



The Hub Power Company Limited

Unaudited Financial Statements
for the Quarter Ended
September 30, 2019

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The Hub Power Company Limited

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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	
Nadeem Inayat	
Ejaz Sanjrani	GOB Nominee
Owais Shahid	
Saad Iqbal	
Muhammad Ali	

Audit Committee

Manzoor Ahmed	Chairman
Owais Shahid	
Aly Khan	
Saad Iqbal	
Nadeem Inayat	

Company Secretary

Shaharyar Nashat

Management Committee

Khalid Mansoor
Shaharyar Nashat
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

Bank of Punjab

Legal Advisors

Syed Jamil Shah

Auditors

A.F.F Ferguson & Co.

Registrar

FAMCO Associates (Pvt) Limited

Hub Plant

Mouza Kund,

Post Office Gaddani,

District Lasbela, Balochistan

Narowal Plant

Mouza Poong,

5 KM from Luban Pulli Point on Mureedkay-Narowal

Road, District Narowal, Punjab

CPHGC Plant

Mouza Kund,

Post Office Gaddani,

District Lasbela, Balochistan

Laraib Energy Limited

(Subsidiary)

12-B/1, Multi Mansion Plaza,

G-8, Markaz, Islamabad

DIRECTORS' REVIEW

REPORT OF DIRECTORS ON THE CONSOLIDATED AND UNCONSOLIDATED FINANCIAL STATEMENTS FOR FIRST QUARTER ENDED SEPTEMBER 30, 2019

The Board of Directors is pleased to present a brief overview of the financial and operational performance of the Company for the first quarter ended September 30, 2019.

Consolidated net profit during the quarter under review was Rs. 5,568 million, resulting in earnings per share of Rs. 4.29 compared to net profit of Rs. 2,960 million and earnings per share of Rs. 2.47 same quarter last year. The increase in profit is mainly due to recognition of share of profit from associate (China Power Hub Generation Company Limited) which started Commercial Operations from August 17, 2019, lower repair and maintenance expenses and depreciation of Rupee against USD partly offset by higher financing cost.

Unconsolidated net profit during the quarter under review was Rs. 1,607 million, resulting in earnings per share of Rs. 1.24 compared to net profit of Rs. 1,493 million and earnings per share of Rs. 1.25 same quarter last year. The increase in unconsolidated profit is mainly due to lower repair and maintenance expenses and depreciation of Rupee against USD partly offset by higher financing costs.

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

Growth Projects

During the quarter under review the successful commissioning and declaration of Commercial Operation Date (COD) of 2x660MW China Power Hub Generation Company Private Limited (CPHGC) Project with integrated Jetty was achieved. The Project is supplying uninterrupted affordable energy to the National Grid.

The lignite based 330MW Thar Energy Limited Project in Thar Block II has completed 37% of Project Construction and targeted to achieve COD by the end of March 2021. The Company has engaged China Development Bank (CDB) as the lead arranger for the foreign financing from China and Habib Bank Limited (HBL) as the lead arranger for the local financing. The expected Financial Close of the Project is end 2019.

The Hub Power Company Limited has also signed financing agreement for its second Project in Thar Block II; 330MW ThalNova Power Thar (Pvt.) Ltd project. The China Development Bank (CDB) is the lead arranger for the foreign financing from China and Habib Bank Limited is the lead arranger for the local financing.

Hub Plant

During the quarter under review, Hub plant generated 34 GWh as compared to 345 GWh in the corresponding period last year, at a load factor of 1.28% (Q1 2018-19: 13%). The reduction in load factor is mainly due to lower dispatch order by Power Purchaser.

Narowal Plant

Narowal Plant generated 197 GWh as compared to 306 GWh in the corresponding period last year, at a load factor of 41.7% (Q1 2018-19: 65%). The reduction in load factor is mainly due to lower dispatch order by Power Purchaser.

Laraib Plant

During the quarter under review, Laraib Plant generated 53 GWh as compared to 58 GWh in the corresponding period last year. The load factor for the quarter was 29% (Q1 2018-19: 31%).

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



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	Note	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
Turnover	5	7,252,030	10,732,799
Operating costs	6	(3,143,112)	(8,324,752)
GROSS PROFIT		4,108,918	2,408,047
General and administration expenses		(169,699)	(179,187)
Other income	7	39,572	10,732
Other operating expenses	8	(626)	(1,082)
PROFIT FROM OPERATIONS		3,978,165	2,238,510
Finance costs	9	(2,359,680)	(739,223)
PROFIT BEFORE TAXATION		1,618,485	1,499,287
Taxation		(11,890)	(6,160)
PROFIT FOR THE PERIOD		1,606,595	1,493,127
			Restated
Basic and diluted earnings per share (Rupees)		1.24	1.25

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

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
Profit for the period	1,606,595	1,493,127
Other comprehensive loss for the period:		
<i>Items that will not be reclassified to Profit or Loss in subsequent periods</i>		
Loss on remeasurement of post employment benefit obligation	-	(1,905)
Loss on revaluation of equity investment at fair value through other comprehensive income	(16,957)	-
	(16,957)	(1,905)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,589,638	1,491,222

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

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive


Abdul Nasir
Chief Financial Officer

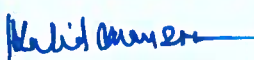



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019

	Note	Sep 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	10	13,343,575	13,666,909
Intangibles		43,691	52,318
Long term investments	11	55,067,064	48,355,239
Long term deposits and prepayments		22,122	21,970
		68,476,452	62,096,436
CURRENT ASSETS			
Stores, spares and consumables		1,811,380	1,850,864
Stock-in-trade		3,910,342	4,575,810
Trade debts	12	69,980,381	66,628,533
Loans and advances		384,906	732,469
Prepayments and other receivables	13	11,509,070	10,531,600
Cash and bank balances		304,635	7,312,080
		87,900,714	91,631,356
TOTAL ASSETS		156,377,166	153,727,792
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised		17,000,000	17,000,000
Issued, subscribed and paid-up		12,971,544	12,971,544
Capital Reserve			
Share premium		5,600,000	5,600,000
Revenue Reserve			
Unappropriated profit		15,281,415	13,691,777
		33,852,959	32,263,321
NON-CURRENT LIABILITIES			
Long term loans	14	28,593,868	21,926,752
Long term lease liability	3.1	114,770	-
		28,708,638	21,926,752
CURRENT LIABILITIES			
Trade and other payables	15	57,305,399	56,272,876
Unclaimed dividend		189,229	189,516
Unpaid dividend		75,412	79,605
Interest / mark-up accrued		855,687	567,840
Short term borrowings	16	34,213,664	41,112,054
Current maturity of lease liability		16,908	-
Current maturity of long term loans		1,159,270	1,315,828
		93,815,569	99,537,719
TOTAL EQUITY AND LIABILITIES		156,377,166	153,727,792
COMMITMENTS AND CONTINGENCIES	17		

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


 M. Habibullah Khan
 Chairman


 Khalid Mansoor
 Chief Executive


 Abdul Nasir
 Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	Note	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,618,485	1,499,287
Adjustments for:			
Depreciation		479,639	479,599
Amortisation		8,627	8,596
Gain on disposal of fixed assets		(2,557)	(20)
Provision against slow moving stores, spares and consumables		38,503	30,820
Staff gratuity		7,695	6,121
Interest income		(22,418)	(4,220)
Mark-up on lease liability		4,234	-
Interest / mark-up expense		2,262,472	699,072
Amortisation of transaction costs		5,664	900
Operating profit before working capital changes		<u>4,400,344</u>	<u>2,720,155</u>
Working capital changes		<u>(2,260,855)</u>	<u>(1,305,103)</u>
Cash generated from operations		2,139,489	1,415,052
Interest income received		10,622	4,314
Interest / mark-up paid		(1,974,625)	(661,616)
Staff gratuity paid		(20,000)	(12,000)
Taxes paid		(11,890)	(14,394)
Net cash generated from operating activities		143,596	731,356
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(22,690)	(34,406)
Proceeds from disposal of fixed assets		5,079	20
Long term investments made		(6,728,782)	(959,589)
Long term deposits and prepayments		(152)	(300)
Net cash used in investing activities		(6,746,545)	(994,275)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(4,480)	(112,713)
Proceeds from long term loans - net		6,901,782	959,589
Repayment of long term loans		(396,888)	(367,619)
Repayment of lease liability		(6,520)	-
Net cash generated from financing activities		6,493,894	479,257
Net (decrease) / increase in cash and cash equivalents		(109,055)	216,338
Cash and cash equivalents at the beginning of the period		<u>(33,799,974)</u>	<u>(21,349,226)</u>
Cash and cash equivalents at the end of the period	19	<u>(33,909,029)</u>	<u>(21,132,888)</u>

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

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
ISSUED CAPITAL		
Balance at the beginning of the period	12,971,544	11,571,544
Balance at the end of the period	<u>12,971,544</u>	<u>11,571,544</u>
SHARE PREMIUM		
Balance at the beginning of the period	5,600,000	-
Balance at the end of the period	<u>5,600,000</u>	<u>-</u>
UNAPPROPRIATED PROFIT		
Balance at the beginning of the period	13,691,777	8,255,595
Profit for the period	1,606,595	1,493,127
Other comprehensive loss for the period	(16,957)	(1,905)
Total comprehensive income for the period	1,589,638	1,491,222
Balance at the end of the period	<u>15,281,415</u>	<u>9,746,817</u>
TOTAL EQUITY	<u><u>33,852,959</u></u>	<u><u>21,318,361</u></u>

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

M. Habibullah Khan
Chairman

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer



THE HUB POWER COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

1. THE COMPANY AND ITS OPERATIONS

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

The Company has the following subsidiaries and associates:

Subsidiaries

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

Associates

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

2. BASIS OF PREPARATION

These unaudited condensed interim unconsolidated financial statements of the Company for the first quarter ended September 30, 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These condensed interim unconsolidated financial statements do not include all the information and disclosures as required in the annual unconsolidated financial statements and should be read in conjunction with the Company's annual unconsolidated financial statements for the year ended June 30, 2019.

These condensed interim unconsolidated financial statements 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, except for the investment in equity instrument which is carried at fair value through other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

IFRS 16 replaces the previous lease standard: IAS 17 Leases. It results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The Company has adopted IFRS 16 by applying the modified retrospective approach along with transitional provision provided under IFRS 16 according to which the Company is not required to restate the prior period results and no impact of adoption of IFRS 16 on opening equity has been recognised by the Company. Following is the impact of IFRS 16 on these condensed interim unconsolidated financial statements.

	Sep 30, 2019 (Rs. '000s) (Unaudited)	Jul 01, 2019 (Rs. '000s) (Unaudited)
Impact on statement of financial position		
Property, plant and equipment - increased by	129,756	136,137
Prepayments and other receivables - decreased by	(2,174)	(2,174)
Lease liability - increased by	131,678	133,964
Current portion of lease liability - increased by	(16,908)	(14,783)
Long term lease liability - increased by	114,770	119,181
	3 months ended	
	Sep 30, 2019	
	(Rs. '000s)	
	(Unaudited)	
Impact on statement of profit or loss		
General and administration expenses		
- Increase in depreciation	(6,381)	
- Decrease in rent expense	6,521	
	140	
Increase in finance cost	(4,234)	
Decrease in profit before taxation	(4,094)	
Decrease in taxation	-	
Decrease in profit for the period	(4,094)	

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

	Note	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
5. TURNOVER			
Capacity Purchase Price (CPP)		4,957,308	3,979,358
Energy Purchase Price (EPP)		688,908	5,954,099
Late Payment Interest (LPI)		1,613,894	1,380,544
Startup Charges (SC)		25,671	28,735
Part Load Adjustment Charges (PLAC)		62,463	252,834
		<u>7,348,244</u>	<u>11,595,570</u>
Less: Sales tax on EPP		(96,214)	(862,771)
		<u>7,252,030</u>	<u>10,732,799</u>
6. OPERATING COSTS			
Fuel cost		799,510	5,480,682
Late Payment Interest to fuel supplier		1,063,144	1,261,913
Stores and spares		59,805	127,836
Operations and maintenance	6.1	399,750	415,050
Insurance		201,675	155,890
Depreciation		465,406	470,920
Amortisation		8,406	7,116
Repairs, maintenance and other costs		145,416	405,345
		<u>3,143,112</u>	<u>8,324,752</u>
6.1 This represents fee for O&M services rendered by HPSL (a subsidiary company).			
7. OTHER INCOME			
Financial assets			
Interest income		22,418	4,220
Non-financial assets			
Gain on disposal of fixed assets		2,557	20
Income from management services	7.1	12,498	6,492
Exchange gain - net		2,099	-
		<u>17,154</u>	<u>6,512</u>
		<u>39,572</u>	<u>10,732</u>
7.1 Income from management services			
Services income		133,624	68,137
Cost of services		(121,126)	(61,645)
		<u>12,498</u>	<u>6,492</u>

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

	Note	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
8. OTHER OPERATING EXPENSES			
Exchange loss - net		-	758
Workers' profit participation fund	8.1	626	324
		<u>626</u>	<u>1,082</u>
8.1 Workers' profit participation fund			
Provision for Workers' profit participation fund		81,450	75,269
Workers' profit participation fund recoverable from CPPA(G)		(80,824)	(74,945)
		<u>626</u>	<u>324</u>
9. FINANCE COSTS			
Interest / mark-up on long term loans		903,683	273,684
Mark-up on lease liability		4,234	-
Mark-up on short term borrowings		1,358,789	425,388
Amortisation of transaction costs		5,664	900
Other finance costs		87,310	39,251
		<u>2,359,680</u>	<u>739,223</u>
10. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		13,154,524	13,489,316
Capital work-in-progress		189,051	177,593
		<u>13,343,575</u>	<u>13,666,909</u>
10.1 Additions to property, plant and equipment during the period were Rs. 23 million (Sep 2018: Rs. 34 million) and disposals therefrom at net book value were Rs. 3 million (Sep 2018: Rs. Nil).			
11. LONG TERM INVESTMENTS			
	Note	Sep 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
Investment in subsidiaries - unquoted			
Laraib Energy Limited (LEL)		4,674,189	4,674,189
Hub Power Services Limited (HPSL)		100	100
Hub Power Holdings Limited (HPHL)	11.1	38,841,534	32,135,034
Narowal Energy Limited (NEL)		3,921,883	3,921,883
Thar Energy Limited (TEL)	11.2	5,579,436	5,579,436
		<u>53,017,142</u>	<u>46,310,642</u>
Others - unquoted			
Equity investment at fair value through other comprehensive income			
- Sindh Engro Coal Mining Company Limited (SECMC)	11.3	2,049,922	2,044,597
		<u>55,067,064</u>	<u>48,355,239</u>
11.1 Hub Power Holdings Limited (HPHL)			

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

11.1.1 ThalNova Power Thar (Private) Limited (TNPTL)

On August 19, 2019, PPIB upon TNPTL's request approved the extension in Financial Closing Date from June 30, 2019 to December 31, 2019 subject to provision of prescribed fee and extension of performance guarantee at least three months beyond the extended financial closing date. TNPTL has paid the prescribed fee and HPHL has provided its share of performance guarantee amounting to USD 1.26 million in favour of PPIB which will be valid till April 10, 2020. The formal Letter of Support (LOS) from PPIB is yet to be issued.

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

11.2 Thar Energy Limited (TEL)

On September 24, 2019, PPIB upon TEL's request approved the extension in Financial Closing Date from September 8, 2019 to March 8, 2020 subject to provision of prescribed fee and extension of performance guarantee at least three months beyond the extended financial closing date. TEL has paid the prescribed fee and the Company has provided its share of performance guarantee amounting to USD 1.98 million in favour of PPIB which will be valid till June 30, 2020. The formal Letter of Support (LOS) from PPIB is yet to be issued.

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

11.3 Sindh Engro Coal Mining Company Limited (SECMC)

During the period, the Company has made further investment in SECMC amounting to Rs. 22.3 million.

	Note	Sep 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
12. TRADE DEBTS - Secured			
Considered good	12.1 & 12.2	<u>69,980,381</u>	<u>66,628,533</u>
12.1 This includes an amount of Rs. 62,337 million (June 2019: Rs. 59,178 million) receivable from CPPA(G) which is overdue but not impaired because the trade debts are secured by a guarantee from the GOP under the Implementation Agreement (IA). The delay in payments from CPPA(G) carries mark-up at SBP discount rate plus 2% per annum compounded semi-annually for all overdue amounts except Late Payment Interest overdues.			
12.2 This also includes Rs. 5,126 million (June 2019: Rs. 3,438 million) related to LPI which is not yet billed by the Company.			

Sep 2019
(Rs. '000s)
(Unaudited)

Jun 2019
(Rs. '000s)
(Audited)

13. PREPAYMENTS AND OTHER RECEIVABLES

	Sep 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
Prepayments	652,135	19,331
Other receivables		
Interest accrued	11,796	-
Income tax - refundable	1,912,347	1,912,347
Sales tax	7,161,620	7,170,968
Receivable from LEL	14,429	14,527
Receivable from HPSL	19,238	-
Receivable from HPHL	92,956	14,873
Receivable from NEL	23,429	2,112
Receivable from TEL	111,170	9,925
Receivable from TNPTL	47,645	7,483
Workers' profit participation fund recoverable from CPPA(G)	1,456,758	1,375,934
Miscellaneous	5,547	4,100
	<u>10,856,935</u>	<u>10,512,269</u>
	<u>11,509,070</u>	<u>10,531,600</u>

14. LONG TERM LOANS

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

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

15. TRADE AND OTHER PAYABLES

This includes Rs. 52,630 million (June 2019: Rs. 51,767 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 48,254 million (June 2019: Rs. 47,455 million).

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

16. SHORT TERM BORROWINGS

During the period, the Company issued unsecured privately placed short term commercial paper amounting to Rs. 5,000 million. The tenor of the commercial paper is one hundred and eighty days from the date of draw down i.e. September 26, 2019 which carries mark-up at the rate of six month KIBOR plus 1.50% per annum.

17. COMMITMENTS AND CONTINGENCIES

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

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

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

18. RELATED PARTY TRANSACTIONS AND BALANCES

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

18.1 Details of transactions	Note	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
Subsidiaries			
Laraib Energy Limited			
Reimbursable expenses incurred on behalf of subsidiary		12,630	5,534
Receipts against reimbursement of expenses from subsidiary		12,728	1,583
Hub Power Holdings Limited			
Investment in subsidiary		6,706,500	441,000
Reimbursable expenses incurred on behalf of subsidiary		80,836	1,732
Receipts against reimbursement of expenses from subsidiary		2,753	1,172
Hub Power Services Limited			
Reimbursable expenses incurred on behalf of subsidiary		26,982	2,351
Receipts against reimbursement of expenses from subsidiary		579	9,719
Reimbursable expenses incurred by subsidiary		3,401	25,262
Payments against reimbursement of expenses to subsidiary		2,287	1,734
Amount paid for O&M services rendered		459,331	474,604
Interest expense on loan from subsidiary	18.2.1	2,748	-
Narowal Energy Limited			
Reimbursable expenses incurred on behalf of subsidiary		8,929	12,123
Receipts against reimbursement of expenses from subsidiary		7,667	11,442
Interest income on loan to subsidiary	18.2.2	20,055	20,239
Receipts against interest on loan to subsidiary		-	12,486
Thar Energy Limited			
Investment in subsidiary		-	350,000
Reimbursable expenses incurred on behalf of subsidiary		17,662	1,561
Receipts against reimbursement of expenses from subsidiary		1,995	1,006
Payments against reimbursement of expenses to subsidiary		324	-
Services rendered to subsidiary		129,019	76,995

	Note	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
Other related parties			
Reimbursable expenses incurred on behalf of TNPTL		40,162	-
Advance received against services rendered to TNPTL		140,000	-
Services rendered to TNPTL		19,602	-
Remuneration to key management personnel			
Salaries, benefits and other allowances		40,743	34,959
Retirement benefits		1,309	1,252
	18.1.1 & 18.1.2	42,052	36,211
Directors' fee	18.1.3	1,200	1,200
Contribution to staff retirement benefit plans of the Company		24,115	14,684
Contribution to staff retirement benefit plan of HPSL		581	-
18.1.1 Transactions with key management personnel are carried out under the terms of their employment. They are also provided with the use of Company maintained automobiles and certain other benefits.			
18.1.2 The above figures do not include cost allocated to subsidiary companies amounting to Rs. 5 million (Sep 2018: Rs. 6 million).			
18.1.3 This represents fee paid to the directors of the Company for attending meetings.			
18.1.4 The transactions with related parties are made under mutually agreed terms and conditions.			
18.2 Details of outstanding balances	Note	Sep 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
Hub Power Services Limited - Subsidiary			
Payable to subsidiary		-	3,684
Narowal Energy Limited			
Loan to subsidiary	18.2.2	350,000	699,500
Thar Energy Limited			
Advance against management services		-	38,730
ThalNova Power Thar (Private) Limited - Associate			
Advance against management services		104,292	-
Other related parties			
Payable to staff retirement benefit plans		29,236	41,541
18.2.1 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 mark-up at the rate of 0.75% per annum above one month KIBOR payable on quarterly basis. The maximum aggregate amount outstanding at month end during the period was Rs. 35 million (June 2019: Rs. 145 million).			

18.2.2 The Company has provided NEL an unsecured short term loan facility for an amount of up to Rs. 3,000 million, to meet its working capital requirements, which carries mark-up at the rate of 0.40% per annum above one month KIBOR. Any late payment is subject to an additional payment of 1.00% per annum above the normal mark-up rate. The maximum aggregate amount receivable at month end during the period was Rs. 754 million (June 2019: Rs. 1,800 million).

18.2.3 The Company has provided loan to a key management personnel which is recoverable in 12 equal monthly installments in accordance with the Company policy. As at reporting date, outstanding balance is Rs. 0.27 million (June 2019: Rs. 0.67 million).

	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
19. CASH AND CASH EQUIVALENTS		
Cash and bank balances	304,635	295,079
Short term borrowings	(34,213,664)	(21,427,967)
	<u>(33,909,029)</u>	<u>(21,132,888)</u>

	3 months ended Sep 2019	3 months ended Sep 2018
20. PLANT CAPACITY AND PRODUCTION		
<u>HUB PLANT</u>		
Theoretical Maximum Output	2,650 GWh	2,650 GWh
Total Output	34 GWh	345 GWh
Load Factor	1%	13%

Practical maximum output for the power plant taking into account all the scheduled outages is 2,650 GWh (Sep 2018: 2,236 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

21. 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.

22. DATE OF AUTHORISATION

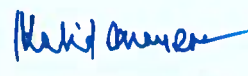
These condensed interim unconsolidated financial statements were authorised for issue on October 30, 2019 in accordance with the resolution of the Board of Directors.

23. GENERAL


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



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 FIRST QUARTER ENDED SEPTEMBER 30, 2019

	Note	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
Turnover	5	14,081,059	17,988,653
Operating costs	6	(6,589,672)	(13,151,050)
GROSS PROFIT		<u>7,491,387</u>	<u>4,837,603</u>
General and administration expenses		(448,814)	(313,505)
Other income		68,015	50,931
Other operating expenses	7	(22,566)	(1,082)
PROFIT FROM OPERATIONS		<u>7,088,022</u>	<u>4,573,947</u>
Finance costs	8	(3,059,313)	(1,322,454)
Share of profit / (loss) from associates	10.1	1,873,084	(60,759)
PROFIT BEFORE TAXATION		<u>5,901,793</u>	<u>3,190,734</u>
Taxation		(78,305)	(66,715)
PROFIT FOR THE PERIOD		<u><u>5,823,488</u></u>	<u><u>3,124,019</u></u>
Attributable to:			
- Owners of the holding company		5,568,227	2,960,279
- Non-controlling interest		255,261	163,740
		<u><u>5,823,488</u></u>	<u><u>3,124,019</u></u>
			Restated
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)		<u><u>4.29</u></u>	<u><u>2.47</u></u>

The annexed notes from 1 to 22 form an integral part of these condensed interim consolidated financial statements.


 M. Habibullah Khan
 Chairman


 Khalid Mansoor
 Chief Executive



 Abdul Nasir
 Chief Financial Officer

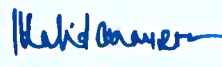



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
Profit for the period	5,823,488	3,124,019
Other comprehensive (loss) / income for the period		
Items that will not be reclassified to Profit or Loss in subsequent periods		
Gain on remeasurement of post employment benefit obligations - net	-	32,697
Loss on revaluation of equity investment at fair value through other comprehensive income	(16,957)	-
	(16,957)	32,697
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,806,531	3,156,716
Attributable to:		
- Owners of the holding company	5,551,270	2,992,976
- Non-controlling interest	255,261	163,740
	5,806,531	3,156,716

The annexed notes from 1 to 22 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 SEPTEMBER 30, 2019

	Note	Sep 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	9	69,965,876	68,487,309
Intangibles		1,461,947	1,472,145
Long term investments	10	41,256,727	36,302,726
Long term deposits, prepayments and other assets		71,695	69,362
		112,756,245	106,331,542
CURRENT ASSETS			
Stores, spares and consumables		3,064,080	3,124,509
Stock-in-trade		4,207,194	5,844,656
Trade debts	11	92,818,074	85,646,949
Loans and advances		68,205	52,685
Deposits, prepayments and other receivables	12	12,988,776	12,135,523
Cash and bank balances		2,293,351	12,131,754
		115,439,680	118,936,076
TOTAL ASSETS		228,195,925	225,267,618
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised		17,000,000	17,000,000
Issued, subscribed and paid-up		12,971,544	12,971,544
Capital Reserve			
Share premium		5,600,000	5,600,000
Revenue Reserve			
Unappropriated profit		37,937,811	32,427,157
Attributable to owners of the holding company		56,509,355	50,998,701
NON-CONTROLLING INTEREST		6,679,268	6,424,007
		63,188,623	57,422,708
NON-CURRENT LIABILITIES			
Long term loans	13	38,231,848	33,399,225
Long term lease liabilities		2,320,003	2,533,131
		40,551,851	35,932,356
CURRENT LIABILITIES			
Trade and other payables	14	73,936,264	70,529,859
Unclaimed dividend		189,229	189,516
Unpaid dividend		83,422	87,615
Interest / mark-up accrued		1,564,666	1,558,324
Short term borrowings	15	42,713,431	53,478,425
Current maturity of long term loans		5,418,657	5,527,014
Current maturity of lease liabilities		506,107	501,192
Taxation-net		43,675	40,609
		124,455,451	131,912,554
TOTAL EQUITY AND LIABILITIES		228,195,925	225,267,618
COMMITMENTS AND CONTINGENCIES			
	16		

The annexed notes from 1 to 22 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 CASH FLOWS (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

	Note	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		5,901,793	3,190,734
Adjustments for:			
Depreciation		892,703	1,026,537
Amortisation		10,415	10,108
Provision against slow moving stores, spares and consumables		44,143	36,017
Gain on disposal of fixed assets		(2,591)	(1,490)
Share of (profit) / loss from associates		(1,873,084)	60,759
Staff gratuity		22,899	17,480
Interest income		(57,194)	(23,873)
Interest / mark-up		2,907,228	1,247,622
Amortisation of transaction costs		21,340	21,866
Operating profit before working capital changes		7,867,652	5,585,760
Working capital changes		(5,041,731)	(899,205)
Cash generated from operations		2,825,921	4,686,555
Interest income received		28,021	16,259
Interest / mark-up paid		(2,900,886)	(1,396,648)
Staff gratuity paid		(45,295)	(32,245)
Taxes paid		(72,435)	(68,267)
Net cash (used in) / generated from operating activities		(164,674)	3,205,654
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(587,973)	(140,194)
Proceeds from disposal of fixed assets		5,755	1,662
Long term investments made		(3,119,629)	(601,689)
Increase in long term deposits and prepayments		(2,333)	1,007
Net cash used in investing activities		(3,704,180)	(739,214)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to owners of the holding company		(4,480)	(112,713)
Proceeds from long term loans - net		6,901,782	959,589
Repayment of long term loans		(1,830,065)	(1,746,323)
Proceeds against issuance of shares to non controlling interest		-	638,106
Repayment of liabilities against assets subject to finance lease		(252,931)	(185,995)
Shares issue costs		(18,861)	(9,186)
Net cash generated from / (used)in financing activities		4,795,445	(456,522)
Net increase in cash and cash equivalents		926,591	2,009,918
Cash and cash equivalents at the beginning of the period		(41,346,671)	(26,150,455)
Cash and cash equivalents at the end of the period	19	(40,420,080)	(24,140,537)

The annexed notes from 1 to 22 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 FIRST QUARTER ENDED SEPTEMBER 30, 2019

	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY		
ISSUED CAPITAL		
Balance at the beginning of the period	12,971,544	11,571,544
Balance at the end of the period	<u>12,971,544</u>	<u>11,571,544</u>
SHARE PREMIUM		
Balance at the beginning of the period	5,600,000	-
Balance at the end of the period	<u>5,600,000</u>	<u>-</u>
UNAPPROPRIATED PROFIT		
Balance at the beginning of the period	32,427,157	23,878,200
Profit for the period	5,568,227	2,960,279
Other comprehensive (loss) / income for the period	(16,957)	32,697
Total comprehensive income for the period	5,551,270	2,992,976
Share issue costs	(40,616)	(8,871)
Disposal of partial interest in TEL	-	12,717
Balance at the end of the period	<u>37,937,811</u>	<u>26,875,022</u>
Attributable to owners of the holding company	<u>56,509,355</u>	<u>38,446,566</u>
NON-CONTROLLING INTEREST		
Balance at the beginning of the period	6,424,007	3,584,186
Total comprehensive income for the period	255,261	163,740
Investment made	-	638,106
Disposal of partial interest in TEL	-	(12,717)
Share issue costs	-	(315)
Balance at the end of the period	<u>6,679,268</u>	<u>4,373,000</u>
TOTAL EQUITY	<u>63,188,623</u>	<u>42,819,566</u>

The annexed notes from 1 to 22 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 FIRST QUARTER ENDED SEPTEMBER 30, 2019

1. STATUS AND NATURE OF BUSINESS

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

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

Subsidiaries:

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

Associates:

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

Thar Energy Limited

On September 24, 2019, PPIB upon TEL's request approved the extension in Financial Closing Date from September 8, 2019 to March 8, 2020 subject to provision of prescribed fee and extension of performance guarantee at least three months beyond the extended financial closing date. TEL has paid the prescribed fee and the holding company has provided its share of performance guarantee amounting to USD 1.98 million in favour of PPIB which will be valid till June 30, 2020. The formal Letter of Support (LOS) from PPIB is yet to be issued.

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

2. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements of the holding company for the first quarter ended September 30, 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These condensed interim consolidated financial statements do not include all the information and disclosures as required in the annual consolidated financial statements and should be read in conjunction with the holding company's annual consolidated financial statements for the year ended June 30, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The Group has adopted IFRS 16 by applying the modified retrospective approach along with transitional provision provided under IFRS 16 according to which the Group is not required to restate the prior period results and no impact of adoption of IFRS 16 on opening equity has been recognised by the Group. Following is the impact of IFRS 16 on these condensed interim consolidated financial statements.

	Sep 30, 2019 (Rs. '000s) (Unaudited)	Jul 01, 2019 (Rs. '000s) (Unaudited)
Impact on statement of financial position		
Property, plant and equipment - increased by	<u>176,801</u>	<u>186,001</u>
Prepayments and other receivables - decreased by	<u>(3,976)</u>	<u>(6,679)</u>
Lease liability - increased by	178,136	179,323
Current portion of lease liability - increased by	(28,801)	(26,676)
Long term lease liability - increased by	<u>149,335</u>	<u>152,647</u>
	3 months ended Sep 2019 (Rs. '000s) (Unaudited)	
Impact on statement of profit or loss		
General and administration expenses		
- (Increase) in depreciation	(9,200)	
- Decrease in rent expense	<u>9,224</u>	
	24	
Increase in finance cost	(5,333)	
Decrease in profit before taxation	<u>(5,309)</u>	
Decrease in taxation	-	
Decrease in profit for the period	<u>(5,309)</u>	

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

	Note	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
5. TURNOVER			
Capacity Purchase Price (CPP)		8,254,978	6,628,283
Energy Purchase Price (EPP)		4,299,424	11,019,196
Late Payment Interest (LPI)		2,059,733	1,656,077
Startup Charges (SC)		25,671	31,277
Part Load Adjustment Charges (PLAC)		62,463	252,834
		<u>14,702,269</u>	<u>19,587,667</u>
Less: Sales tax on EPP		(621,210)	(1,599,014)
		<u>14,081,059</u>	<u>17,988,653</u>
6. OPERATING COSTS			
Fuel cost		3,618,109	9,513,216
Late Payment Interest to fuel suppliers		1,083,378	1,261,957
Water use charges		20,396	20,618
Salaries, benefits and other allowances		335,078	346,539
Stores and spares		123,560	238,401
Insurance		310,304	238,090
Depreciation		861,448	1,012,193
Amortisation		16,969	8,386
Repairs, maintenance and other costs		220,430	511,650
		<u>6,589,672</u>	<u>13,151,050</u>
7. OTHER OPERATING EXPENSES			
Loss on disposal of fixed assets - net		-	2,489
Exchange loss		21,940	-
Workers' profit participation fund	7.1	626	39,216
		<u>22,566</u>	<u>41,705</u>
7.1 Workers' profit participation fund			
Provision for Workers' profit participation fund		141,661	137,299
Workers' profit participation fund recoverable from CPPA(G) / NTDC		(141,035)	(98,083)
		<u>626</u>	<u>39,216</u>
8. FINANCE COSTS			
Interest / mark-up on long term loans		1,202,776	623,487
Mark-up on short term borrowings		1,650,977	577,630
Mark-up on lease liability		53,475	46,505
Amortisation of transaction costs		21,340	21,866
Other finance costs		130,745	52,966
		<u>3,059,313</u>	<u>1,322,454</u>

	Note	Sep 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
9. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment		47,075,299	48,272,279
Capital work-in-progress			
Holding company		189,051	177,593
NEL		22,204	22,301
LEL		-	4,773
TEL		22,611,278	19,993,656
HPhL		48,024	9,907
HPSL		20,020	6,800
		<u>22,890,577</u>	<u>20,215,030</u>
	9.1	<u>69,965,876</u>	<u>68,487,309</u>

9.1 Additions to property, plant and equipment during the current period were Rs. 79 million (Sep 2018: Rs. 140 million) which is reduced by Rs. 509 million exchange gain capitalized on foreign currency loans (Sep 2018: Rs. 198 million exchange loss), and disposals therefrom at net book value were Rs. 3 million (Sep 2018: Rs. 0.17 million).

	Note	Sep 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
10. LONG TERM INVESTMENTS			
Investment in associates - unquoted			
China Power Hub Generation Company (Private) Limited (CPHGC)	10.1	33,951,324	28,995,221
ThalNova Power Thar (Private) Limited (TNPTL)	10.2	5,255,481	5,262,908
Others - unquoted			
Equity investment at fair value through other comprehensive income			
- Sindh Engro Coal Mining Company Limited (SECMC)	10.3	2,049,922	2,044,597
		<u>41,256,727</u>	<u>36,302,726</u>
10.1 Investment in China Power Hub Generation Company (Private) Limited			
Opening investment		28,995,221	7,880,953
Investment during the period / year		3,097,347	21,597,414
Share of profit / (loss) from associate		1,880,511	(447,607)
Group's share in share issue cost		(21,755)	(35,539)
Closing balance		<u>33,951,324</u>	<u>28,995,221</u>
10.2 ThalNova Power Thar (Private) Limited (TNPTL)			
Opening investment		5,262,908	-
Investment during the year		-	5,250,379
Share of (loss) / profit from associate		(7,427)	13,623
Groups's share in share issue cost		-	(1,094)
		<u>5,255,481</u>	<u>5,262,908</u>

On August 19, 2019, PPIB upon TNPTL's request approved the extension in Financial Closing Date from June 30, 2019 to December 31, 2019 subject to provision of prescribed fee and extension of performance guarantee at least three months beyond the extended financial closing date. TNPTL has paid the prescribed fee and HPhL has provided its share of performance guarantee amounting to USD 1.26 million in favour of PPIB which will be valid till April 10, 2020. The formal Letter of Support (LOS) from PPIB is yet to be issued.

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

10.3 Sindh Engro Coal Mining Company Limited (SECMC)

During the period, the holding company has made further investment in SECMC amounting to Rs. 22.3 million.

Sep 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
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11. TRADE DEBTS - Secured

Considered good	11.1	92,818,074	85,646,949
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11.1 These receivables include an overdue amount of Rs. 62,337 million (June 2019: Rs. 59,178 million) from CPPA(G) and Rs. 14,813 million (June 2019: Rs. 13,719 million) from NTDC. These are not impaired because the trade debts are secured by a guarantee from the Government of Pakistan under 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 for all overdue amounts except Late Payment Interest overdues.

This also includes Rs. 5,916 million (June 2019: Rs. 4,372 million) related to LPI which is not yet billed by the Group.

Sep 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
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12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Deposits		359	359
Prepayments		911,002	53,081
Other receivables			

Interest accrued	33,696	4,714
Income tax - refundable	1,912,347	1,912,347
Sales tax	7,878,702	8,058,169
Advance tax	27,878	36,977
Receivable from CPHGC	1,415	2,158
Receivable from TNPTL	81,576	29,755
Workers' profit participation fund recoverable from CPPA(G) / NTDC	2,072,740	1,931,707
Miscellaneous	69,061	106,256
	12,077,415	12,082,083
	12,988,776	12,135,523

13. LONG TERM LOANS

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

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

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

14. TRADE AND OTHER PAYABLES

This includes Rs. 52,630 million (June 2019: Rs. 51,767 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 48,254 million (June 2019: Rs. 47,455 million).

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

15. SHORT TERM BORROWINGS

During the period, the holding company issued unsecured privately placed short term commercial paper amounting to Rs. 5,000 million. The tenor of the commercial paper is one hundred and eighty days from the date of draw down i.e. September 26, 2019 which carries mark-up at the rate of six month KIBOR plus 1.50% per annum.

16. COMMITMENTS AND CONTINGENCIES

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

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

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

17. SEGMENT INFORMATION

17.1 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 Sep 2019						
	Hub plant	Power Generation Narowal plant	Laraib plant	Operations and Maintenance	Unallocated	Eliminations	Total
	(Rs. '000s)						
Turnover	7,252,030	5,141,453	1,687,576	587,783	-	(587,783)	14,081,059
Operating costs	(3,143,112)	(3,372,631)	(272,568)	(379,241)	-	577,880	(6,589,672)
GROSS PROFIT	4,108,918	1,768,822	1,415,008	208,542	-	(9,903)	7,491,387
General and administration expenses	(169,699)	(22,559)	(39,455)	(79,449)	(137,652)	-	(448,814)
Other income	27,056	1,643	8,694	7,043	35,946	(12,367)	68,015
Other operating expenses	-	-	-	-	(22,566)	-	(22,566)
PROFIT FROM OPERATIONS	3,966,275	1,747,906	1,384,247	136,136	(124,272)	(22,270)	7,088,022
Finance costs	(834,994)	(543,714)	(289,662)	(73)	(1,543,829)	152,959	(3,059,313)
Share of profit from associates	-	-	-	-	1,873,084	-	1,873,084
PROFIT BEFORE TAXATION	3,131,281	1,204,192	1,094,585	136,063	204,983	130,689	5,901,793
Taxation	-	(477)	(2,471)	(56,673)	(18,684)	-	(78,305)
PROFIT FOR THE YEAR	3,131,281	1,203,715	1,092,114	79,390	186,299	130,689	5,823,488

	3 months ended Sep 2018						
	Hub plant	Power Generation Narowal plant	Laraib plant	Operations and Maintenance	Unallocated	Eliminations	Total
	(Rs. '000s)						
Turnover	10,732,799	5,906,869	1,349,050	566,397	-	(566,462)	17,988,653
Operating costs	(8,324,752)	(4,586,617)	(414,247)	(381,993)	-	556,559	(13,151,050)
GROSS PROFIT	2,408,047	1,320,252	934,803	184,404	-	(9,903)	4,837,603
General and administration expenses	(179,187)	(18,691)	(27,823)	(43,991)	(43,813)	-	(313,505)
Other income	4,240	1,203	16,139	23,118	12,723	(6,492)	50,931
Other operating expenses	(758)	-	-	-	(324)	-	(1,082)
PROFIT FROM OPERATIONS	2,232,342	1,302,764	923,119	163,531	(31,414)	(16,395)	4,573,947
Finance costs	(421,999)	(354,724)	(228,419)	(51)	(317,261)	-	(1,322,454)
Share of loss from associates	-	-	-	-	(60,759)	-	(60,759)
PROFIT BEFORE TAXATION	1,810,343	948,040	694,700	163,480	(409,434)	(16,395)	3,190,734
Taxation	-	(349)	(2,940)	(55,459)	(7,967)	-	(66,715)
PROFIT FOR THE YEAR	1,810,343	947,691	691,760	108,021	(417,401)	(16,395)	3,124,019

17.2 SEGMENT ASSETS & LIABILITIES

	As at Sep 30, 2019						
	Hub plant	Power Generation Narowal plant	Laraib plant	Operations and Maintenance	Unallocated	Eliminations	Total
	(Rs. '000s)						
Assets	101,225,623	36,083,074	23,596,552	324,843	118,119,063	(51,153,230)	228,195,925
Liabilities	92,703,502	16,699,396	11,573,068	238,619	44,444,250	(651,533)	165,007,302

	As at Jun 30, 2019						
	Hub plant	Power Generation Narowal plant	Laraib plant	Operations and Maintenance	Unallocated	Eliminations	Total
	(Rs. '000s)						
Assets	106,069,870	35,544,821	24,428,187	385,390	103,561,058	(44,721,708)	225,267,618
Liabilities	98,296,204	17,364,858	13,496,817	378,556	39,104,297	(795,822)	167,844,910

18. RELATED PARTY TRANSACTIONS AND BALANCES

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

18.1 Details of Transactions

	Note	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
Associate			
Reimbursable expenses incurred on behalf of TNPTL by the holding company		40,162	-
Reimbursable expenditure incurred on behalf of HPSL by TNPTL		743	-
Advance received against services rendered to TNPTL by the holding company		140,000	-
Services rendered to TNPTL by the holding company		19,602	-
Allocation of staff salaries and benefits to TEL by TNPTL		9,002	-
Reimbursable expenses allocated to TNPTL by TEL		1,915	-
Income under shared facilities agreement from CPHGC		1,404	7,799
Other related parties			
Remuneration to key management personnel			
Salaries, benefits and other allowances		110,380	78,246
Retirement benefits		3,440	3,079
	18.1.1 & 18.1.4	113,820	81,325
Directors' fee	18.1.2	1,750	2,100
Contribution to staff retirement benefit plans		71,834	42,242

18.1.1 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.

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

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

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

18.2 Details of Outstanding Balances

	Sep 2019 (Rs. '000s) (Unaudited)	Jun 2019 (Rs. '000s) (Audited)
Associate		
Advance against management services	104,292	-
Other related parties		
Payable to staff retirement benefit plans	46,702	73,880

18.3 The Group has provided loan to a key management personnel which is recoverable in 12 equal monthly installments in accordance with the Group's policy. As at reporting date, outstanding balance is Rs. 2.55 million (June 2019: Rs. 3 million).

	3 months ended Sep 2019 (Rs. '000s)	3 months ended Sep 2018 (Rs. '000s)
19. CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,293,351	3,580,424
Short term borrowings	(42,713,431)	(27,720,961)
	(40,420,080)	(24,140,537)

20. 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.

21. DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on October 30, 2019 in accordance with the resolution of the Board of Directors.

22. 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

30 ستمبر، 2019 کو ختم ہونے والے پہلے سہ ماہی کے لئے ڈائریکٹرز کی جانب سے منفقہ اور غیر منفقہ مالی بیانات

بورڈ آف ڈائریکٹرز 30 ستمبر، 2019 کو ختم ہونے والے پہلے سہ ماہی میں کمپنی کی مالی اور عملی کارکردگی کا ایک مختصر جائزہ پیش کرنے پر خوشی کا اظہار کرتے ہیں۔

زیر غور سہ ماہی کے دوران 5,568 ملین روپے کا منفقہ کل منافع رہا جو کہ نتیجتاً 4.29 فی حصص کی آمدنی کو ظاہر کرتا ہے جبکہ پچھلے سال کے سہ ماہی میں 2,960 ملین روپے کا کل منافع رہا جو کہ 2.47 فی حصص کی آمدنی کو ظاہر کرتا تھا۔ منافع میں اضافہ بنیادی طور پر شریک (چائنا پاور حب جزییشن کمپنی لمیٹڈ) کے منافع کے حصص کی منظوری کی وجہ سے ہے جس نے اپنا تجارتی آپریشن 17 اگست، 2019 سے شروع کیا جو کہ مرمت میں کمی اور بحالی کے اخراجات اور ڈالر کی نسبت روپے کی قدر میں کمی جو جزوی طور پر اعلیٰ مالیاتی لاگت سے مل جاتی ہے۔

زیر جائزہ سہ ماہی کے دوران غیر منفقہ کل منافع 1.607 ملین رہا جو کہ 1.24 فی حصص کی آمدنی کو ظاہر کرتا ہے بالقابل گزشتہ سال کے سہ ماہی میں کل منافع 1,493 ملین رہا اور 1.25 فی حصص کی آمدنی رہی۔ غیر منفقہ منافع میں اضافہ بنیادی طور پر مرمت میں کمی اور بحالی کے اخراجات اور ڈالر کی نسبت روپے کی قدر میں کمی جو جزوی طور پر اعلیٰ مالیاتی لاگت سے ہوئی۔

نشونما کا منصوبہ

زیر غور سہ ماہی کے دوران چائنا پاور حب جزییشن کمپنی لمیٹڈ (CPHGC) نے 2.660MW کی کامیاب کمیشننگ کا منصوبہ مریوطہ جیٹی کے ساتھ حاصل کیا۔ یہ منصوبہ بلا تعطل سستی انرجی کی فراہمی کر رہا ہے۔

تھر بلاک II میں 330MW کے تھر انرجی لمیٹڈ پروجیکٹ نے 37 فیصد تک تعمیر کو مکمل کر لیا ہے تاکہ COD کو حاصل کیا جاسکے یہ پروجیکٹ مارچ 2021 کے آخر تک اختتام پزیر ہوگا۔ کمپنی نے چائنا ڈویلپمنٹ بینک (CDB) کو چین سے غیر ملکی مالی اعانت کا اعلیٰ منتظم اور حبیب بینک لمیٹڈ (HBL) کو مقامی مالی اعانت کے اعلیٰ منتظم کے طور پر منسلک کیا ہے اس منصوبے کا متوقع مالی اختتام 2019 پر ہوگا۔

حب پاور کمپنی لمیٹڈ نے تھر بلاک II میں 330MW تھل نووا پاور تھر پرائیوٹ لمیٹڈ میں اپنے دوسرے پلانٹ کے لئے مالی اعانت کے معاہدے پر بھی دستخط کیے ہیں۔ چائنا ڈویلپمنٹ بینک (CDB) کو چین سے غیر ملکی مالی اعانت کا اعلیٰ منتظم اور حبیب بینک لمیٹڈ (HBL) کو مقامی مالی اعانت کے اعلیٰ منتظم کے طور پر منسلک کیا ہے۔

حب پلانٹ

زیر جائزہ سہ ماہی کے دوران حب پلانٹ نے گزشتہ سال کے اسی مدت کے دوران 345GWh کے مقابلے میں اس سال 34GWh کی پیداوار حاصل کی۔ جس کا لوڈ فیکٹر 1.28 فیصد تھا۔ (Q1 2018-2019: 13%) لوڈ فیکٹر میں کمی بنیادی طور پر پاور پریچر کے ذریعہ کم ترسیل کی وجہ سے ہے۔

نارووال پلانٹ

زیر جائزہ سہ ماہی کے دوران حب پلانٹ نے گزشتہ سال کے اسی مدت کے دوران 306GWh کے مقابلے میں اس سال 197GWh کی پیداوار حاصل کی۔ جس کا لوڈ فیکٹر 41.7 فیصد تھا۔ (Q1 2018-2019: 65%) لوڈ فیکٹر میں کمی بنیادی طور پر پاور پریچر کے ذریعہ کم ترسیل کی وجہ سے ہے۔

لاریب پلانٹ

زیر جائزہ سہ ماہی کے دوران جب پلانٹ نے گزشتہ سال کے اسی مدت کے دوران 58GWh کے مقابلے میں اس سال 53GWh کی پیداوار حاصل کی۔ جس کا لوڈ فیکٹر 29 فیصد تھا۔
(Q1 2018-2019:31%)

کمپنی اپنے حصص داران، ملازمین، کاروباری شراکت داروں اور دیگر تمام اسٹیک ہولڈرز کا کمپنی پر اعتماد اور کمپنی کی ترقی اور خوشحالی کی راہ پر ان کے تعاون کے لئے مشکور ہوں۔

بورڈ کی طرف سے

محمد حبیب اللہ خان
چیئر مین

خالد منصور
چیف ایگزیکٹو آفیسر