Financial Closure will be achieved before the Extended Financial Closing Date.

Holding company's commitment to TNPTL - SSA

Under the SSA, the holding company is committed to maintain 38.3% shareholding in TNPTL till the Financial Close of the Project. Furthermore:

- as part of its investment in shareholding of TNPTL, the holding company shall provide such advance not exceeding USD 30 million to TNPTL for the purpose of issuance of Limited Notice to Proceed to the EPC Contractor of the Project in accordance with the EPC contract;
- till the Financial Close of the Project, Thal SPV and Nova SPV shall not be required to inject further equity in TNPTL. Any additional contribution that is required by TNPTL for the purpose of achieving Financial Close of the Project will be provided by the holding company, and the same will be treated as advance against equity or subordinate debt to TNPTL; and
- for the purpose of extension of LOS, the holding company is required to provide the performance guarantee on the basis of its shareholding in TNPTL as envisaged in SSA.

On the basis of current estimated project cost, the holding company's total equity commitment is USD 51 million for 38.3% equity stake in TNPTL.

		Dec 2018 (Rs. '000s) (Unaudited)	Jun 2018 (Rs. '000s) (Audited)
10. TRADE DEBTS - secured			
Considered good	10.1	93,473,792	98,856,377

- 10.1 These receivables include an overdue amount of Rs. 68,188 million (June 2018: Rs. 74,073 million) from CPPA-G and Rs. 9,806 million (June 2018: Rs. 10,529 million) from NTDC. These are not impaired because the trade debts are secured by a guarantee from the Government of Pakistan (GOP) under the Implementation Agreements.



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

	Note	Dec 2018 (Rs. '000s) (Unaudited)	Jun 2018 (Rs. '000s) (Audited)
11. PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		503,161	54,534
Other receivables			
Interest accrued		4,802	5,366
Income tax - refundable		1,912,347	1,912,347
Sales tax		7,012,398	7,410,778
Advance tax		146,423	195,754
Receivable from CPHGC		18,137	62,342
Workers' profit participation fund recoverable from CPPA-G / NTDC	6.1	1,166,390	931,991
Miscellaneous		66,142	15,754
		10,326,639	10,534,332
		<u>10,829,800</u>	<u>10,588,866</u>

12. TRADE AND OTHER PAYABLES

This includes Rs. 63,769 million (June 2018: Rs. 76,943 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 58,834 million (June 2018: Rs. 69,758 million).

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

13. COMMITMENTS AND CONTINGENCIES

There is no material change in the status of commitments and contingencies as disclosed in the annual consolidated financial statements of the Group for the year ended June 30, 2018, except as follows:

13.1 In connection with the operations holding company:

- (i) The FBR issued a show cause notice to recover sales tax amounting to Rs. 3,483 million relating to fiscal year ended June 2016. This is based on FBR's views including the point that the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the IHC which asked the FBR not to pass a final order till next hearing. The holding company's maximum exposure as at December 31, 2018 is approximately Rs. 3,483 million.
- (ii) The FBR issued a show cause notice to recover sales tax amounting to Rs. 2,665 million relating to fiscal year ended June 2017. This is based on FBR's views including the point that the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the IHC which asked the FBR not to pass a final order till next hearing. The holding company's maximum exposure as at December 31, 2018 is approximately Rs. 2,665 million.

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

13.2 In connection with the operations of NEL:

- 13.2.1 Following notices / demand orders have been issued by tax authorities to the holding company in respect of combined operations of Hub and Narowal Plants prior to demerger. Pursuant to the demerger, the exposure related to Narowal Undertaking has been transferred to the NEL.

Further, an agreement dated May 11, 2017 has been entered into between NEL and the holding company whereby NEL has undertaken to reimburse any cost which may directly be incurred by the holding company in respect of exposures transferred pursuant to the scheme of demerger.

- 13.2.1.1 The FBR issued a show cause notice to recover sales tax amounting to Rs. 511 million relating to fiscal year ended June 2016. This is based on FBR's views including the point that NEL had claimed input tax in excess of what was allowed under the law. NEL filed a Writ Petition in the IHC (Islamabad High Court) which asked the FBR not to pass a final order till next hearing. NEL's maximum exposure as at December 31, 2018 is approximately Rs. 511 million.
- 13.2.1.2 The FBR issued a show cause notice to recover sales tax amounting to Rs. 570 million relating to fiscal year ended June 2017. This is based on FBR's views including the point that NEL had claimed input tax in excess of what was allowed under the law. NEL filed a Writ Petition in the IHC which asked the FBR not to pass a final order till next hearing. NEL's maximum exposure as at December 31, 2018 is approximately Rs. 570 million.

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



14. SEGMENT INFORMATION

14.1 SEGMENT ANALYSIS

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

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

	3 months ended Dec 2018						
	Power Generation			Operations and Maintenance	Unallocated	Eliminations	Total
	Hub plant	Narowal plant	Laraib plant				
	(Rs. '000s)						
Turnover	8,281,995	3,467,789	1,246,320	569,342	-	(569,395)	12,996,051
Operating costs	(5,733,695)	(2,220,107)	(634,537)	(393,943)	-	559,492	(8,422,790)
GROSS PROFIT	2,548,300	1,247,682	611,783	175,399	-	(9,903)	4,573,261
General and administration expenses	(194,055)	(28,889)	(31,181)	(63,062)	(44,937)	-	(362,124)
Other income	45,879	711	45,619	18,789	177,569	(109,308)	179,259
Other operating expenses	(4,544)	-	-	-	(5,441)	-	(9,985)
PROFIT FROM OPERATIONS	2,395,580	1,219,504	626,221	131,126	127,191	(119,211)	4,380,411
Finance costs	(557,519)	(413,678)	(246,012)	(74)	(396,365)	505	(1,613,143)
Share of loss from associates	-	-	-	-	(132,696)	-	(132,696)
PROFIT BEFORE TAXATION	1,838,061	805,826	380,209	131,052	(401,870)	(118,706)	2,634,572
Taxation	-	(205)	(4,308)	(61,745)	(11,616)	-	(77,874)
PROFIT FOR THE YEAR	1,838,061	805,621	375,901	69,307	(413,486)	(118,706)	2,556,698



HUBCO

	3 months ended Dec 2017						
	Hub plant	Power Generation Narowal plant	Laraib plant	Operations and Maintenance	Unallocated	Eliminations	Total
	(Rs. '000s)						
Turnover	21,788,465	4,063,308	1,102,487	616,870	-	(619,967)	26,951,163
Operating costs	(19,101,511)	(3,031,187)	(473,044)	(366,969)	-	610,064	(22,362,647)
GROSS PROFIT	2,686,954	1,032,121	629,443	249,901	-	(9,903)	4,588,516
General and administration expenses	(167,877)	(42,127)	(29,711)	(56,771)	(54,411)	-	(350,897)
Other income	16,265	545	15,119	3,990	18,099	(5,191)	48,827
Other operating expenses	-	-	-	-	(564)	-	(564)
PROFIT FROM OPERATIONS	2,535,342	990,539	614,851	197,120	(36,876)	(15,094)	4,285,882
Finance costs	(322,943)	(335,240)	(215,712)	(42)	(264,689)	-	(1,138,626)
Share of loss from associates	-	-	-	-	(62,173)	-	(62,173)
PROFIT BEFORE TAXATION	2,212,399	655,299	399,139	197,078	(363,738)	(15,094)	3,085,083
Taxation	-	(164)	(4,743)	(57,389)	(9,826)	-	(72,122)
PROFIT FOR THE YEAR	2,212,399	655,135	394,396	139,689	(373,564)	(15,094)	3,012,961

	6 months ended Dec 2018						
	Hub plant	Power Generation Narowal plant	Laraib plant	Operations and Maintenance	Unallocated	Eliminations	Total
	(Rs. '000s)						
Turnover	18,972,048	9,374,658	2,595,370	1,135,739	-	(1,135,857)	30,941,958
Operating costs	(14,015,701)	(6,806,724)	(1,048,784)	(775,936)	-	1,116,051	(21,531,094)
GROSS PROFIT	4,956,347	2,567,934	1,546,586	359,803	-	(19,806)	9,410,864
General and administration expenses	(373,242)	(47,580)	(59,004)	(107,053)	(88,750)	-	(675,629)
Other income	50,119	1,914	61,758	41,907	190,292	(115,800)	230,190
Other operating expenses	(5,302)	-	-	-	(5,765)	-	(11,067)
PROFIT FROM OPERATIONS	4,627,922	2,522,268	1,549,340	294,657	95,777	(135,606)	8,954,358
Finance costs	(979,518)	(768,402)	(474,431)	(125)	(713,626)	505	(2,935,597)
Share of loss from associates	-	-	-	-	(193,455)	-	(193,455)
PROFIT BEFORE TAXATION	3,648,404	1,753,866	1,074,909	294,532	(811,304)	(135,101)	5,825,306
Taxation	-	(554)	(7,248)	(117,204)	(19,583)	-	(144,589)
PROFIT FOR THE YEAR	3,648,404	1,753,312	1,067,661	177,328	(830,887)	(135,101)	5,680,717



	6 months ended Dec 2017						
	Hub plant	Power Generation Narowal plant	Laraib plant	Operations and Maintenance	Unallocated	Eliminations	Total
	(Rs. '000s)						
Turnover	43,362,135	8,560,524	2,377,718	1,177,729	-	(1,187,010)	54,291,096
Operating costs	(38,428,186)	(6,686,210)	(855,802)	(721,788)	-	1,167,204	(45,524,782)
GROSS PROFIT	4,933,949	1,874,314	1,521,916	455,941	-	(19,806)	8,766,314
General and administration expenses	(458,737)	(82,961)	(61,094)	(99,208)	(86,431)	-	(788,431)
Other income	21,204	1,259	26,401	7,530	819,334	(795,592)	80,136
Other operating expenses	-	-	-	-	(39,780)	-	(39,780)
PROFIT FROM OPERATIONS	4,496,416	1,792,612	1,487,223	364,263	693,123	(815,398)	8,018,239
Finance costs	(675,100)	(675,113)	(426,447)	(60)	(378,924)	-	(2,155,644)
Share of loss from associates	-	-	-	-	(106,799)	-	(106,799)
PROFIT BEFORE TAXATION	3,821,316	1,117,499	1,060,776	364,203	207,400	(815,398)	5,755,796
Taxation	-	(378)	(7,367)	(109,837)	(76,660)	-	(194,242)
PROFIT FOR THE YEAR	3,821,316	1,117,121	1,053,409	254,366	130,740	(815,398)	5,561,554

14.2 SEGMENT ASSETS & LIABILITIES

	As at Dec 31, 2018						
	Hub plant	Power Generation Narowal plant	Laraib plant	Operations and Maintenance	Unallocated	Eliminations	Total
	(Rs. '000s)						
Assets	103,652,782	33,486,525	23,168,079	293,019	45,617,891	(21,651,116)	184,567,180
Liabilities	92,611,520	16,417,692	12,016,532	198,788	21,279,806	(246,931)	142,277,407

	As at Jun 30, 2018						
	Hub plant	Power Generation Narowal plant	Laraib plant	Operations and Maintenance	Unallocated	Eliminations	Total
	(Rs. '000s)						
Assets	115,921,230	32,729,272	21,717,212	321,630	33,078,489	(17,762,280)	186,005,553
Liabilities	102,974,223	17,413,751	11,633,326	345,815	14,744,668	(140,160)	146,971,623

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

15. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Note	6 months ended Dec 2018 (Rs. '000s)	6 months ended Dec 2017 (Rs. '000s)
15.1 Details of Transactions			
Associates			
Proceeds from disposal of land to CPHGC		-	189,341
Loss on disposal of land to CPHGC		-	3,842
Income under shared facilities agreement from CPHGC		13,564	4,426
Reimbursable expenses incurred by CPHGC		136	-
Payment against reimbursement of expenses to CPHGC		136	-
Reimbursable expenses incurred on behalf of CPHGC by HPHL		-	2,519
Receipt against reimbursement of expenses by CPHGC		41,306	-
Reimbursable expenses incurred on behalf of ThalNova Power Thar (Private) Limited		250	-
Receipt against reimbursement of expenses from ThalNova Power Thar (Private) Limited		250	-
Other related parties			
Remuneration to key management personnel			
Salaries, benefits and other allowances		146,298	235,782
Retirement benefits		7,184	5,373
	15.1.1	153,482	241,155
Directors' fee	15.1.2	4,450	7,250
Contribution to staff retirement benefit plans		68,630	80,801
Dividend paid to NCI - Coate & Co. Private Limited		-	165,646
15.1.1 Transactions with key management personnel are carried out under the terms of their employment. Key management personnel are also provided with the use of company maintained automobiles and certain other benefits.			
15.1.2 This represents fee paid to Board of Directors for attending meetings.			
15.1.3 The holding company has provided loan amounting to Rs. 1.6 million to key management personnel which is recoverable in 12 equal monthly installments as per Company policy. As at the reporting date, outstanding balance is Rs. 1.5 million.			
15.1.4 The transactions with related parties are made under mutually agreed terms and conditions.			
		Dec 2018 (Rs. '000s) (Unaudited)	Jun 2018 (Rs. '000s) (Audited)
15.2 Details of Balances			
Associate			
Receivable from CPHGC		18,137	62,342
Other related parties			
Payable to staff retirement benefit plans		36,142	41,549



Dec 2018
(Rs. '000s)

Dec 2017
(Rs. '000s)

16. CASH AND CASH EQUIVALENTS

Cash and bank balances	3,961,809	4,297,245
Finances under mark-up arrangements	(33,674,954)	(28,248,862)
	<u>(29,713,145)</u>	<u>(23,951,617)</u>

17. DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on February 21, 2019 in accordance with the resolution of the Board of Directors of the holding company.

18. REPRESENTATION / RECLASSIFICATION

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

19. GENERAL

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

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer

ڈائریکٹرز کی رپورٹ بسلسلہ انضمام شدہ اور غیر انضمام شدہ مالی گوشوارے برائے

دوسری سہ ماہی ختمہ 31 دسمبر، 2018ء

بورڈ آف ڈائریکٹرز مسرت کے ساتھ، 31 دسمبر، 2018ء کو ختم ہونے والی ششماہی کے لیے، کمپنی کی مالی اور آپریشنل کارکردگی کا مختصر جائزہ پیش کرتا ہے۔

زیر جائزہ عرصے کے دوران انضمام شدہ خالص منافع 5,407 ملین روپے تھا جس کے نتیجے میں فی حصص آمدنی میں 4.67 روپے کا اضافہ ہوا۔ گزشتہ برس، اسی عرصے کے لیے، خالص منافع 5,298 ملین روپے تھا اور فی حصص آمدنی 4.58 روپے تھی۔ منافع میں اضافہ کی بنیادی وجہ نارووال پلانٹ کی مرمت اور دیکھ بھال (repair and maintenance) کے اخراجات اور انتظامی اخراجات میں کمی تھی جس کی تلافی جزوی طور پر بلند مالی اخراجات کی صورت میں کی گئی۔

مؤرخہ 31 دسمبر، 2018ء کو ختم ہونے والی ششماہی کے دوران کمپنی کا حاصل کردہ غیر انضمام شدہ خالص منافع 3,030 ملین روپے تھا جس کے نتیجے میں فی حصص آمدنی 2.62 روپے رہی جب کہ گزشتہ برس، اسی عرصے کے دوران، غیر انضمام شدہ خالص منافع 4,129 ملین روپے تھا اور فی حصص آمدنی 3.57 روپے تھی۔ منافع میں کمی کی بنیادی وجہ ذیلی اداروں سے حاصل ہونے والے منافع منقسمہ میں کمی اور بلند مالی اخراجات (financial expenses) تھے جن کی تلافی انتظامی اخراجات (administrative expenses) میں کمی کے ذریعے کی گئی۔

حب پلانٹ

زیر جائزہ سہ ماہی کے دوران پلانٹ نے 345 GWh بجلی پیدا کی جب کہ گزشتہ برس، اسی عرصے کے دوران 1,675 GWh بجلی پیدا کی تھی، اس طرح لوڈ فیکٹر 6% فیصد رہا (دوسری سہ ماہی 2017-18: 63%) اور دستیاب گنجائش 72 فیصد (دوسری سہ ماہی 2017-18: 99%) تھی۔ زیر جائزہ عرصے کے دوران پلانٹ نے اپنے سالانہ قابل بھروسہ گنجائش کے ٹیسٹ (Annual Dependable Capacity test) کے دوران ہمیشہ سے زیادہ قابل بھروسہ گنجائش کا مظاہرہ کیا۔ یہ ٹیسٹ 29 دسمبر، 2018ء کو کیا گیا۔

نارووال پلانٹ

اس سہ ماہی کے دوران نارووال پلانٹ نے 113 GWh بجلی پیدا کی اور لوڈ فیکٹر 24% تھا۔ گزشتہ برس، اسی عرصے کے دوران، پلانٹ نے 269 GWh بجلی پیدا کی تھی اور لوڈ فیکٹر 24% تھا (دوسری سہ ماہی 2017-18: 57%)۔

لاریب پلانٹ

زیر جائزہ سہ ماہی کے دوران پلانٹ نے 87GWh بجلی پیدا کی جبکہ گزشتہ برس، اسی عرصے کے دوران، 121 GWh بجلی پیدا کی تھی اور سہ ماہی کے دوران لوڈ فیکٹر %47 تھا (دوسری سہ ماہی 2017-18: %65)۔ لوڈ فیکٹر میں کمی کی وجہ پانی کی دستیابی (hydrology) میں کمی تھی۔ سہ ماہی کے دوران پلانٹ نے 100 فیصد دستیابی اور قابل بھروسہ ہونے کا ہدف حاصل کیا اور ڈیمانسٹر پیڈ کمپلیکس انرجی ٹیسٹ (Demonstrated Complex Energy Test; DCET) کے نتائج تسلی بخش رہے۔ یہ ٹیسٹ، معاہدے کے چھٹے سال، نومبر 2018ء میں کیا گیا۔

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

بحکم بورڈ

ایم حبیب اللہ خان
چیئرمین

خالد منصور
چیف ایگزیکٹو آفیسر