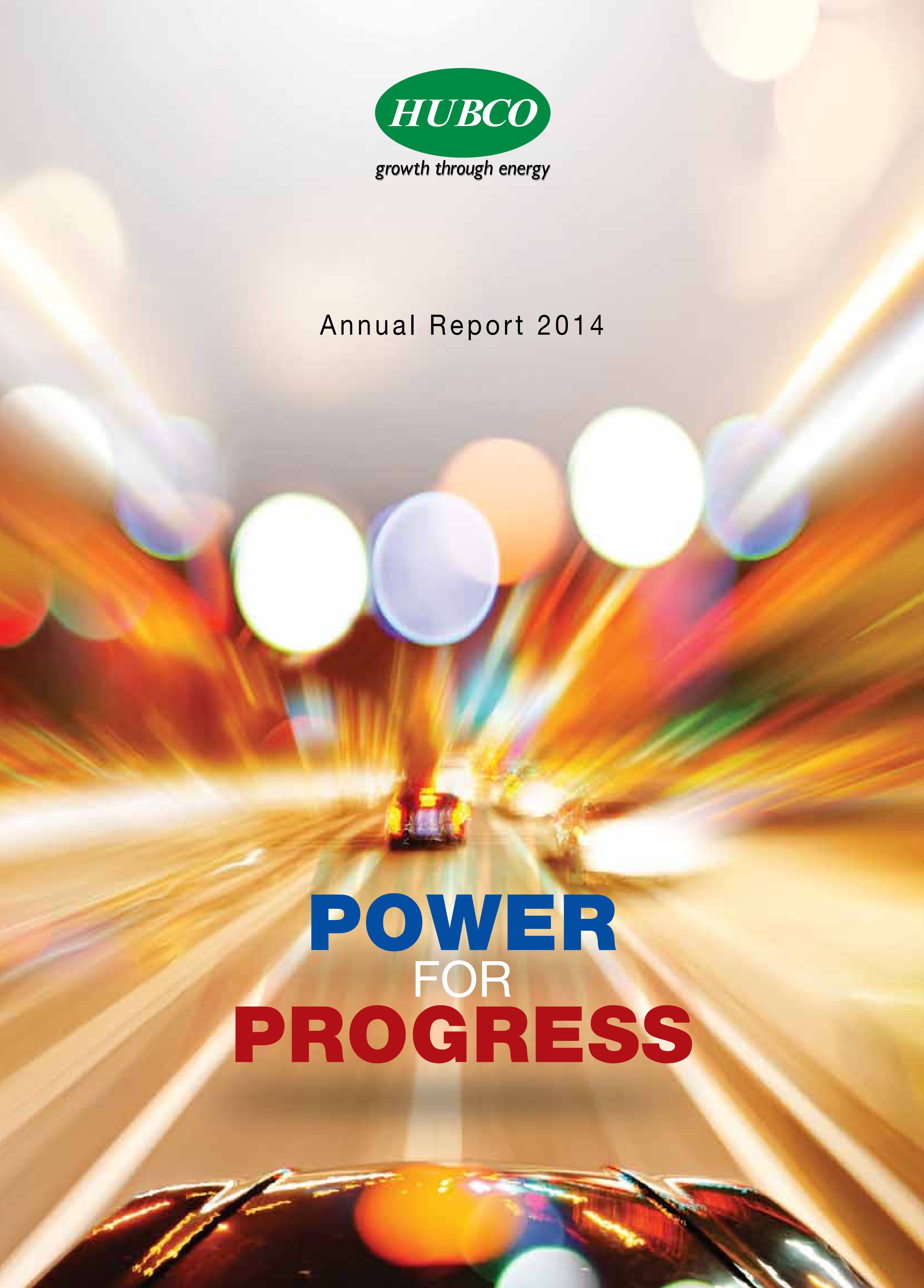
HUBCO

growth through energy

Annual Report 2014



POWER FOR PROGRESS

POWER
FOR
PROGRESS

The Hub Power Company Limited is the first and the largest Independent Power Producer (IPP) in Pakistan. The Company generates approximately 10% of the Country's electricity and is playing an important role in addressing the energy crisis.

Fueled with the vision to continue to be energy leader in Pakistan, we have the power and the skill to become the most significant name in the industry.

Night view of Mazar-e-Quaid, Karachi

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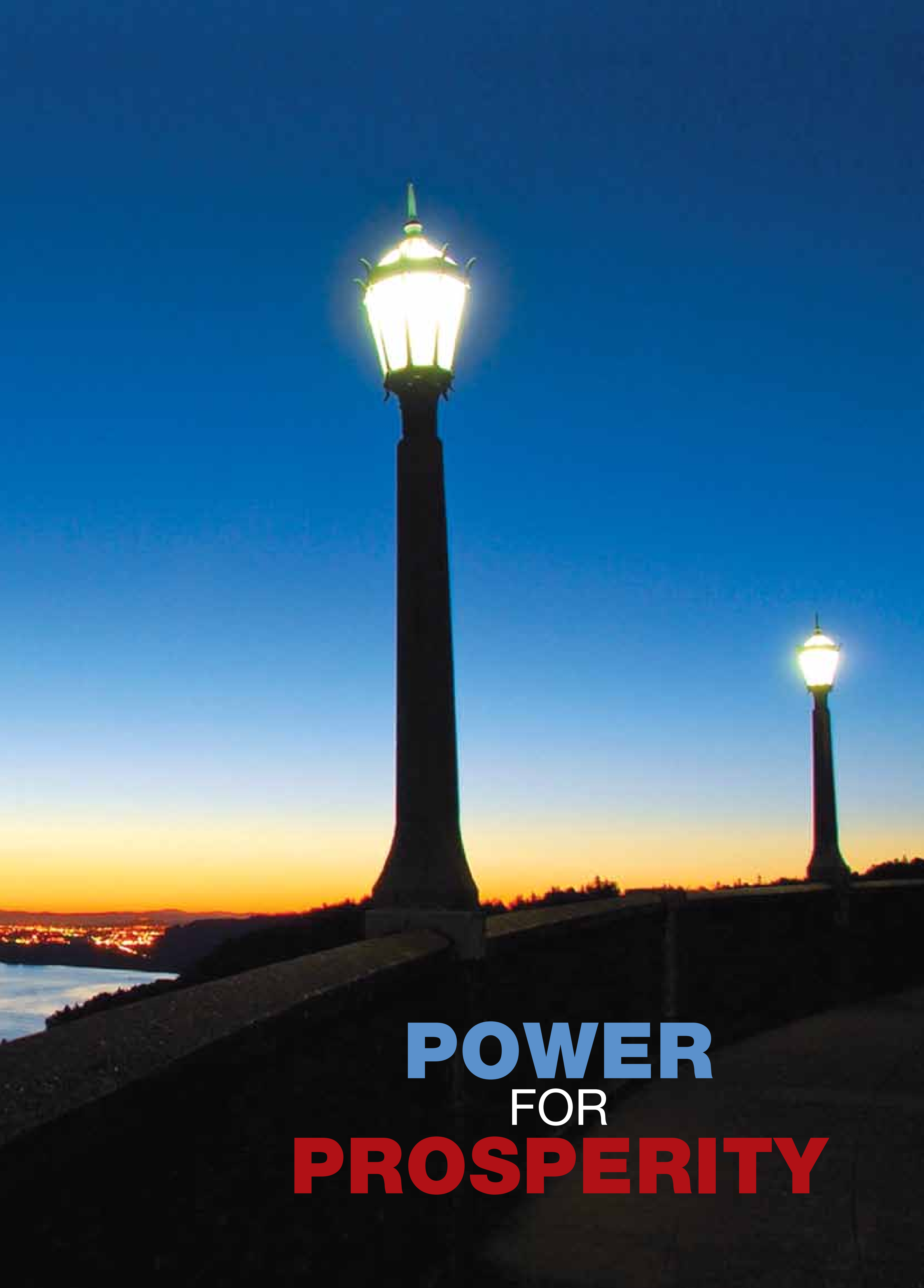
Vision

To be an energy leader - committed to deliver growth through energy.

Mission

To be a growth oriented energy company that achieves the highest international standards in its operations and delivers a fair return to its shareholders, while serving the community as a caring corporate citizen.


POWER
FOR
PROSPERITY

Business Strategy

The year 2013-14 was a challenging year for the Company. However, it also opened various avenues of growth and transformation. The scope of our vision is based on our commitment to making substantial contributions in addressing the energy crisis being faced by the Country and providing a framework for better planning and decision-making for the energy sector.

Going forward we remain committed to:

- Enhancing reliability and sustainability of our operations
- Developing resources of power generation
- Improving our systems for Health, Safety and Environment (HSE)
- Aligning our HR systems with benchmark practices to promote performance based culture in the organization
- Maintaining Corporate Social Responsibility (CSR) expenditure at 1% of PAT
- Continuing to be a major player in Pakistan's power sector

As we move ahead, our focus remains on developing a reliable and sustainable power generation system and we are exploring growth initiatives that will help us build our local energy economy. We have many promising projects and policies at our disposal and we continue to draw hope from the progress we have made overcoming various critical challenges. We look forward to the future with the confidence and a firm belief that we can meet the test of time and continue setting new standards of corporate excellence.

Strengths	Weaknesses	Opportunities	Threats
S	W	O	T
1. Increasing demand 2. Proven track record 3. Pioneer & largest IPP 4. Strategic coastal location	1. Cashflow constraints 2. Limited resources 3. Expensive fuel	1. Growth synergies 2. Implement efficiency improvement plans 3. To be the "Hub of Power" 4. Government focus on solving power crisis	1. Circular debt 2. Political risk 3. Delays in projects

Company Information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Iqbal Alimohamed	Chairman
Mr. Shabbir H. Hashmi	
Mr. Qaiser Javed	
Mr. Ruhail Mohammad	
Mr. Ali Munir	

COMPANY SECRETARY
Mr. Shamsul Islam

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

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

PRINCIPAL BANKERS
Allied Bank of Pakistan
Askari Bank Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
Bank of Punjab
Bank Islami Pakistan Limited
Barclays Bank PLC Pakistan
Burj Bank Limited
Citibank N.A. Karachi.
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Brunei Investment Company Limited
Pak China Investment Company Limited
Pak Kuwait Investment Company (Pvt) Ltd.,
Samba Bank Limited
Standard Chartered Bank (Pakistan) Ltd.,
Sumitomo Mitsui Banking Corp. Europe Ltd, London
United Bank Limited

INTER-CREDITOR AGENTS
National Bank of Pakistan
Habib Bank Limited
Allied Bank Limited
NIB Bank Limited

LEGAL ADVISOR
RIAALAW, Karachi

AUDITORS
Ernst & Young Ford Rhodes Sidat Hyder

REGISTRAR
Famco Associates (Pvt) Limited

HUB PLANT
Mouza Kund,
Post Office Gaddani,
District Lasbela, Balochistan.

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

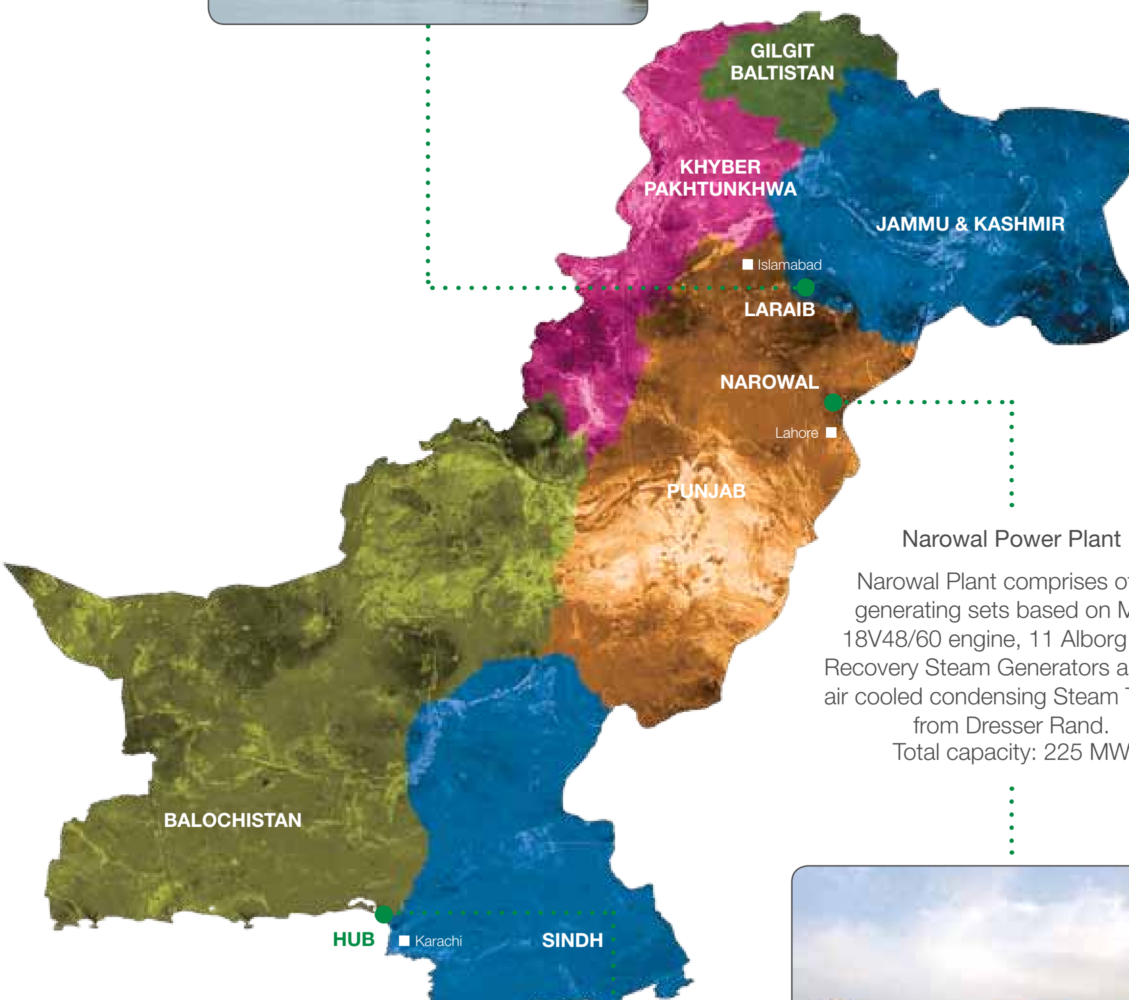
LARAIB ENERGY LTD (SUBSIDIARY)
Head Office:
12-B/1, Multi Mansion Plaza, G-8, Markaz,
Islamabad

Plant:
New Bong Escape Hiydro-Electric Power Complex, Village Lehri, Tehsil & District Mirpur, Azad Jammu & Kashmir

Geographical Presence

Laraib Energy Ltd.

Laraib Energy Limited (Laraib) has set up a run of the river hydro power plant, comprising 4 Kaplan Bulb turbines of 21 MW each.
Total capacity: 84 MW

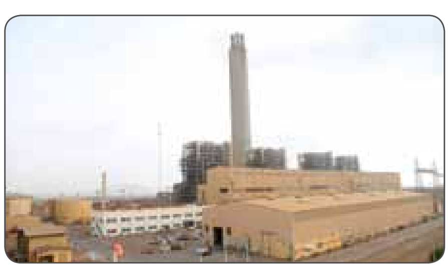


Narowal Power Plant

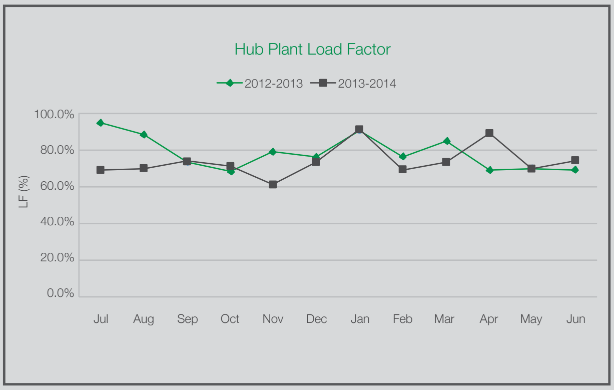
Narowal Plant comprises of 11 generating sets based on MAN 18V48/60 engine, 11 Alborg Heat Recovery Steam Generators and one air cooled condensing Steam Turbine from Dresser Rand.
Total capacity: 225 MW

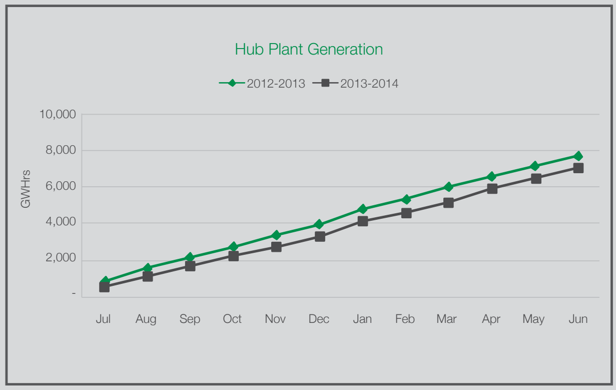
Hub Power Plant

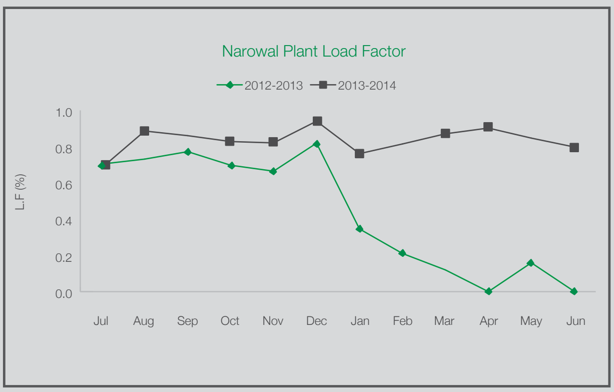
Hub Plant consists of four generating units each rated at 323 MW gross output, with an oil-fired single re-heat boiler and tandem compound, two cylinder condensing steam turbines directly coupled to a hydrogen cooled generator.
Total capacity: 1292 MW

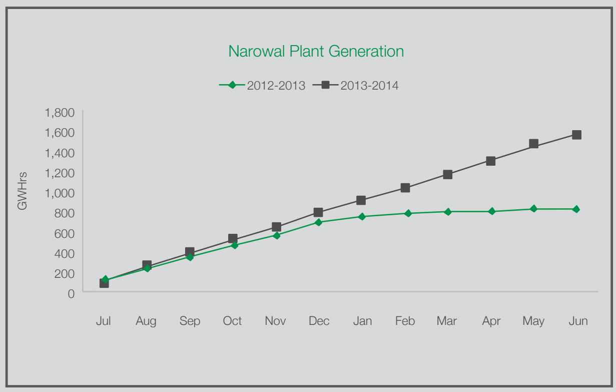


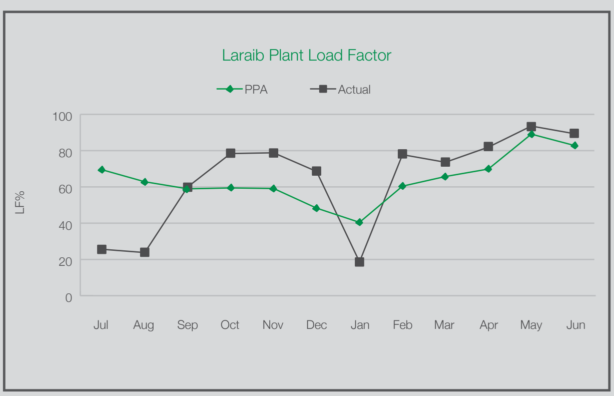
Operational Highlights

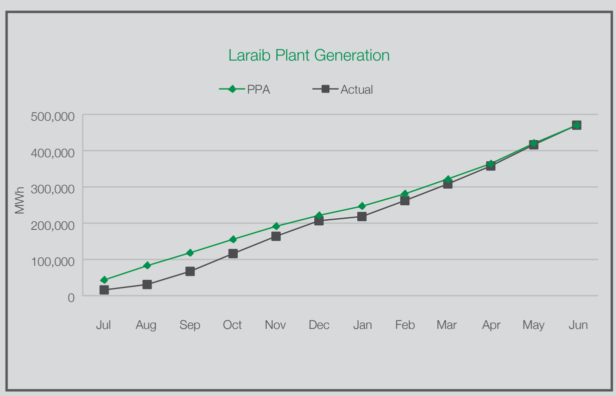












Hubco is led by a veteran select group of leaders with a wealth of experience. It is largely due to their commitment, hard work and dedication that we have accomplished so much.

Our management is the team of strategic thinkers who constantly demonstrate leadership attributes and have a sound technical understanding and business insight. They are committed to creating superior value for all stakeholders and share a common vision for the future.

POWER FOR LEADERSHIP

Board of Directors

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

* Independent Directors
**Joined Board on August 19, 2014.

All the Directors of Hubco, other than the CEO, are non-executive Directors.

Picture taken on August 19, 2014 at Hubco Head Office

Standing (from left to right): Mr. Abdul Samad Dawood, Mr. Ruhail Mohammed, Mr. Shahid Hamid Pracha, Mr. Khalid Siraj Subhani, Mr. Shabbir H. Hashmi, Mr. Inam Ur Rahman, Syed Muhammad Ali

Sitting (from left to right): Mr. Ajaz Ali Khan, Mr. Qaiser Javed, Mr. Hussain Dawood, Mr. Khalid Mansoor, Mr. Iqbal Alimohamed

Not in the picture: Mr. Masood Ahmed, Syed Ahmed Iqbal Ashraf, Mr. Ali Munir

Profile of Board of Directors

Mr. Hussain Dawood

Mr. Hussain Dawood is the Chairman of the Company.

He is a graduate in Metallurgy from Sheffield University, UK and MBA from the Kellogg School of Management, Northwestern University, USA.

In addition to being the Chairman of The Hub Power Company, Mr. Dawood is the Chairman of Dawood Hercules Corporation Limited, Engro Corporation Limited, Pakistan Poverty Alleviation Fund, Dawood Foundation, Karachi Education Initiative and Karachi School for Business & Leadership.

Mr. Dawood serves as an active member of the International Advisory Council of the Cradle to Cradle Institute in San Francisco and Director of the Pakistan Business Council and Beaconhouse National University. He is a global charter member of The Indus Entrepreneurs (TIE).

Mr. Dawood was also conferred the award “Ufficiale Ordine Al merito della Repubblica Italiana” by the Italian Government and is the Honorary Consul General of Italy in Lahore.

Mr. Khalid Mansoor

Mr. Khalid Mansoor has been the Chief Executive Officer of the Company since May 20, 2013.

Mr. Mansoor received his degree in Chemical Engineering with distinction and honours from the University of Punjab.

Mr. Mansoor is also the Chairman of the Company’s subsidiary, Laraib Energy Limited. He has over thirty three years of work experience and expertise in the energy & petrochemical sectors. In the past, he has served in leading roles for mega size projects’ development, execution, management and operations.

Prior to being appointed as the Company’s Chief Executive Officer, Mr. Mansoor had previously served as the Chief Executive Officer of Algeria Oman Fertilizer Company (AOA), a company that constructed the world’s largest ammonia & urea fertilizer complex at a cost of over US$ 3 billion in the industrial zone of the port city of Arzew, Algeria. This complex also required setting up of a 120MW captive power plant.

Prior to joining AOA, Mr. Mansoor had held various key positions which included leading the development and execution of various major diversification and expansion projects for Engro.

Masood Ahmed

Mr. Masood Ahmed was appointed as a Director of the Company on April 10, 2014.

Mr. Ahmed received his Master's degree in Political Sciences from Balochistan University and his Master's in Human Resource Management from the International Institute of Public Administration in Paris, France.

Presently Mr. Ahmed is Secretary, Industries and Commerce, Government of Balochistan. He has thirty five years of professional experience and during his career has held several important positions in Pakistan's bureaucracy. He has served as Secretary for various governmental departments, including Information Technology, Service and General Administration. He has also been Joint Secretary of the Cabinet Division, Islamabad, and has served as Director General, Provincial Ombudsman, Karachi.

Syed Muhammad Ali

Syed Muhammed Ali has done his Bachelor's in Electrical Engineering from UET Lahore in 1995.

Ali is the Chief Executive Officer of Engro Powergen Qadirpur Limited since November 2011. Before that he has held various key assignments of Engro Corporation Limited. He joined Engro Fertilizers Limited in the year 2000. He is a Director on the Board of Engro Powergen Qadirpur Limited , Engro Powergen Limited, Hubco & Laraib Energy Limited.

Mr. Iqbal Alimohamed

Mr. Alimohamed is a Fellow of the Institute of Chartered Accountants (England & Wales) and the Institute of Chartered Accountants, Pakistan.

Mr. Alimohamed is on the Board of various companies in the power and textile industries, which include being the Chief Executive Officer and Chairman of Gul Ahmed Energy Limited and Gul Ahmed Wind Power Limited. He is a Director of Metro Power Company Limited as well as National Foods Limited.

Previously, Mr. Alimohamed has been the Chief Executive Officer and Chairman of Gul Ahmed Textile Mills Limited. He was also the Chairman of Mybank Limited and Excel Insurance Company Limited. In the past, Mr. Alimohamed has also held Chairmanships of the All Pakistan Textile Mills Association (Sindh & Balochistan). Mr. Alimohamed has also been a Director on the Board of Faysal Asset Management Limited, Swift Textile Mills Limited and the Karachi Stock Exchange.

Profile of Board of Directors

Syed Ahmed Iqbal Ashraf

Mr. Ashraf is a Fellow of Association of Chartered Certified Accountants (FCCA) from UK. He has over 34 years of profound experience in domestic and international banking and has worked in the UK, USA and UAE for 19 years before he returned to Pakistan.

Mr. Ashraf is presently the President of National Bank of Pakistan (NBP). Mr. Ashraf was in-charge of International Operations, and managed and revamped Corporate & Investment Banking Group. He played a pivotal role in the establishment of a network of NBP branches in the UK and USA. Prior to becoming the President of NBP, he was the Managing Director/ Chief Executive Officer of PAIR Investment Company Limited.

Prior to PAIR, Mr. Ashraf was the head of Investment Banking Group, Habib Bank Limited, Deputy Managing Director & COO–Pak China Investment Company Ltd, Managing Director / Chief Executive Officer of The Bank of Khyber, Country Head Investment Banking & Head of Financial Institutions for Societe Generale (SG) from 1996 to 2002.

Mr. Abdul Samad Dawood

Mr. Dawood received his degree in Economics from University College London, UK and is a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance.

Mr. Dawood is the Chief Executive Officer of Cyan Limited. He is also Director on the Boards of Dawood Hercules Corporation Limited, Engro Corporation Limited, Engro Foods Limited, Engro Fertilizers Limited, Dawood Lawrencepur Limited, International Industries Limited and WWF Pakistan Limited. Mr. Dawood is also a member of the Young Presidents' Organization, Pakistan Chapter.

Mr. Shabbir H. Hashmi

Mr. Hashmi received his Bachelor's degree in engineering from Dawood College of Engineering & Technology, Pakistan and received his MBA from J.F. Kennedy University, USA.

Mr. Hashmi has more than thirty years of work experience in project finance and private equity. Until recently, Mr. Hashmi led the regional operations of Actis Capital (formerly CDC Group Plc), one of the largest private equity investors in the emerging markets, for Pakistan and Bangladesh. Prior to joining Actis Capital, Mr. Hashmi worked with USAID and the World Bank for eight years, specializing in the planning and development of the energy sector of Pakistan.

Aside from holding more than 24 board directorships as a nominee of CDC/Actis in the past, he is presently serving as an Independent Director on the board of several companies that have diverse business interests. He is also on the Board of Governors of the Helpcare Society, a philanthropic organization that operates primary and secondary schools in Lahore for underprivileged children.

Mr. Qaiser Javed

Mr. Javed is a Fellow of the Institute of Chartered Accountants, Pakistan.

Mr. Javed was first elected on the Company's Board of Directors in 2006 and has thirty years' work experience in the power sector. He is presently Director Finance of Fauji Foundation and a nominee Director on the Boards of several Fauji Foundation's associated companies and is Chairman of various audit committees of Fauji Foundation Group Companies.

He is the Chief Executive Officer of two Wind Power projects being set up by Fauji Foundation and also member on Board of Fauji Daharki Power Company, Fauji Kabirwala Power Company Limited, FFC Energy Limited, Laraib Energy Limited and Chief Executive Officer of an off shore company (Daharki Power Holding Company).

Mr. Ajaz Ali Khan,

Mr. Ajaz Ali Khan was appointed as Director on June 19, 2014.

Mr. Khan received his Master's in Public Administration from the Arkansas State University, Jonesboro, USA.

Presently he is serving as Executive Director of State Life Insurance Corporation of Pakistan where he holds key portfolios of the Corporation such as Personal & General Services (P&GS), Finance & Accounts (F&A), Policy Holder Services (PHS) and Corporate Affairs Division (CAD). He is also a Director on the Board of Security Papers Ltd.

His varied experience includes assignments as Deputy Secretary & Deputy Commissioner, Director General for Road Sector Development Program, Member Board of Revenue, and Secretary to Govt. of Sindh. He has dealt with foreign funded programs of Asian Development Bank and World Bank.

He has served as Secretary to Govt. of Sindh, Services General Administration & Coordination Department, Food Department, Mines & Mineral Development, Implementation Wing of SGA&CD, Agriculture, and Coal & Energy Development. In the Federal Government as Additional Secretary, Federal Ombudsman Secretariat and as Additional Secretary, Ministry of Water & Power Department, Islamabad.

Mr. Ruhail Mohammed

Mr. Ruhail Mohammed is currently the Chief Executive Officer of Engro Fertilizers Limited. Prior to his current position, he was the Chief Financial Officer of Engro Corporation Limited and also the Chief Executive Officer of Engro Powergen Limited (which owns a 217 MW IPP). He holds an MBA degree in Finance from the Institute of Business Administration Karachi, and is also a Chartered Financial Analyst (USA).

Mr. Ruhail has 25 years of Financial & Commercial experience and prior to becoming CEO has worked in areas such as treasury, commodity & currency trading, derivatives, merger & acquisitions, risk management, strategy & financial planning in Pakistan, UAE and Europe.

He is on the Board of Engro Corporation Limited and its various subsidiaries. In addition, he is also on the Boards of Pakistan Institute of Corporate Governance and the Sindh Board of Investment.

Profile of Board of Directors

Mr. Ali Munir

Mr. Munir received his LLB from the University of Punjab and is a Fellow of the Institute of Chartered Accountants, Pakistan. He is also a member of the Institute of Chartered Accountants in England and Wales.

He was elected on the Board of the Company in 2006. He has over thirty years of professional experience and is currently the Senior Executive Vice President and Group Head Strategic Planning & Investments of MCB Bank Limited. He is also a Director of Adamjee Insurance Company Limited.

Previously, Mr. Munir has worked with Citibank, Saudi American Bank and Habib Bank limited.

Mr. Shahid Hamid Pracha

Mr. Pracha is a graduate Electrical Engineer from the University of Salford, UK. Prior to joining the Dawood Hercules Group, spent a major part of his career with ICI plc's Pakistan operations and held a diverse range of senior positions there. During his tenure with ICI plc, Mr. Pracha was placed on international secondment with the parent company based in the UK.

Mr. Pracha is the Chief Executive of Dawood Hercules Corporation Limited and the Chairman of DH Fertilizers Limited, Dawood Lawrencepur Limited, and Tenaga Generasi Limited. He is also a Director on the Boards of Engro Corporation, Engro Fertilizer Ltd., e2e Business Enterprises (Private) Limited, Cyan Ltd., Engro Powergen Ltd. and Engro Powergen Qadirpur Ltd. He previously served as Chief Executive of the Dawood Foundation, the philanthropic arm of the Dawood Hercules Group. Whilst in that role, he was concurrently the first CEO of The Karachi Education Initiative, the sponsoring entity of the Karachi School for Business & Leadership.

Mr. Pracha is amongst the founding members of the Pakistan Society for Human Resource Managers.

Mr. Inam ur Rahman

Mr. Rahman received his Bachelor's degree in Electrical Engineering from the University of Engineering and Technology Lahore and his MBA from the Lahore University of Management Sciences (LUMS).

Mr. Rahman has more than twenty years of experience in the engineering and operations divisions of diversified businesses. He is presently the Chief Executive of Dawood Lawrencepur Limited, the renewable energy company of the DH Group. He also heads Tenaga Generasi Limited, a special purpose company which is setting up a 50 MW Wind Energy Project in Sindh. He is also a Director on the Board of Laraib Energy Limited. His personal areas of interest include change management, and taking the SME sector to scale. He has an avid interest in training and teaching and has been associated with LUMS as an adjunct faculty member between the years 2004 and 2009.

Mr. Khalid S. Subhani

Mr. Subhani holds degree in Chemical Engineering from NED University of Engineering and Technology, Pakistan and has completed programs on advance management from MIT and Hass School of Business Management, University of Berkeley, USA.

Mr. Subhani is the President and Chief Executive Officer for Engro Polymer & Chemicals Limited, and Senior Vice President for Engro Corporation Limited.

He is a Director on the Boards of Engro Corporation Limited, Engro Fertilizers Limited, Engro EXIMP Private Limited, Engro Polymer & Chemicals Limited, The Hub Power Company Limited and Laraib Energy Limited. He is Chairman of the Board of Engro Polymer Trading (Pvt) Ltd. He has also served as Chairman of the Board of Avanceon in the past. He has held various positions in Exxon Chemical Pakistan Limited, Esso Chemical Canada and Engro.

He is a member of various professional organizations, and is on the Standing Committee on Environment of Federation of Pakistan Chambers of Commerce & Industry. Recently, he was elected as a member of the Management Committee of Overseas Investors Chamber of Commerce & Industry (OICCI).

All positions and directorships are as on August 19, 2014

Board & Functional Committees

To ensure seamless operations of the Board and aid in sound decision making, the Board has established four Committees that are chaired by independent non-executive directors. These committees are as follows:

Board Audit Committee (BAC):

The committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders in compliance with the requisite legislative and regulatory standards, systems of internal control and risk management and the audit process. It has the power to call for information from management and to consult directly with the external auditors or their advisors as considered appropriate.

The committee met 5 times during the year and the attendance records is as follows:

	Meetings attended
Mr. Iqbal Alimohamed (Chairman)	5/5
Mr. Qaiser Javed	4/5
Mr. Ruhail Mohammed	5/5
Mr. Ali Munir	2/5
Mr. Shabbir H. Hashmi	2/2

Meetings attended by outgoing director

Mr. Shahid Aziz Siddiqi	2/3

Board Compensation Committee (BCC):

The committee meets to review and recommend all elements of the Compensation, Organization and

Employee Development policies relating to the senior executives' and members of the management committee. The CEO attends Board Compensation Committee meetings by invitation.

The committee met 2 times during the year and the attendance records is as follows:

	Meetings attended
Mr. Hussain Dawood (Chairman)	2/2
Mr. Alamuddin Bullo	0/1
Syed Ahmed Iqbal Ashraf	2/2
Mr. Shahid Hamid Pracha	2/2
Mr. Khalid Siraj Subhani	2/2
Mr. Masood Ahmed	1/2

Meetings attended by outgoing directors

Mr. Khaleeq Nazar Kiyani	0/1

Board Technical Committee (BTC)*:

The committee meets to review the internal control system relating to plant operations approve plant betterments and exceptional expenditures. It also reviews the issues of O&M Contractors and measures to safeguard the company's assets.

The committee met 7 times during the year and the attendance records is as follows:

	Meetings attended
Mr. Khalid Siraj Subhani (Chairman)	7/7
Syed Muhammad Ali	4/7
Mr. Iqbal Alimohamed	3/7
Mr. Shahid Hamid Pracha	5/7
Mr. Inam Ur Rahman	7/7

** Formerly, Board Operations Committee*

Board Investment Committee (BIC):

The committee reviews the investment plans and assists the Board in evaluating investment performances whilst also monitoring various investment opportunities that utilize the Company's capital and financial resources. The Committee also reviews issues relating to investment, corporate finance, mergers and acquisitions.

The committee met 2 times during the year and the attendance records is as follows:

	Meetings attended
Mr. Abdul Samad Dawood (Chairman)	2/2
Syed Muhammad Ali	2/2
Mr. Iqbal Alimohamed	2/2
Mr. Shabbir H. Hashmi	2/2
Mr. Ruhail Mohammed	2/2
Mr. Inam Ur Rahman	2/2

Management Committee

The committee is to look at annual corporate objectives, approval and revision of budgets prior to presentation to the Board of Directors, review of strategy, stewarding corporate and departmental objectives. The Committee Members are as follows:

Khalid Mansoor	Chairman
Syed Hasnain Haider	Member
Shamsul Islam	Member
Tahir Jawaid	Member
Kaleem Khan	Member
Shahid Mahmood	Member
Abdul Nasir	Member
M. Inam ur Rahman Siddiqui	Member
Abou Saeed M. Shah	Secretary

Committee for Organization and Employee Development (COED)

The committee is to look at employee related policies, compensation, development, trainings, succession planning and to bring necessary focus on HR issues. The Committee members are as follows:

Khalid Mansoor	Chairman
Syed Hasnain Haider	Member
Shamsul Islam	Member
Tahir Jawaid	Member
Kaleem Khan	Member
Shahid Mahmood	Member
Abdul Nasir	Member
M. Inam ur Rahman Siddiqui	Member
Farrukh Rasheed	Secretary

Corporate HSE Committee

The committee provides strategic guidance for overall HSE improvement initiatives, sets corporate level HSE targets, reviews company-wide HSE statistics, investigation reports of major accidents, and stewards compliance to HSE management system and relevant national regulations. The Committee members are as follows:

Khalid Mansoor	Chairman
Tahir Jawaid	Member
Shahid Mahmood	Member
Abdul Nasir	Member
Shamsul Islam	Member
Syed Hasnain Haider	Member
M. Inam ur Rahman Siddiqui	Member
Abbas Shahani	Member
Amjad Raja	Member
Nazoor Baig	Member
Kaleem Khan	Secretary

Management Committee

Khalid Mansoor
Chief Executive

Tahir Jawaid
SVP Corporate Services and New Ventures

Shahid Mahmood
Operations Director

Abdul Nasir
Chief Financial Officer

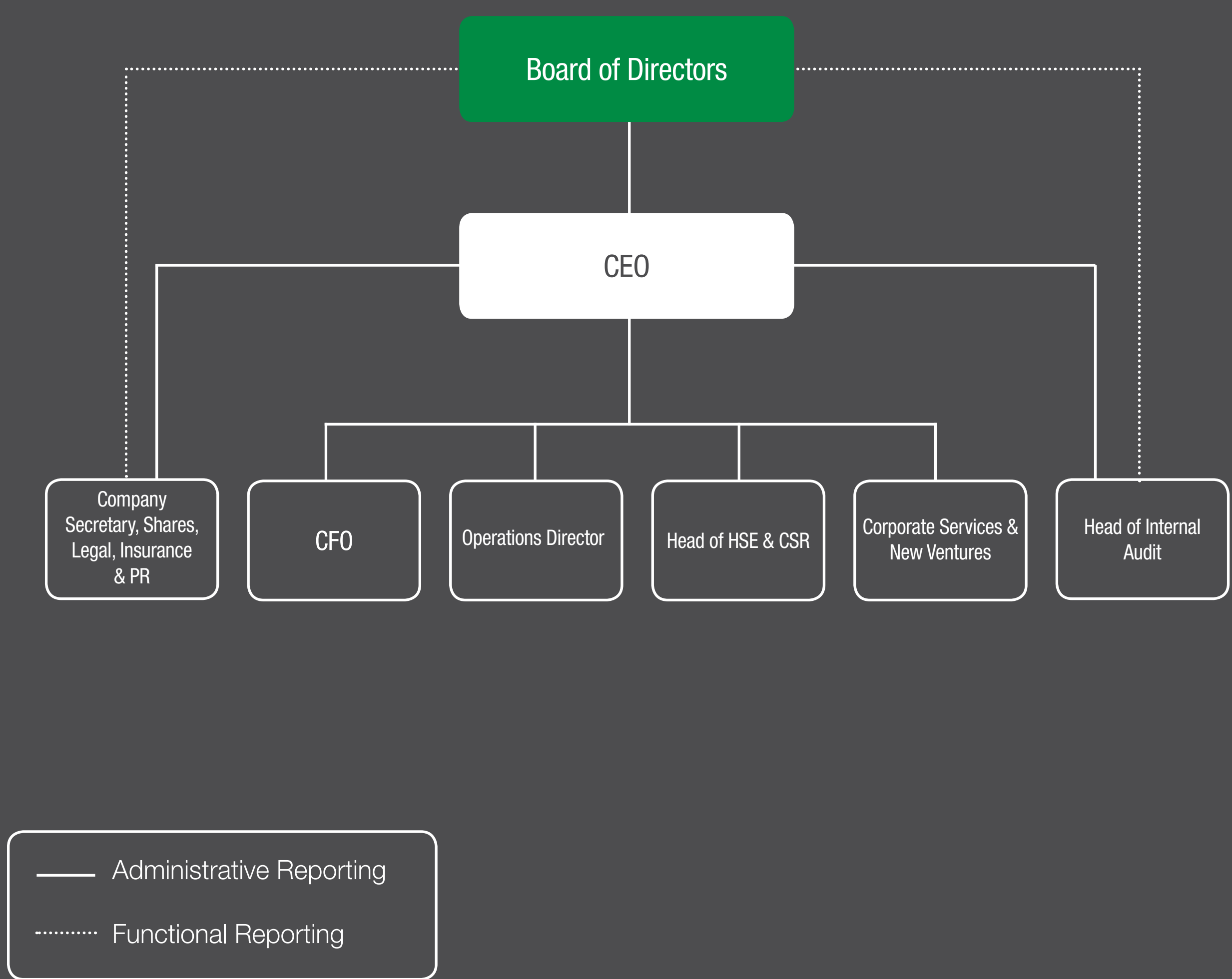
Syed Hasnain Haider
Chief Executive, Laraib Energy

M. Inam ur Rahman Siddiqui
Resident Manager

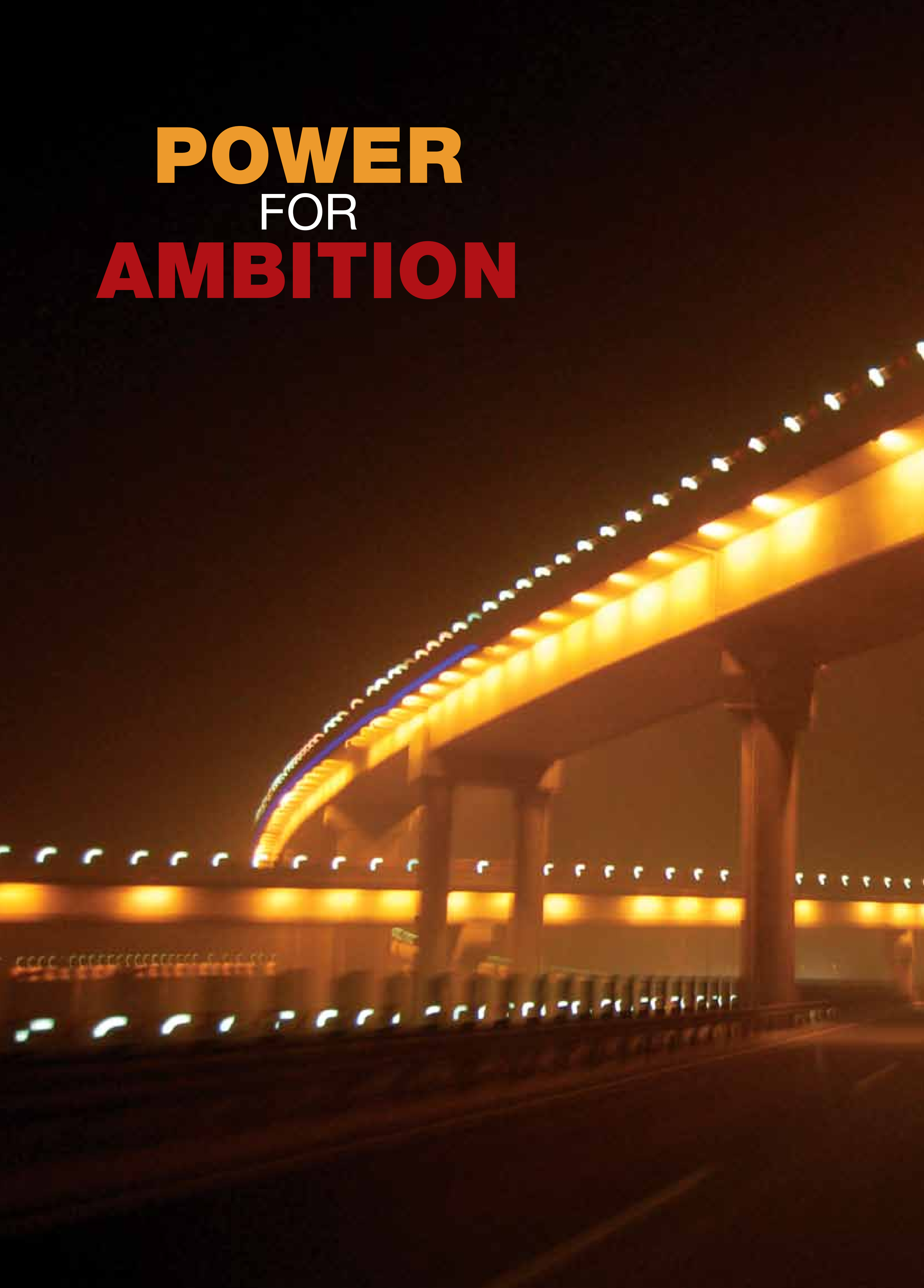
Shamsul Islam
Company Secretary

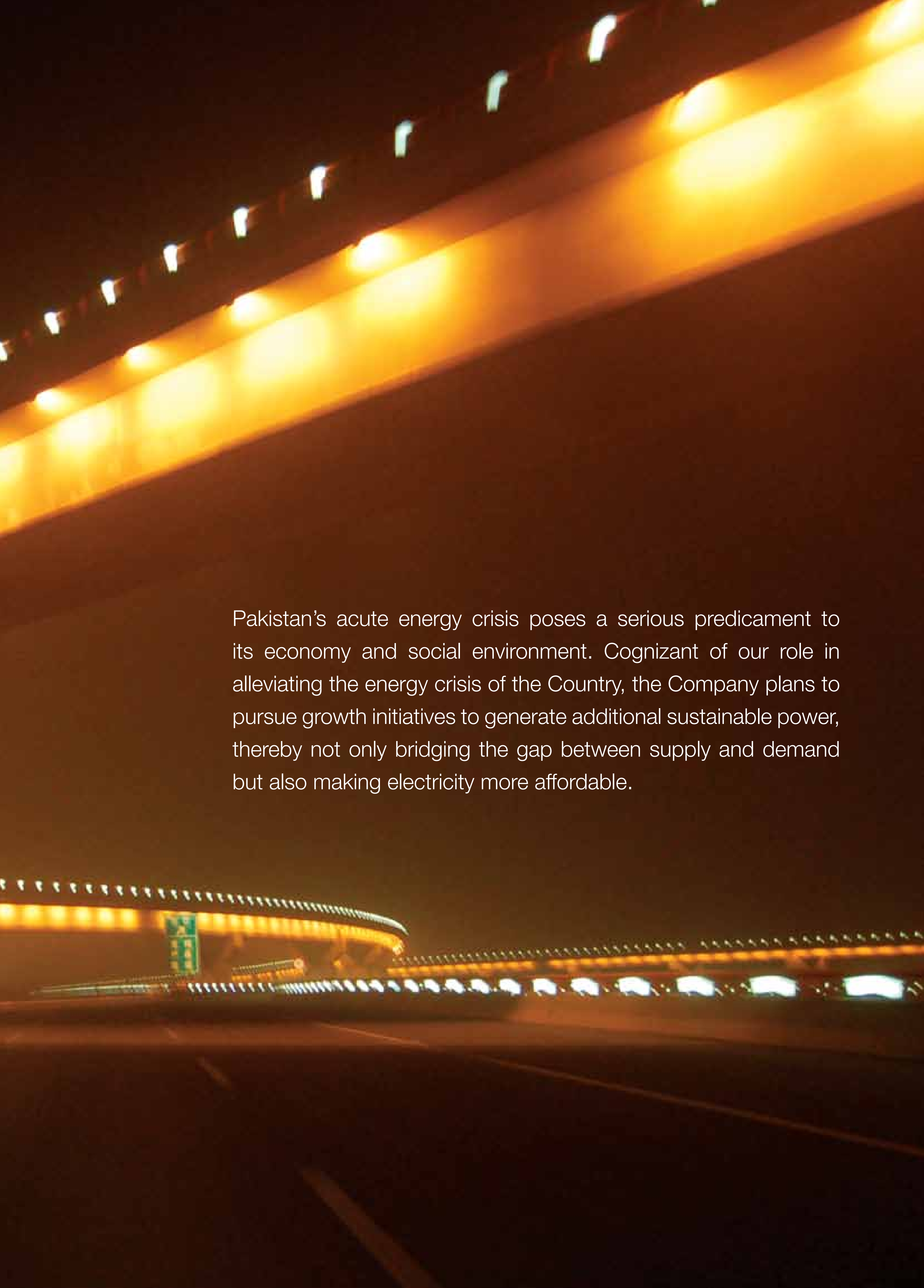
Kaleem Khan
Head of HSE & CSR

Organizational Structure



POWER FOR AMBITION





Pakistan's acute energy crisis poses a serious predicament to its economy and social environment. Cognizant of our role in alleviating the energy crisis of the Country, the Company plans to pursue growth initiatives to generate additional sustainable power, thereby not only bridging the gap between supply and demand but also making electricity more affordable.

Chairman's Review

It is my privilege to present the annual report for the year 2014, a very important year for The Hub Power Company. Our foremost priority remained on improving performance and sustainability of the Company's power assets. This led to significant investments in the rehabilitation of The Hub Power Plant, which, owing to normal operating wear and tear, had become unstable.

Timely overhauls were carried out at the Narowal Power Plant and initial teething problems were resolved at the Laraib Energy Plant. These initiatives were undertaken despite Power Purchasers owing us substantial amounts against the electricity supplied to the national grid.

In addition to this, we invested in further building our management capabilities by hiring seasoned professionals. This was critical, as the Company has multiple power plants, complex operations as well as a strong growth pipeline.

By making these changes, The Hub Power Company is now ready to seek medium to long-term growth through expansion and investments. This aims to enhance Hubco's leadership position in being the largest Independent Power Producer (IPP) of the country, which currently contributes approximately 10% of Pakistan's electricity generation.

However, investments to enhance asset life and to build management capabilities resulted in higher expenses such as repairs & maintenance and administrative costs. In recognition of the short-term impact of these decisions on profitability of the Company, your Board maintained a higher dividend payout to balance short-term returns with long-term shareholder value creation.

Lastly, I am grateful for the shareholders in placing their trust in the Board of Directors and management. I would also like to thank all the employees and stakeholders for their contribution in the success of your Company.

Sincerely,

Hussain Dawood
Chairman

CEO's Message

This year was relatively more challenging for the Company. However, it also opened avenues for change and evolution. Despite circular debt reaching an alarming level, all three of our plants continued to generate electricity at their optimal capacity to meet the demand of the Country.

Substantial sum of money was spent on Boilers rehabilitation works at Hub Plant and on overhauls carried out at Narowal Plant. Initial problems at Laraib Plant were also addressed. All this was undertaken to ensure reliability, sustainability and continued profitability of the Company.

As the Country's largest Independent Power Producer (IPP), the Company is cognizant of its role in the economy and has initiated the process of transformation to capitalize on opportunities to emerge as "Hub of Power". Resources and systems have been developed to not only ensure durability and dependability of the existing plants, but also to deliver on our promise of "growth through energy".

Thar Coal can become the backbone for resolving the energy crisis of the Country. This huge coal reserve can provide energy security for the development of the Country and being the "thought leader" of the energy sector, the Company has signed an agreement to invest US$20 million in Sindh Engro Coal Mining Company (SECMC) for the development of coal mines at Thar. This agreement gives preferential right to the Company to use the coal extracted from the mine, when fully developed, to set-up a mine mouth power plant.

Pakistan does not have the right energy mix as around 40% of electricity is generated from furnace oil and diesel which are the most expensive fuels for generation and a burden on the national exchequer because of the high import bill. It is also one of the main reasons for circular debt as cost of generation is not completely passed on to the consumers.

Being a responsible corporate citizen, the Company plans to make its contribution in reducing the cost of power generation and reducing the widening power shortfall in the Country. We are developing imported coal based power plants at our Hub Site by utilizing the existing infrastructure and our coast based strategic location.

The Company is committed to work for improving the lives of our fellow countrymen, while focusing on our host communities. We ensure that safe work environment exists for our employees and contractors who work with us. We have revamped our Corporate Social Responsibilities (CSR) activities to bring about significant change in the livelihood of the people living around our three plants while maintaining our focus on health, education and infrastructure.

Our Team at Hubco takes great pride in shouldering the tremendous responsibility towards our Country being the thought leader to come up with solutions to achieve growth through energy and develop the Hub of Power for achieving energy security for our Country.

Khalid Mansoor
Chief Executive

Report of the Directors

The Directors of your Company are pleased to present the Annual Report of the Company along with its audited financial statements for the year ended June 30, 2014

Principal Activities

The Hub Power Company Limited (Company) was incorporated in Pakistan on August 1, 1991 as a public limited company under the Companies Ordinance, 1984 and commenced commercial operations in March 1997. The Company's shares are listed on the Karachi, Lahore and Islamabad Stock Exchanges and its Global Depository Receipts (GDRs) are listed on the Luxembourg Stock Exchange.

Our principal activities are to develop, own, operate and maintain power stations. We currently own and operate an oil-fired power station with an installed capacity of 1,292 MW at Mouza Kund, Hub in Balochistan and a 225 MW oil-fired power station at Mouza Poong, Narowal in Punjab.

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

Nature of Business & Business Model

The Company strives to meet the electricity requirements of the Country in a sustainable manner. We are cognizant of our role to produce energy and keep the economy growing whilst simultaneously reducing the environmental impact. The Company generates about 10% of the Country's electricity and plays a significant role in addressing the electricity crisis.

Under the regulatory regime applicable on the power sector, electricity is supplied to Water and Power Development Authority (WAPDA) and National Transmission and Despatch Company (NTDC) under long term agreements. The key financial instruments defining the Company's income and profitability are the agreements under which the price of electricity is determined. Fuel for the Hub plant is purchased from Pakistan State Oil (PSO) whose obligation to supply fuel is guaranteed by the Government of Pakistan (GOP) under the Implementation Agreement (IA), subject to certain conditions. Fuel for the Narowal plant is supplied by Bakri Trading Company Pakistan (Private) Limited (BTCPL), a private sector company which is a subsidiary of Bakri Trading Company Inc., Saudi Arabia, under the fuel supply agreement entered into by and between the Company and BTCPL. Power Purchase Agreements (PPAs) with WAPDA and NTDC set out the terms of electricity off-take. All payments due to the Company by the power purchasers are guaranteed by the GOP through sovereign guarantee under the IAs.

Our Key Projects

Hub Plant - Our Hub plant continues to supply reliable and uninterrupted electricity to the national grid. This year the plant generated 7,087 GWh of electricity (2013: 7,673 GWh) corresponding to a load factor of 67% (2013: 73%). The load factor is comparatively lower than last year's primarily due to boilers tubes leakages and rehabilitation works carried out on two out of four of the boilers at the Hub Plant. International Power Global Developments Ltd, a subsidiary of GDF Suez, is the operator of the plant.

Hub Plant uses residual fuel oil which causes corrosion on the boiler tubes and as the Plant had been in operations for the last 17 years, major rehabilitation of boilers was due. During the year, rehabilitation work was completed on two boilers. Work on the remaining boilers would be completed by the end of current fiscal year, ending in June 2015. The refurbishment of boilers will ensure sustainability and reliability of the boilers for the remaining project life. We have also started using fuel additives so that corrosion can be prevented on the new tubes.

Narowal Plant - Our Narowal plant during the period under review generated 1,562 GWh of electricity for the national grid (2013: 820 GWh), corresponding to a load factor of 83% (2013: 44%). Higher utilization of the plant was due to the Company implementing measures to ensure sustainable supply of fuel by BTCPL and measures to carry out timely overhauls of the engines as and when they became due. TNB REMACO Pakistan (Private) Limited (TNBRP), owned by Malaysia's Tenaga Nasional Berhard, through its subsidiary TNB Repair and Maintenance Berhard SDN BHD (Remaco), is the operator of the plant.

Laraib Hydel Plant - The Laraib hydel plant, achieved Commercial Operations Date (COD) on March 23, 2013 and has now completed one year of successful operations. In the period under review, the hydel plant generated 470.2 GWh of electricity (2013, three months: 150 GWh) and achieved a load factor of 64%.

It is important to note that the hydel plant's operations are directly dependent on the water flows released through the Mangla Power House in the Bong Canal after accounting for the flows allocated to and flowing into the Upper Jhelum Canal. Subsequent to the COD, TNB REMACO Pakistan (Private) Limited has taken over the role as Operations and Maintenance Contractor. Tariff true-up of the Plant is being pursued with NEPRA.

Corporate Objectives

Pakistan's acute energy crisis poses a serious predicament to its economy and social environment. Cognizant of our role in alleviating the energy crisis of the Country, the Company plans to pursue growth initiatives to generate additional sustainable power, thereby contributing to bridge the gap between supply and demand and also making electricity more affordable.

The Company has signed an agreement to invest US$ 20 million in Sindh Engro Coal Mining Company Limited (SECMC), subject to it fulfilling certain conditions which include achievement of financial close by the end of 2015. Under this agreement, the Company will also have a right to use the coal mined by SECMC and establish a mine mouth power project when the production from the mine is scaled up.

The Company is also progressing towards setting up imported coal based power plants at its Hub Site. RFPs for Engineering, Procurement & Construction (EPC) contracts have been floated and the Company expects to receive technical and commercial bids later this year.

This project will help the Company in creating a sustainable power generation system while enhancing shareholder value.

Financial Performance

Profitability

Turnover for the year under review was Rs. 161,807 million (2013: Rs. 165,862 million) and operating costs were Rs. 150,070 million (2013: Rs. 149,544 million). The Company earned a net profit of Rs. 6,549 million during the year, resulting in earnings per share of Rs. 5.66 compared to a net profit of Rs. 9,388 million and earnings per share of Rs. 8.11 last year. Decrease in profit is mainly due to lower load factor caused by plant shutdowns because of boilers tubes leakages, lower generation bonus, lower efficiency, liquidated damages and higher repair and maintenance expenditure including the expenditures for rehabilitation works carried out on two of the four boilers and overhauling of engines at Narowal plant.

Liquidity and Financing Arrangements

Liquidity management remained very challenging during this period, as only intermittent payments were received from our power purchasers.

Cash Flow

Despite liquidity pressures during the year, the Company has been able to manage the cash flows to meet all its obligations including debt servicing, investments and payment of dividends to shareholders.

Circular debt still prevails and the Company is presently owed Rs. 66.17 billion, out of which Rs. 61.54 billion for the Hub plant and Rs. 4.63 billion for the Narowal plant are owed by the power purchasers. This resulted in the Company owing Rs. 52.60 billion to PSO. Our Laraib Plant, however, received timely payments from NTDC. Total amount invoiced to NTDC by Laraib during the period was Rs. 4,046 million.

Continuous delay in payments by the power purchasers has been a major cause of concern for the Company because such delay in receivables makes it increasingly difficult for the Company to fulfill its obligations to its various stakeholders. The Company has been making consistent and continuous representations to the concerned ministries and power purchasers but the circular debt predicament remains to date unresolved.

Capital structure

The Company's assets are financed by debt and equity in the ratio of 43:57 and our interest cover is 2.42 times.

Risk Management & Strategy for Mitigating Risks

Every business has elements of risk and uncertainty, which may affect any its interests. By following and implementing a cautious rationale, the Company focuses on identifying all long-term and short-term risks, how to overcome and eliminate them.

The Company considers itself to be exposed to material risks as described below. One or several of these risks may have an adverse effect on the Company's activities and / or its results:

1. *Operational Risk*

   Necessary plans and strategies have been devised by the Company to mitigate operational risks and substantial investments are being made to maintain dependable capacity of the plants. The Company is carrying out requisite rehabilitation and refurbishments at the Hub plant and is carrying out all requisite overhauls and maintenance required at the Narowal plant.

2. *Financial Risk*

   During the year the Company was able to operate without any interruption, however, if payments from power purchasers continue to be delayed and if the circular debt issue is not settled in entirety, it will not only affect the operations of our plants but will also jeopardize the Company's ability to pursue growth initiatives as no financial institution/bank would be willing to finance its projects.

   WAPDA, the sole Power Purchaser for the Hub Plant, continues to face financial difficulties and has also been in breach of its contractual obligations as provided in the PPA. WAPDA for the past few years has not provided the stand-by letter of credit it was required to provide under the PPA and has also consistently delayed payment due to the Company.

   The Company has been persistently pursuing the GOP to have the Circular Debt issue resolved which has created a severe liquidity crunch for the power industry. The Company has been working in close coordination with Independent Power Producers Advisory Committee ("IPPAC") for the resolution of the Circular Debt, however, no concrete program has been offered by the GOP as yet.

   a. *Credit Risk*

      Delays in payments by NTDC for our Narowal Plant are primarily managed through bank borrowings whereas delay in payments for our Hub plant are mainly offset by delaying payments to the fuel supplier.

   b. *Market Risk*

      The Company operates in a regulated environment with long term PPAs with one single customer and all the power generated is supplied into that national grid. Therefore, there is no market risk involved.

c. *Liquidity Risk*

To cater to the delay in receipt of payments from our power purchasers, the Company has arranged working capital lines with various financial institutions to meet its obligations and ensure normal business operations.

Credit Rating

PACRA's rating is an assessment of the credit standing of entities in Pakistan. Since 2008 when the Company initiated its rating process it has maintained PACRA's long term entity rating of "AA+" and short term rating of "A1+". These ratings denote a very low expectation of credit risk for timely payment of financial commitment.

Health, Safety & Environment

We believe that it is our duty to protect the health, safety and welfare of our workers, contractors, communities and other people who may be associated with our business. We strive to ensure that all our stakeholders are protected from any such event that may cause harm or pose as a risk to their health and safety.

The Company takes pride in the fact that it operates the only power station in Pakistan recognised by ROSPA (Royal Society for the Prevention of Accident) for its excellent performance in the management of occupational Health and Safety. The Hub plant has consecutively received various awards from the ROSPA. Our Hub plant has also received ROSPA SECTOR AWARD in the years 2008, 2011 and 2013.

Our environmental strategy requires our businesses to ensure that our operations are eco-friendly. The Company regularly reports its Environmental performance to Environmental Protection Agency (EPA) through Self Monitoring and Reporting Technique (SMART). No violation of National Environmental Quality Standards (NEQS) was observed from any of our plant. As a testament to our strong environmental performance, the Company is the only power plant in Pakistan being maintained in accordance with ISO 14001: 2004.

Human Resources

The Company has a strong history of nurturing talent and creating opportunities of growth for its personnel.

Our success can be accredited by the fact that we consistently attract, hire and retain some of the most talented professionals from Pakistan and around the world to create high performance teams in a culture of inclusiveness, professionalism and excellence.

The Company continued to work towards enhancing employee satisfaction through market competitive benefits, increased gender diversity, a friendly and professional work environment to enable personal and professional development of the employees.

During the year, we focused on strengthening our team by hiring competent and experienced professionals to work on growth projects and improve sustainability of our base business. We reviewed and aligned our HR systems with benchmark practices to promote performance based culture in the organization.

A detailed description of our HR performance is discussed in the Power to Empower section of the report.

Social Investments

The Company is well aware of its social and ethical responsibilities and aims to manage wider social effects of its actions beyond the requirements set by the legal framework we operate in. The Company proudly and actively participates in contributing towards the welfare of the society at large.

Our foundation is laid on a strong ethical framework, which strengthens our focus on addressing the issues of the stakeholders and local communities. Our social investments are primarily centered on areas near our plant sites with full involvement, contribution and engagement of the community and constitute a variety of programs in the following key sectors:

- Community Physical Infrastructure
- Basic and Technical Education
- Health
- Livelihood Interventions

Further details of our social investment is discussed in Power to Empower section of the report.

Future Outlook

Cognizant of the fact that the PPA for Hub Plant will expire in 2027, the Company plans to enhance its shareholders value by investing in reliable and viable coal based power generation projects that will help in bridging the gap in electricity demand and supply in addition to making contribution in correcting the energy mix of the country through lowering the cost of power generation.

The Company is committed to promote long term development and is integrating its endeavors of profitable growth with the initiatives of socio economic alleviation of our Country.

Market share information

Pakistan's installed power generation capacity is around 23,500 MW of which hydel power is 29%, thermal power is 68% and nuclear power is 3%. Actual power generation varies between 14,000 MW and 18,500 MW, depending mainly on availability of fuel for thermal plants and discharge of water in the rivers and watercourses for hydel generation.

The Company for the last six years has been generating about 10% of the electricity production of the country, despite substantial amounts being overdue to it from the power purchasers.

Fiscal Year	Electricity Generation (GWh)	Company's share (GWh)	% age
2008 – 09	94,647	8,257	8.7%
2009 – 10	99,766	8,337	8.4%
2010 – 11	100,582	8,352	8.3%
2011 – 12	98,822	9,091	9.2%
2012 – 13	98,842	8,643	8.74%
2013 – 14 (est.)	100,003	9,119	9.12%

Related Party Transactions

Related party transactions were placed before the Board Audit Committee and approved by the Board. These transactions were in line with the requirements of International Financial Reporting Standards (IFRS) and the Companies Ordinance, 1984. The Company maintains a thorough and complete record of all such transactions.

Financial Statements

The Company's financial statements have been audited without any qualification by Messrs Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants who are the auditors of the Company.

Corporate & Financial Reporting Framework

The Directors are pleased to confirm compliance with Corporate and Financial Reporting Framework of the Securities & Exchange Commission Pakistan (SECP) and the Code of Corporate Governance for the following:

(a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in its equity.

(b) Proper books of account of the Company have been maintained.

(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

(d) IFRS as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.

(e) The system of internal control is sound in design and has been effectively implemented and monitored; and

(f) There are no significant doubts in the Company's ability to continue as a going concern.

Key operating and financial data of last six years is as follows:

Fiscal year ending June		2014	2013	2012	2011	2010	2009
Turnover	Rs. in millions	161,807	165,862	174,712	123,310	99,694	82,784
Profit	"	6,549	9,388	8,190	5,425	5,556	3,781
Assets	"	135,432	99,313	207,817	146,240	122,696	90,186
Dividend	"	8,100	7,522	6,943	5,786	5,207	2,719
Generation	(GWh)	8,649	8,493	9,091	8,352	8,337	8,257

Value of investments of provident fund and gratuity scheme based on their respective audited accounts as at June 30, 2013 are as follow:

	Rs. in millions
Provident Fund	78.655
Gratuity Fund	40.362

Information in relation to Luxembourg Stock Exchange

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

Board of Directors

The current members of the Board are listed on Page No. 12.

Appointments during the year:

Mr. Alamuddin Bullo
Mr. Asif Hassan (Nominee of NBP)
Syed Ahmed Iqbal Ashraf (Nominee of NBP)
Mr. Masood Ahmed (Nominee of GOB)
Mr. Ajaz Ali Khan

Resignations during the year:

Mr. Shahid Aziz Siddiqui
Dr. Asif A. Brohi (Nominee of NBP)
Mr. Asif Hassan (Nominee of NBP)
Mr. Khaleeq Nazar Kiani (Nominee of GOB)
Mr. Alamuddin Bullo

During the year 6 meetings of the Board of Directors were held. Attendance by the Directors was as follows:

1-	Mr. Hussain Dawood	6/6
2-	Mr. Masood Ahmed	3/3
3-	Syed Muhammad Ali	5/6
4-	Syed Ahmed Iqbal Ashraf	2/4
5-	Mr. Iqbal Alimohamed	6/6
6-	Mr. Abdul Samad Dawood	5/6
7-	Mr. Shabbir Hussain Hashmi	5/6
8-	Mr. Qaiser Javed	4/6
9-	Mr. Ajaz Ali Khan	0/0
10-	Mr. Khalid Mansoor	6/6
11-	Mr. Ruhail Mohammed	5/6
12-	Mr. Ali Munir	2/6
13-	Mr. Shahid Hamid Pracha	5/6
14-	Mr. Inam ur Rahman	5/6
15-	Syed Khalid Siraj Subhani	6/6

Meeting attended by outgoing Directors:

1-	Dr. Asif A. Brohi	0/1
2-	Mr. Alamuddin Bullo	1/2
3-	Mr. Asif Hasan	1/1
4-	Mr. Khaleeq Nazar Kiani	2/3
5-	Mr. Shahid Aziz Siddiqui	1/1

The Pattern of Shareholding as required under the Code of Corporate Governance is attached with this Report.

Directors' Training

During this year two more Directors completed the Corporate Governance Leadership Skills Program Director Education Program as required by SECP.

Appropriation

The Board of Directors take pleasure in recommending a final dividend of Rs. 4 per share. This will be paid to the shareholders whose name appear in the Company's Register on September 29, 2014. An Interim dividend of Rs. 2.50 per share that was declared on February 18, 2014, has already been paid on April 9, 2014. The total dividend to be approved by the shareholders at the Annual General Meeting to be held on October 14, 2014 will be Rs. 6.50 per share.

Movement in un-appropriated profit is as follows:

	Rs. in millions
Net Profit for the Year	
Un-appropriated profit at the beginning of the year	21,038
Profit available for appropriation	6,535
	27,574
Appropriations	
Final dividend for the fiscal year 2012-2013 @ Rs. 4.50	(5,207)
Interim dividend for the fiscal year 2013-2014 @ Rs. 2.50	(2,893)
Un-appropriated profit at the end of the year	19,473
Basic and diluted earnings per share	5.66

Auditors

The retiring auditors Messrs Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, being eligible, offer themselves for reappointment.

The Company is thankful to its shareholders for the trust and confidence shown.

The Company acknowledges and appreciates the efforts and dedication of its employees and operators enabling the Company to achieve its results.

By Order of the Board

Khalid Mansoor
Chief Executive

Karachi – August 19, 2014.

POWER FOR GOVERNANCE

Our corporate governance practices are an integral driving force behind our growth and sustained success. It guides our business to embrace change and prepare for the increasing competitiveness.

Code of Business Ethics

As we strive to improve our performance in a fast-changing, competitive world, we should always remain true to our Code of Business Ethics. They are a bedrock of our success, through tough times and good times governing how the Company conducts its affairs. This code of conduct describes the behaviour Hubco expects of its employees and what our employees can expect from the Company.

The code is more than a set of rules. It should be viewed as an essential guide – the values underlying obvious and universal facets such as honesty, integrity and respect for people. The Company evaluates the conduct of its employees on how our employees continue to live by these core principles both in intention and spirit.

Key task for every employee of the Company is to ensure sustainability and reliability of our business, strengthening the relationship with the customer and building on the Company's image of a good corporate citizen. We ensure that we maintain accredited reputation amongst our shareholders, customer, the Government, and suppliers alike – as a Company that observes the highest standards of personal and corporate integrity.

Company's Code of Business Ethics sets out the minimum standards expected of the entire Team. This ensures that the Company maintains good reputation by dealing and being seen to deal with all our business contacts in a professional and acceptable way. Unethical practices of any sort are not allowed to find its way into the business. We believe that employees have a duty to themselves and to the Company to raise any matters of business conduct or ethics which causes concern. Employees are not allowed to commit an illegal or unethical act and instruct or encourage another employee to do so. The known laws and regulations of the country should always to be followed.

Business Ethics followed by the Company helps to protect both the employees and the Company from unfounded accusations of deception and fraud, and ensures that where corruption and fraud has or might have taken place it is properly investigated and dealt with in a timely manner.

As a general rule we treat our employees as Company's ambassadors to all our stakeholders and employees are, therefore, expected to promote the company's best interests whilst maintaining the highest standards of personal integrity and business practice in all their dealings.

Employees must act at all times in the interests of the Company's shareholders, and must abide by the Company's stated standards of environmental, safety and management practices. The application of these principles is underpinned by a comprehensive set of assurance procedures, which are designed to make sure that our employees understand the principles and confirm that they act in accordance with them. We believe that the code of business ethics has been fundamental to how we have conducted our business and ourselves with respect to the environment in which we operate and living by them remains crucial to our continued success.

The Company has a Speak Up policy which is available on its website, and encourages all stakeholders to raise concerns about any unacceptable practice or event of misconduct.

Building a better working world

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Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of The Hub Power Company Limited (the Company) for the year ended 30 June 2014 to comply with the requirements of Listing Regulation No. 35 Chapter XI of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors' for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended 30 June 2014.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

Date: 19 August 2014

Place: Karachi

Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2014

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Board of Directors of The Hub Power Company Limited (Hubco) has always supported and re-confirms its commitment to continued support and implementation of the highest standards of Corporate Governance at all times.

2. The Hubco Board had approved the Company's Code of Corporate Governance on June 24, 1994 before the Company issued its shares to the public in October, 1994. This code has been updated and followed ever since.

   The Company was initially listed only on The Karachi Stock Exchange, however in order to facilitate its shareholders/investors all over Pakistan, the Company is now listed on all Stock Exchanges in Pakistan.

3. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Syed Muhammad Ali Mr. Iqbal Alimohamed Mr. Qaiser Javed Mr. Ruhail Mohammed Mr. Ali Munir Syed Khalid Siraj Subhani
Executive Director	Mr. Khalid Mansoor
Non-Executive Directors	Mr. Hussain Dawood Mr. Masood Ahmed Syed Muhammad Ali Mr. Iqbal Alimohamed Syed Ahmed Iqbal Ashraf Mr. Abdul Samad Dawood Mr. Shabbir H. Hashmi Mr. Qaiser Javed Mr. Ajaz Ali Khan Mr. Ruhail Mohammed Mr. Ali Munir Mr. Shahid Hamid Pracha Mr. Inam ur Rahman Syed Khalid Siraj Subhani

The independent directors meet the criteria of independence under clause i(b) of the Code.

4. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

5. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

6. Casual vacancies occurred on the Board which were filled in compliance with the legal requirement.

7. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

8. The Board has developed Vision / Mission Statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended have been maintained.

9. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board/Shareholders.

10. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

11. Two Independent directors also acquired certification of “Corporate Governance Leadership Skills Programme” conducted by the Pakistan Institute of Corporate Governance (PICG).

12. The Board had approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment as determined by the CEO.

13. The Directors’ Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

14. The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.

15. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

16. The Company has complied with all the corporate and financial reporting requirements of the Code.

17. The Board has formed an Audit Committee. It comprises five members, four of them including the Chairman are independent and all of them are non-executive directors including the Chairman.

18. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

19. The Board has formed Human Resource and Remuneration Committee, called the Board Compensation Committee. It comprises six members; all of them are non-executive directors including the Chairman.

20. The Board has set-up an effective internal audit function which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company. Head of Internal Audit was appointed during the year.

21. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

23. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, employees and stock exchange(s).

24. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors.

25. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

26. We confirm that all other material principles enshrined in the Code have been complied with.

By order of the Board

Karachi:
August 19, 2014

Khalid Mansoor
Chief Executive

Report of the Board Audit Committee

The terms of the Audit Committee's mandate are governed by the Board of Directors and the Code of Corporate Governance. The Committee comprises five Non-Executive Directors, out of which four members including the Chairman are independent Directors. All members have expert knowledge of finance and accounting.

The Committee is responsible for monitoring the integrity of financial information and reports to the Board of Directors, ensuring that internal controls and risk management systems are appropriate and regularly reviewed.

As the external environment continued to be challenging during the year, the Committee focused on ensuring that the Company's systems and controls were operating effectively, were responsive to the external environment and are evolving in line with the Company's growth.

The Audit Committee uses information drawn from a number of different sources to carry out following responsibilities:

- Objective assurance provided by Internal Audit through its annual work plan, which is approved by the Audit Committee, focusing on the principal risks identified in the risk assessment and key internal controls;

- Regular reports to the Audit Committee from executive management and key Company support functions detailing their risk management and compliance approaches and highlighting any significant issues or irregularity ;

- Further objective assurance provided by external auditors.

Where matters relate to the financial statements, the Committee reviews the approach, the estimates and judgments applied, the recommendations of management and the findings of the external auditors, where applicable. Further, committee also reviews half yearly and quarterly financial information of the Company, prior to their approval by the Board of Directors.

The Audit Committee met five times during the year. Regular attendees of the Committee meetings include the Chief Financial Officer and the Head of Internal Audit. The heads of departments were also present for the appropriate items of the agenda, as and when required. The Committee also at least once in the year met with:

- The External Auditors in absence of the CFO and Head of Internal Audit; and

- The head of Internal Audit and other members of Internal Audit function without the CFO and External Auditors being present.

Internal Auditors

The internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board. The system of internal controls is designed to manage the risk of not achieving business objectives, and provides reasonable assurance against material misstatement. This covers all material controls including Financial, Operational and Compliance and Risk Management Systems.

The Head of Internal Audit has direct access to the Chairman of the Committee and the Committee has ensured that the function has all necessary access to management and the right to seek information and explanations. The Internal Audit function has carried out its duties under the Charter approved by the Committee. During the year, the Internal Audit function worked to ensure greater transparency and accountability across the Company. This included establishment of various governance policies and audit of Company departments. The Audit Committee monitored the effectiveness of the Internal Audit function through discussions with the Internal Audit Head along with reviewing matters arising from the Internal Audit reports, management's responses and action taken thereon. Accordingly, as and when necessary the Committee escalated matters to the Board for their review and action.

Further, the Committee examined and assessed the appropriateness of the resolution of complaints by the Internal Audit function received via the Company's whistleblower function. This function has been designed to encourage employees and other stakeholders to report concerns about accounting controls, auditing matters or any other practices which may appear to be questionable.

External Auditors

The Audit Committee regularly assesses the performance of external auditors taking into consideration a number of factors including satisfactory rating under ICAP's quality control review program, the length of time the firm has been engaged, the quality of the Audit Committee's ongoing discussions with the external auditors, assessment of their past performance, etc. Based on the results of the evaluation, the Committee has recommended reappointment of the current external auditors to the Board. On the recommendation of the Audit Committee, the Directors will be proposing the reappointment of Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants, at the Annual General Meeting on October 14, 2014.

The Committee has a constructive and open relationship with the management and we thank them for their assistance during the year.

Iqbal Alimohamed
Chairman, Board Audit Committee

Business Continuity Planning (BCP)

Hubco engages in rigorous crisis management planning for all its plants and site facilities in light of our growing operations and the complexity of risk that accompanies business expansion. The BCP refers to an action plan formulated in advance with the aim of preventing the stoppage of important and crucial company operations or restoring and restarting them in as little time as possible if they are interrupted by the occurrence of an unexpected event such as a natural disaster or an incident. To mitigate the risks associated with such an event or occurrence we have formulated BCPs for different types of crisis such as natural disasters, plant breakdown, political problems, etc. Hubco will immediately initiate its BCP protocols based on these categories and work to ensure the continuity of important operations at the very least and in the shortest time possible.

CEO's performance review

Chief Executive Officer (CEO) is appointed by the Board of Directors for a tenure of three years. Each year, the Board reviews performance of the CEO against pre-determined operational and strategic goals. CEO is to manage the Company, implement strategic decisions and policies of the Board and align the Company's direction with the vision and objectives set by the Board

POWER TO EMPOWER

Employee and Social Development initiatives have always been a priority for Hubco. As the country's largest Independent Power Producer, we are committed to continuously improve our practices in order to position ourselves as not just an industry leader but also as a force that drives growth of people and the local communities.

Human Resources

Hubco's culture reflects the belief that our employees are our biggest asset, and our greatest investment for the future. Employee development is fundamental to Hubco's long-term growth and success.

This belief is put into practice through a comprehensive HR framework, built upon:

- PEOPLE
- PROCESS
- PERFORMANCE

We are committed to continuous improvement of HR practices in order to position ourselves as an employer of choice that offers development and growth opportunities in diverse careers.

The year 2013 – 2014 was a year of transition for Hubco and is characterized by strengthening Hubco's foundations in regards to people management. During the year under review, our HR focus remained on 3 primary areas:

1. Developing a performance driven culture
2. Employee Engagement
3. Strengthening the talent pipeline

Performance Driven Culture and Performance Management

Hubco has undergone a complete revamp in regards to performance management. A new system has been introduced that takes a two-pronged approach towards elevating performance standards by focusing on goal achievement and leadership behaviors. This system encourages employees to adopt a blend of both to further organizational aspirations.

Strengthening the Talent Pipeline:

a. Organizational Development:

With a focus on building a skill resource pool, Hubco has invested extensively in trainings to improve technical and behavioral skills across all levels of management. Training initiatives range across customized programs designed specifically for employee learning needs as well as open enrollment programs with the leading learning institutes in Pakistan and abroad.

During the year:

i. 93% of the employee population was exposed to at least 1 training intervention

ii. 69 employees logged a total of 2128 training hours/260 man days

b. Management Trainee Program:

Early 2014 marked the first batch of the Hubco Management Trainee Program. An 18-month track, the Hubco MT program sourced top talent from Pakistan's leading business and engineering institutes.

Graduating students with stellar academic records were selected and put through a rigorous recruitment process, resulting in a batch of 11 Management Trainees. The program offers a focused and immersive learning experience, where each trainee is attached to a function best suited to their academic background, and involved in live projects as well general management of the business. Their grooming blends theory with real life experience to equip them to fill future leadership/managerial positions in the company.

Employee Engagement:

Hubco is committed to improving quality of work life for its employees. In order to ensure maximum employee engagement, we give strategic importance to the following aspects that govern our culture:

a. Improvement of physical work environment:

Investments are being made to develop a more ergonomically sound work environment to improve quality of work life.

b. Company events to promote social connections and strengthen relationships/bonds

c. Launch of the Hubco Transformation Forum:

An HR lead communication session that provide a platform for employees to raise concerns and communicate with senior management, and to stay updated on organizational developments and initiatives.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is an instrument of positive change for businesses and continues to be one of the most important aspects of business in the global economy. For Hubco, CSR is not just undertaking philanthropic initiatives, it is to have economic and collective impact on the community and society in the area where we operate. To achieve this objective, the Company is directly engaged with the community to understand their needs and to create a positive impact through investments in sustainable initiatives.

The Company has partnered with various organizations like Health and Nutrition Development Society (HANDS) and Ansaar Management Company (AMC) for implementation of interventions through community mobilization.

Our key focus areas for interventions in communities are:

- Education
- Health
- Livelihood
- Community Physical Infrastructure

Education:

TCF School

A fully funded TCF School in Hub has been established for the local community. The school currently enrolls 475 students from surrounding communities, Hub and Gaddani areas.

Hubco also provides free-of-cost transportation to the students within 25 km radius of the school, through a transportation fleet of 7 buses and 4 coasters. In addition free school bags, uniforms and books are also provided to all the students.

This year Hubco converted the entire school on solar power energy source.

Supporting local government schools at Hub:

Hubco provides support to 18 local government primary schools in the District of Lasbella by providing free books, school bags and furniture, and some repair and maintenance work in the schools.

We also provide clean drinking water to 8 schools in our plant neighbourhood.

Apart from these, two-year Apprentice training is also provided to 14 boys belonging to the province of Balochistan.

Community Mobilization at Hub:

Hubco has initiated community mobilization process wherein the communities identify their needs and the Company finds solutions to fulfill the needs. The existing resources and assistance required are also identified by the community.

Health:

Hubco organizes annual eye camp at Hub. Around

1500 patients availed the facility this year. Apart from this, free eye screening of approximately 1200 students of TCF and government primary schools is carried out every year.

Essential medicines are distributed to Government hospitals in Hub and Government dispensaries in surrounding areas.

Health centres are being managed in 3 neighbouring villages by trained Lady Health Volunteers.

Hubco also has a mobile medical unit that covers 25 nearby villages, consisting a lady doctor and a dispenser to provide free medical advice and medicines.

General medical and skin camps are arranged regularly in Lasbella District.

Scholarships and Sponsorships:

Scholarships have been awarded to 50 female students belonging to Province of Balochistan, studying at the Sardar Bahadur Khan Women University (SBKWU) Quetta. The scholarship covers stipend and semester fees.

Regular assistance is also provided to the students of government schools and colleges for their study tours.

Recreation:

Hubco sponsors a number of local football and cricket clubs by providing sports gear, to support and promote healthy activities among the communities.

Other Initiatives:

- Provision of a Laser Photo Coagulator and Yag Laser machine to LRBT Quetta
- Donation is provided to the Kidney Centre Karachi each year for patients belonging to Balochistan Province
- Provision of ambulances to Edhi Foundation
- Donation for disaster / natural calamity in Awaran and rain affected areas at Gaddani & Hub, along with support to Internally Displaced People (IDPs)
- Vehicular bridge constructed over Laraib's Tailrace for transporting agricultural produce of the local communities

Narowal Project:

Under the ambit of Narowal Project, Hubco has initiated community mobilization. A clinic has been set up in one of the villages. Patients from other villages are also utilizing this facility.

Adoption of local primary school is also in process.

Hubco plans to improve the village sewerage system through underground pipes and grey harvesting ponds.

Speak up policy

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. The Company is committed to developing a culture where it is safe for all employees, customers and vendors to raise concerns about any poor or unacceptable practice and any event of misconduct. The purpose of the policy is to provide a framework to promote responsible and secure manner to speak up. It protects employees, customers and vendors wishing to raise a concern about serious irregularities within the Company. The policy neither releases employees from their duty of confidentiality in the course of their work, nor is it a route for taking up a grievance about a personal situation. The policy is available on the Company's website.

IT governance policy

Our IT policy defines the responsibilities of all the users at Hub Power Company. The policy ensures the security of information when it is stored and transmitted, and protects the data from unauthorized or accidental modification or destruction, and disclosure. The purpose our IT Governance Policy is to ensure continuity of IT operations and electronic communication, keep the IT infrastructure up to date with relevant updates and system upgrades and to enhance system security to minimize risk of malicious attacks. The policy also provides a framework for effective and efficient data and infrastructure backup system as part of Disaster Recovery Management.

POWER
FOR
SUSTAINABILITY

Our environmental strategy focuses on business growth while reducing our environmental impacts. We believe that it is our duty to protect the health, safety and welfare of our workers and other people who are associated to our business. It is also ensured that all stakeholders are protected from anything that may cause harm and risks of injury.

Health, Safety and Environment (HSE)

Health, Safety and Environment (HSE) is paramount for the organization. Hubco has developed its HSE Policy which is aimed at protecting the health and safety of employees, contractors, our business partners and the communities in which we operate.

Hubco, through its O&M contractors, ensures that safe work environment is provided at site to all the employees and contractors. For this, Occupational Health and Safety Advisory Services OHSAS – 18001 framework is being implemented at all three sites.

The Company takes pride in the fact that it operates the first power station in Pakistan, which is recognized by ROSPA (Royal Society for the Prevention of Accident) for its excellent performance in the management of Occupational Health and Safety.

Our Hub Plant has received various awards from the ROSPA consecutively since 1998. The plant has also received ROSPA SECTOR AWARD in the years 2008, 2011 and 2013.

Our HSE systems and processes are periodically assessed and inspected internally as well as by third parties. We strictly monitor Recordable Injury Frequency Rate (RIFR) which remained 0.78 in 2013-2014. For proper benchmarking with similar industry, we have introduced Total Recordable Injury Rate (TRIR) which is reporting protocol under Occupation Safety and Health Administration (OSHA) – USA, from this year. Consolidated TRIR of all three sites remained 0.11 for the period under review.

Hubco aims to align its Occupational Health and Safety Management Systems with the world renowned DuPont Safety Management System which deals in Process Safety Risk Management (PSRM) and behavioral based Personnel Safety Management (PSM). Contract has been signed with DuPont to carry out gap analysis of all three sites in December 2014.

An unfortunate fatality incident occurred to sub-contractor employee at Hub site in December 2013. The incident was thoroughly investigated to avoid recurrence of similar incidents and recommendations were generated, which are in the process of implementation.

Environmental degradation, deforestation and rapidly increasing carbon footprints, with challenges of energy deficiency indicate an alarming need for a sustainable and comprehensive Environmental Management System .

Our environmental strategy focuses on business growth while reducing our environmental impacts.

As a testament to our strong environmental performance, the Company is proud to be the first power plant in Pakistan to be certified with ISO 14001: 2004. Our Environmental initiatives have also been recognized by various prestigious awarding bodies. We are proud to have received the highest honor Section Award in Electricity Industry Sector.

Hubco is a dynamic company, and has been accredited by various international accreditation bodies. Our Hub plant site has been certified in Environmental Management System (ISO-14000) while certifications for our Narowal and Laraib plants is in process.

Certified Emission Reductions (CERs)

Our 84 MW New Bong Escape Hydropower Project, Laraib Energy, is registered under Clean Development Mechanism (CDM) project under the United Nations Framework Convention on Climate Change (UNFCCC). The plant has successfully completed verification of its first monitoring report on Certified Emission Reductions (CERs – equivalent to 1 ton of CO_2) by an independent Designated Operational Entity (DOE), Bureau Veritas Certification Holding SAS.

Following the verification, the DOE has already submitted the Request for Issuance to UNFCCC for 100,841 CERs. Once approved, the Company will be able to sell the CERs to M/s Electrabel under the already executed Emission Reductions Purchase Agreement.

Tree Plantation at Laraib and Narowal

Under the revised Initial Environmental Examination Report 2009, Laraib Energy was required to plant five times the trees and shrubs cleared for the construction of the project. During the construction phase, around 2,000 trees and shrubs were removed and instead of the mandatory 10,000 trees, we have planted 14,000 tree and shrub species along Laraib's flood protection dyke to play our part in preserving the local habitat. These plant species were identified in collaboration with the local wildlife, forest department along with inputs from the Environmental Protection Agency.

Similarly, plants have been handed over to local administration at Narowal for plantation at various locations

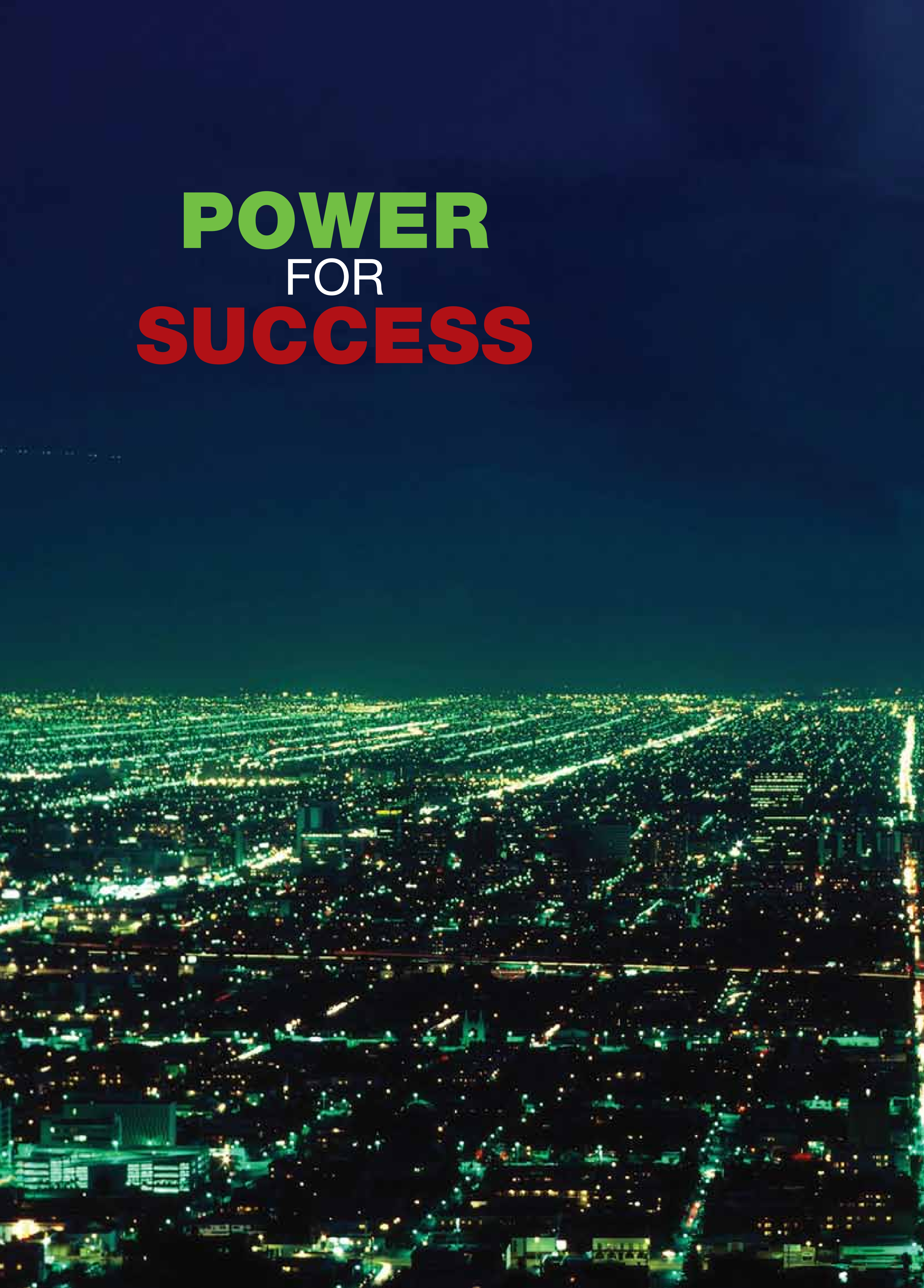
Waste Recycling and Effluent Management

Waste water effluent and air emissions from our sites strictly conform to National Environmental Quality Standards (NEQS). We regularly report our effluent and emission results to Provincial Government on Self Monitoring And Reporting Technique (SMART). We try to minimize the generation of waste through various means and recycle the generated waste.

Other Initiatives

The Company regularly conducts on site awareness sessions on environmental best practices and effective management of waste for all permanent and visiting contractors. We have also procured Lamp Compactor and Mercury Recovery System for safe and effective disposal of fluorescent tube lights and lamps.

The Company also celebrates World Environment Day, Hygiene Day and conducts cleaning campaign at plant to increase awareness on environmental degradation and waste management.


POWER
FOR
SUCCESS

Despite liquidity pressures during the year, the Company has been able to manage the cash flows to meet all its obligations including debt servicing, investments and payment of dividends to shareholders.

Hubco Financial Ratios

		2014	2013 Restated	2012	2011	2010	2009
Profitability Ratios							
Gross Profit margin	%	7.25	9.84	8.96	7.47	7.71	7.36
Net Profit margin	%	4.05	5.66	4.69	4.40	5.57	4.57
Operating cost to turnover	%	92.75	90.16	91.04	92.53	92.29	92.64
Fuel cost to turnover	%	86.60	85.03	86.80	87.70	86.51	86.85
EBITDA Margin to Sales	%	8.57	11.24	10.28	8.73	9.10	9.16
Operating Leverage Ratio	Times	12.28	(0.86)	1.76	0.84	1.23	0.88
Return on Equity	%	20.58	29.63	27.17	18.27	18.70	13.04
Return on Capital Employed	%	19.72	27.71	25.99	15.49	15.18	14.95
Liquidity Ratios							
Current Ratio	Times	1.06	1.18	1.04	1.04	1.01	1.03
Quick / Acid Test Ratio	Times	1.01	1.05	1.02	0.99	0.98	0.98
Cash to Current Liabilities	Times	0.032	0.396	0.003	0.018	0.012	0.021
Cash Flow from Operations to Sales	%	(9.83)	25.06	(0.18)	0.51	3.93	18.26
Working capital	Rs. in million	5,086	7,902	5,824	3,152	509	1,693
Activity / Turnover Ratios							
No. of Days in Inventory	Days	8	7	6	9	8	10
Inventory Turnover	Times	45.22	49.67	57.34	42.78	44.87	37.36
No. of Days in Receivables	Days	118	194	248	226	207	158
Receivables Turnover	Times	3.09	1.89	1.47	1.62	1.76	2.32
No. of Days in Payables	Days	122	200	239	209	209	132
Payables Turnover	Times	3.00	1.82	1.53	1.75	1.75	2.77
Operating Cycle	Days	4	1	15	26	6	36
Total Asset Turnover	Times	1.19	1.67	0.84	0.84	0.81	0.92
Fixed Assets Turnover	Times	3.93	3.82	3.79	2.52	2.01	2.18
Working Capital Turnover	Times	31.81	20.99	30.00	39.12	195.86	48.90
Investment / Market Ratios							
Earnings Per Share	Rs.	5.66	8.11	7.08	4.69	4.80	3.27
Price Earning Ratio	Times	10.28	7.60	5.92	8.00	6.66	8.28
Dividend Yield	%	11.18	12.98	14.32	14.67	15.64	12.37
Dividend Payout Ratio	Times	1.15	0.99	0.85	1.17	1.04	1.02
Dividend Cover Ratio	Times	0.87	1.01	1.18	0.85	0.96	0.98
Cash Dividend Per Share - Interim	Rs.	2.50	3.50	3.00	2.50	2.50	1.35
Cash Dividend per share - Final	Rs.	4.00	4.50	3.00	3.00	2.50	2.00
Cash Dividend per share - Total	Rs.	6.50	8.00	6.00	5.50	5.00	3.35
Market Value Per Share							
Year end	Rs.	58.74	61.65	41.89	37.50	31.96	27.09
High	Rs.	68.60	65.65	40.87	42.24	38.10	34.80
Low	Rs.	51.50	44.01	30.14	35.90	30.50	14.00
Breakup Value /(Net assets/share)	Rs.	26.83	28.18	26.59	25.52	25.83	25.53
Capital Structure Ratios							
Financial Leverage Ratio	Times	0.76	0.79	0.91	0.99	0.84	0.42
Weighted Average Cost of Debt	%	12.50	16.31	15.44	15.21	16.14	14.39
Debt to Equity Ratio	Ratio	43:57	44:56	48:52	50:50	46:54	29:71
Interest Cover Ratio	Times	2.42	2.43	2.16	2.60	4.10	2.81
No. of Ordinary Shares	No. in million	1157	1157	1157	1157	1157	1157

Horizontal and Vertical Analysis of Profit and Loss Account

Horizontal Analysis

	2014 Rs.(Millions)	14 Vs. 13 %	2013 Rs.(Millions)	13 Vs. 12 %	2012 Rs.(Millions)	12 Vs. 11 %
Turnover	161,807	(2.44)	165,862	(5.07)	174,712	41.69
Operating costs	(150,071)	0.35	(149,544)	(5.98)	(159,061)	39.41
Gross Profit	11,736	(28.08)	16,318	4.26	15,651	69.81
General and administration expenses	(661)	59.28	(415)	0.48	(413)	(5.49)
Other income	83	144.12	34	(2.86)	35	29.63
Profit from Operations	11,158	(29.99)	15,937	4.35	15,273	73.42
Finance costs	(4,605)	(29.66)	(6,547)	(7.57)	(7,083)	109.43
Profit before taxation	6,553	(30.21)	9,390	14.65	8,190	50.97
Taxation	(4)	(100.00)	(2)	(100.00)	-	-
Profit for the year	6,549	(30.24)	9,388	14.63	8,190	50.97

Vertical Analysis

	2014 Rs.(Millions)	2014 % of turnover	2013 Rs.(Millions)	2013 % of turnover	2012 Rs.(Millions)	2012 % of turnover
Turnover	161,807	100.00	165,862	100.00	174,712	100.00
Operating costs	(150,071)	(92.75)	(149,544)	(90.16)	(159,061)	(91.04)
Gross Profit	11,736	7.25	16,318	9.84	15,651	8.96
General and administration expenses	(661)	(0.41)	(415)	(0.25)	(413)	(0.24)
Other income	83	0.05	34	0.02	35	0.02
Profit from Operations	11,158	6.90	15,937	9.61	15,273	8.74
Finance costs	(4,605)	(2.85)	(6,547)	(3.95)	(7,083)	(4.05)
Profit before taxation	6,553	4.05	9,390	5.66	8,190	4.69
Taxation	(4)	(0.00)	(2)	(0.00)	-	-
Profit for the year	6,549	4.05	9,388	5.66	8,190	4.69

2011 Rs.(Millions)	11 Vs. 10 %	2010 Rs.(Millions)	10 Vs. 09 %	2009 Rs.(Millions)	09 Vs. 08 %	2008 Rs.(Millions)
123,310	23.69	99,694	20.43	82,784	32.59	62,435
(114,093)	24.01	(92,006)	19.98	(76,687)	32.94	(57,685)
9,217	19.89	7,688	26.09	6,097	28.36	4,750
(437)	11.76	(391)	8.61	(360)	24.57	(289)
27	(49.06)	53	(61.59)	138	31.43	105
8,807	19.82	7,350	25.11	5,875	28.67	4,566
(3,382)	88.52	(1,794)	(14.33)	(2,094)	6.51	(1,966)
5,425	(2.36)	5,556	46.95	3,781	45.42	2,600
-	-	-	-	-	-	-
5,425	(2.36)	5,556	46.95	3,781	45.42	2,600

2011		2010		2009		2008
Rs.(Millions)	% of turnover	Rs.(Millions)	% of turnover	Rs.(Millions)	% of turnover	Rs.(Millions)
123,310	100.00	99,694	100.00	82,784	100.00	62,435
(114,093)	(92.53)	(92,006)	(92.29)	(76,687)	(92.64)	(57,685)
9,217	7.47	7,688	7.71	6,097	7.36	4,750
(437)	(0.35)	(391)	(0.39)	(360)	(0.43)	(289)
27	0.02	53	0.05	138	0.17	105
8,807	7.14	7,350	7.37	5,875	7.10	4,566
(3,382)	(2.74)	(1,794)	(1.80)	(2,094)	(2.53)	(1,966)
5,425	4.40	5,556	5.57	3,781	4.57	2,600
-	-	-	-	-	-	-
5,425	4.40	5,556	5.57	3,781	4.57	2,600

Balance Sheet Horizontal Analysis

	2014 (Rs. Millions)	14 Vs. 13 %	2013 (Rs. Millions) Restated	13 Vs. 12 %	2012 (Rs. Millions)	12 Vs. 11 %
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, Plant and equipments	41,223	(5.15)	43,463	(5.59)	46,038	(5.83)
Intangibles	12	(55.56)	27	8.00	25	257.14
Stores and spares	-	-	-	-	-	(100.00)
Other assets	-	-	-	-	-	-
Investment in subsidiary	4,674	-	4,674	-	4,674	15.87
Long term loan and advance	63	(27.59)	87	171.88	32	(28.89)
Long term deposits and prepayments	21	162.50	8	-	8	33.33
	45,993	(4.70)	48,259	(4.96)	50,777	(5.30)
CURRENT ASSETS						
Stores and spares	1,599	1.59	1,574	45.07	1,085	202.23
Stock-in-trade	2,389	(43.76)	4,248	139.46	1,774	(52.99)
Trade debts	79,879	222.11	24,799	(83.59)	151,161	76.17
Loan and advances	78	(27.78)	108	332.00	25	(37.50)
Prepayments and other receivables	2,818	(13.45)	3,256	30.34	2,498	143.23
Cash and bank balances	2,676	(84.32)	17,069	3334.41	497	(69.23)
	89,439	75.19	51,054	(67.49)	157,040	69.55
TOTAL ASSETS	135,432	36.37	99,313	(52.21)	207,817	42.11
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVE						
Share Capital						
Authorised	12,000	-	12,000	-	12,000	-
Issued, subscribed and paid-up	11,572	-	11,572	-	11,572	-
Revenue Reserve						
Unappropriated profit	19,473	(7.44)	21,038	9.60	19,195	6.94
TOTAL EQUITY	31,045	(4.80)	32,610	5.99	30,767	4.22
NON-CURRENT LIABILITIES						
Long term loans	20,034	(14.93)	23,551	(8.84)	25,834	(5.13)
Share premium payable	-	-	-	-	-	-
Deferred liability - Gratuity	-	-	-	-	-	(100.00)
CURRENT LIABILITIES						
Trade and other payables	62,794	80.25	34,838	(72.72)	127,723	72.19
Interest/mark-up accrued	1,158	(18.57)	1,422	(13.24)	1,639	2.63
Short term borrowings	16,878	272.83	4,527	(77.01)	19,688	68.53
Current maturity of long term loans	3,523	48.96	2,365	9.19	2,166	7.60
	84,353	95.48	43,152	(71.46)	151,216	69.01
TOTAL EQUITY AND LIABILITIES	135,432	36.37	99,313	(52.21)	207,817	42.11

2011 (Rs. Millions)	11 Vs. 10 %	2010 (Rs. Millions)	10 Vs. 09 %	2009 (Rs. Millions)	09 Vs. 08 %	2008 (Rs. Millions)
48,890	(1.46)	49,615	30.92	37,896	11.66	33,938
7	(12.50)	8	300.00	2	(33.33)	3
637	-	637	(0.16)	638	2.24	624
-	-	-	(100)	4	(55.56)	9
4,034	54.56	2,610	297.87	656	100.00	-
45	100.00	-	-	-	0.00	-
6	50.00	4	100	-	0.00	-
53,619	1.41	52,874	34.90	39,196	13.37	34,574
359	100.00	-	-	-	-	-
3,774	141.92	1,560	(38.61)	2,541	62.47	1,564
85,806	28.62	66,712	43.07	46,629	87.48	24,871
40	700.00	5	(76.19)	21	(95.08)	427
1,027	39.54	736	(3.79)	765	27.71	599
1,615	99.63	809	(21.76)	1,034	56.19	662
92,621	32.65	69,822	36.93	50,990	81.31	28,123
146,240	19.19	122,696	36.05	90,186	43.84	62,697
12,000	-	12,000	-	12,000	-	12,000
11,572	-	11,572	-	11,572	-	11,572
17,949	(1.97)	18,310	1.94	17,961	6.28	16899
29,521	(1.21)	29,882	1.18	29,533	3.73	28,471
27,231	16.15	23,445	106.73	11,341	55.53	7,292
-	(100.00)	41	100.00	-	-	-
19	26.67	15	-	15	-	15
74,177	24.47	59,595	35.54	43,970	274.21	11,750
1,597	21.17	1,318	72.06	766	(11.24)	863
11,682	73.22	6,744	88.27	3,582	(73.12)	13,327
2,013	21.56	1,656	69.15	979	-	979
89,469	29.08	69,313	40.60	49,297	83.13	26,919
146,240	19.19	122,696	36.05	90,186	43.84	62,697

Balance Sheet Vertical Analysis

	2014 (Rs. Millions)	%	2013 (Rs. Millions) Restated	%	2012 (Rs. Millions)	%
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, Plant and equipments	41,223	30.44	43,463	43.76	46,038	22.15
Intangibles	12	0.01	27	0.03	25	0.01
Stores and spares	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Investment in subsidiary	4,674	3.45	4,674	4.71	4,674	2.25
Long term loan and advance	63	0.05	87	0.09	32	0.02
Long term deposits and prepayments	21	0.02	8	0.01	8	0.00
	45,993	33.96	48,259	48.59	50,777	24.43
CURRENT ASSETS						
Stores and spares	1,599	1.18	1,574	1.58	1,085	0.52
Stock-in-trade	2,389	1.76	4,248	4.28	1,774	0.85
Trade debts	79,879	58.98	24,799	24.97	151,161	72.74
Loan and advances	78	0.06	108	0.11	25	0.01
Prepayments and other receivables	2,818	2.08	3,256	3.28	2,498	1.20
Cash and bank balances	2,676	1.98	17,069	17.19	497	0.24
	89,439	66.04	51,054	51.41	157,040	75.57
TOTAL ASSETS	135,432	100.00	99,313	100.00	207,817	100.00
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVE						
Share Capital						
Authorised	12,000	-	12,000	-	12,000	-
Issued, subscribed and paid-up	11,572	8.54	11,572	11.65	11,572	5.57
Revenue Reserve						
Unappropriated profit	19,473	14.38	21,038	21.18	19,195	9.24
TOTAL EQUITY	31,045	22.92	32,610	32.84	30,767	14.80
NON-CURRENT LIABILITIES						
Long term loans	20,034	14.79	23,551	23.71	25,834	12.43
Share premium payable	-	-	-	-	-	-
Deferred liability - Gratuity	-	-	-	-	-	-
CURRENT LIABILITIES						
Trade and other payables	62,794	46.37	34,838	35.08	127,723	61.46
Interest/mark-up accrued	1,158	0.86	1,422	1.43	1,639	0.79
Short term borrowings	16,878	12.46	4,527	4.56	19,688	9.47
Current maturity of long term loans	3,523	2.60	2,365	2.38	2,166	1.04
	84,353	62.28	43,152	43.45	151,216	72.76
TOTAL EQUITY AND LIABILITIES	135,432	100.00	99,313	100.00	207,817	100.00

2011 (Rs. Millions)	%	2010 (Rs. Millions)	%	2009 (Rs. Millions)	%
48,890	33.43	49,615	40.44	37,896	42.02
7	0.00	8	0.01	2	0.00
637	0.44	637	0.52	638	0.71
-	-	-	-	4	0.00
4,034	2.76	2,610	2.13	656	0.73
45	0.03	-	-	-	-
6	0.00	4	0.00	-	-
53,619	36.67	52,874	43.09	39,196	43.46
359	0.25	-	-	-	-
3,774	2.58	1,560	1.27	2,541	2.82
85,806	58.67	66,712	54.37	46,629	51.70
40	0.03	5	0.00	21	0.02
1,027	0.70	736	0.60	765	0.85
1,615	1.10	809	0.66	1,034	1.15
92,621	63.33	69,822	56.91	50,990	56.54
146,240	100.00	122,696	100.00	90,186	100.00
12,000	-	12,000	-	12,000	-
11,572	7.91	11,572	9.43	11,572	12.83
17,949	12.27	18,310	14.92	17,961	19.92
29,521	20.19	29,882	24.35	29,533	32.75
27,231	18.62	23,445	19.11	11,341	12.58
-	-	41	0.03	-	-
19	0.01	15	0.01	15	0.02
74,177	50.72	59,595	48.57	43,970	48.75
1,597	1.09	1,318	1.07	766	0.85
11,682	7.99	6,744	5.50	3,582	3.97
2,013	1.38	1,656	1.35	979	1.09
89,469	61.18	69,313	56.49	49,297	54.66
146,240	100.00	122,696	100.00	90,186	100.00

Six Years Profit & Loss Account at a glance

	2014	2013	2012	2011	2010	2009
	(Rs. Millions)					
Turnover	161,807	165,862	174,712	123,310	99,694	82,784
Operating costs	(150,071)	(149,544)	(159,061)	(114,093)	(92,006)	(76,687)
GROSS PROFIT	11,736	16,318	15,651	9,217	7,688	6,097
General and administration expenses	(661)	(415)	(413)	(437)	(391)	(360)
Other income	83	34	35	27	53	138
Worker's profit participation fund	-	-	-	-	-	-
PROFIT FROM OPERATIONS	11,158	15,937	15,273	8,807	7,350	5,875
Finance costs	(4,605)	(6,547)	(7,083)	(3,382)	(1,794)	(2,094)
PROFIT BEFORE TAXATION	6,553	9,390	8,190	5,425	5,556	3,781
Taxation	(4)	(2)	-	-	-	-
PROFIT FOR THE YEAR	6,549	9,388	8,190	5,425	5,556	3,781
Basic and diluted earnings per share (Rupees)	5.66	8.11	7.08	4.69	4.80	3.27

EBITDA						
Profit for the year	6,549	9,388	8,190	5,425	5,556	3,781
Finance costs	4,605	6,547	7,083	3,382	1,794	2,094
Taxation	4	2	-	-	-	-
Depreciation	2,694	2,684	2,673	1,954	1,719	1,707
Amortisation	15	15	16	4	2	2
EBITDA	13,867	18,636	17,962	10,765	9,071	7,584

EBIT						
Profit for the year	6,549	9,388	8,190	5,425	5,556	3,781
Finance costs	4,605	6,547	7,083	3,382	1,794	2,094
Taxation	4	2	-	-	-	-
EBIT	11,158	15,937	15,273	8,807	7,350	5,875

Six Years Balance Sheet at a glance

	2014	2013 Restated	2012	2011	2010	2009
	(Rs. Millions)					
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, Plant and equipments	41,223	43,463	46,038	48,890	49,615	37,896
Intangibles	12	27	25	7	8	2
Stores and spares	-	-	-	637	637	638
Other assets	-	-	-	-	-	4
Investment in subsidiary	4,674	4,674	4,674	4,034	2,610	656
Long term loan and advance	63	87	32	45	-	-
Long term deposits and prepayments	21	8	8	6	4	-
	45,993	48,259	50,777	53,619	52,874	39,196
CURRENT ASSETS						
Stores and spares	1,599	1,574	1,085	359	-	-
Stock-in-trade	2,389	4,248	1,774	3,774	1,560	2,541
Trade debts	79,879	24,799	151,161	85,806	66,712	46,629
Loan and advances	78	108	25	40	5	21
Prepayments and other receivables	2,818	3,256	2,498	1,027	736	765
Cash and bank balances	2,676	17,069	497	1,615	809	1,034
	89,439	51,054	157,040	92,621	69,822	50,990
TOTAL ASSETS	135,432	99,313	207,817	146,240	122,696	90,186
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVE						
Share Capital						
Authorised	12,000	12,000	12,000	12,000	12,000	12,000
Issued, subscribed and paid-up	11,572	11,572	11,572	11,572	11,572	11,572
Revenue Reserve						
Unappropriated profit	19,473	21,038	19,195	17,949	18,310	17,961
TOTAL EQUITY	31,045	32,610	30,767	29,521	29,882	29,533
NON-CURRENT LIABILITIES						
Long term loans	20,034	23,551	25,834	27,231	23,445	11,341
Share premium payable	-	-	-	-	41	-
Deferred liability - Gratuity	-	-	-	19	15	15
CURRENT LIABILITIES						
Trade and other payables	62,794	34,838	127,723	74,177	59,595	43,970
Interest/mark-up accrued	1,158	1,422	1,639	1,597	1,318	766
Short term borrowings	16,878	4,527	19,688	11,682	6,744	3,582
Current maturity of long term loans	3,523	2,365	2,166	2,013	1,656	979
	84,353	43,152	151,216	89,469	69,313	49,297
TOTAL EQUITY AND LIABILITIES	135,432	99,313	207,817	146,240	122,696	90,186

Summary of Six Years Cash Flow at a glance

	2014	2013	2012	2011	2010	2009
	----------	----------	---------- (Rs. Millions)	----------	----------	----------
Opening	12,542	(19,191)	(10,067)	(5,934)	(1,400)	(9,218)
Net Cashflow from operating activities	(15,908)	41,572	(309)	635	3913	15114
Net Cashflow from investing activities	(330)	(190)	(579)	(3,123)	(14,885)	(6,331)
Net Cashflow from financing activities	(10,506)	(9,649)	(8,236)	(1,645)	6,438	(965)
Closing Balance	(14,202)	12,542	(19,191)	(10,067)	(5,934)	(1,400)

Comments on Analysis

- The decrease in turnover by 2.44% compared to last year is mainly due to the net effect of higher RFO prices, lower Net Electrical Output (NEO) and lower generation bonus.

- The increase in operating costs by 0.35% compared to last year is mainly due to the net effect of lower NEO, higher RFO prices and higher repairs and maintenance expenditure due to boilers rehabilitation work at Hub Plant and major overhauling of engines at Narowal Plant.

- The decrease in finance cost by 29.66% compared to last year is mainly due to lower interest rates and lower borrowings from banks.

- The current year net profit decreased by 30.24% compared to last year resulting in decline in earnings per share from Rs. 8.11 to Rs. 5.66.
  Return on equity also declined from 30% to 21%. The decrease in profit is mainly due to net effect of lower efficiency gains, lower generation bonus, lower financing cost, higher repairs and maintenance expenditure due to boilers rehabilitation work and major overhauling of engines.

- Because of decrease in earnings this year, the dividend per share was also lower than previous year.

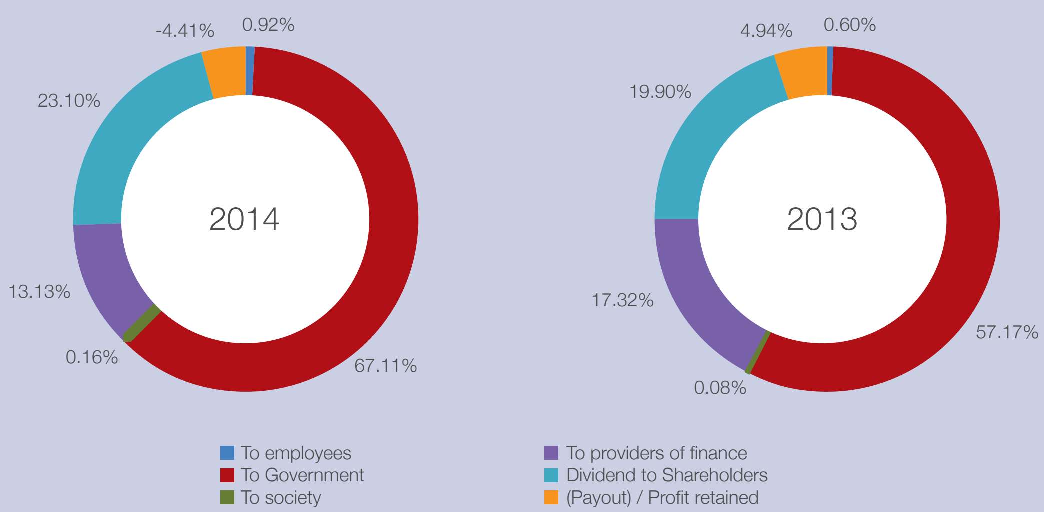
- Despite problems in recovering trade debts during the year, the Company was able to maintain its current ratio and quick ratio. Further the Company's working capital in terms of absolute amount was also decreased from Rs. 7,902 million to Rs. 5,086 million whereas the no of days in trade debtors was decreased from 194 days to 118 days. Due to better working capital management during the year, the operating cycle was slightly wider than last year from 1 day to 4 days. Last year circular debt was settled at the year end which is the major reason for such abnormal variances while comparing with previous year data.

- Significant decrease in cash flow from operating activity is mainly due to circular debt issue as last year circular debt was settled on June 28, 2013 just before the end of the fiscal year.

Statement of Value Addition

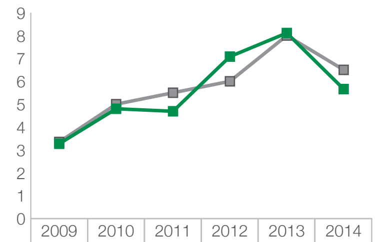
	2014 Rs.(Millions)	%	2013 Rs.(Millions)	%
Wealth Created				
Total Revenue inclusive sales tax and other income	185,416	528.81	187,506	495.97
Less: Operating cost & other general expenses	(150,353)	(428.81)	(149,700)	(395.97)
	35,063	100.00	37,806	100.00
Wealth distributed				
To employees				
Salaries, wages and other benefits	321	0.92	229	0.61
To Government				
Sales tax	23,527	67.10	21,610	57.16
Income tax	4	0.01	2	0.01
To society				
Donation	57	0.16	30	0.08
To providers of finance as financial charges	4,605	13.13	6,547	17.32
Dividend to Shareholders	8,100	23.10	7,522	19.90
(Payout from) / Retained in the Company	(1,551)	(4.42)	1,866	4.94
	35,063	100.00	37,806	100.00

Wealth Distribution



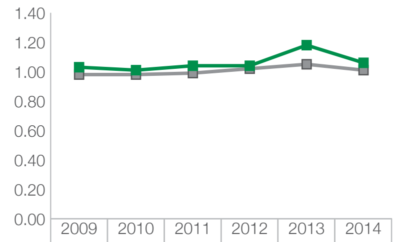
Graphical Presentation

EPS vs Dividend per share



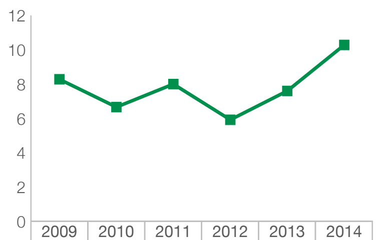
	2009	2010	2011	2012	2013	2014
EPS	3.27	4.80	4.69	7.08	8.11	5.66
Dividend per share	3.35	5	5.5	6	8	6.5

Current Ratio vs Quick / Acid Test Ratio



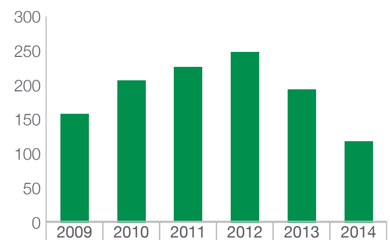
	2009	2010	2011	2012	2013	2014
Current Ratio	1.03	1.01	1.04	1.04	1.18	1.06
Quick / Acid Test Ratio	0.98	0.98	0.99	1.02	1.05	1.01

PE Ratio



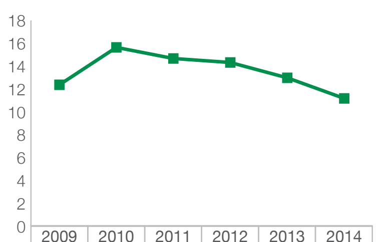
	2009	2010	2011	2012	2013	2014
PE Ratio	8.28	6.66	8.00	5.92	7.60	10.28

No. of Days in Receivables



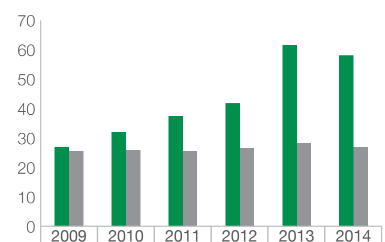
	2009	2010	2011	2012	2013	2014
No. of Days in Receivables	158	207	226	248	194	118

Dividend Yield (%)



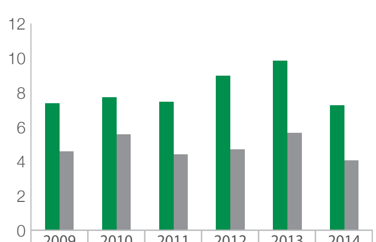
	2009	2010	2011	2012	2013	2014
Dividend Yield	12.37	15.64	14.67	14.32	12.98	11.18

Market Value vs Break up Value



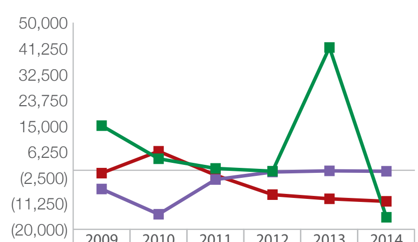
	2009	2010	2011	2012	2013	2014
Market Value	27.09	31.96	37.50	41.89	61.65	58.16
Break up Value	25.53	25.83	25.52	26.59	28.21	26.83

GP % vs NP %



	2009	2010	2011	2012	2013	2014
Gross Profit Ratio	7.36	7.71	7.47	8.96	9.84	7.25
Net Profit Ratio	4.57	5.57	4.40	4.69	5.66	4.05

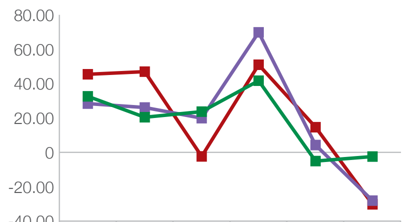
Cashflow for six years at a glance



	2009	2010	2011	2012	2013	2014
Net Cashflow from operating activities	15,114	3,913	635	(309)	41,572	(15,908)
Net Cashflow from investing activities	(6,331)	(14,885)	(3,123)	(579)	(190)	(330)
Net Cashflow from financing activities	(965)	6,438	(1,645)	(8,236)	(9,649)	(10,506)

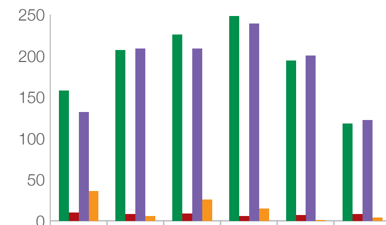
Graphical Presentation

Growth of Turnover and Profitability (%)



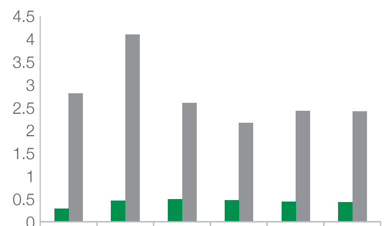
	2009	2010	2011	2012	2013	2014
Growth in Sales	32.59%	20.43%	23.69%	41.69%	-5.07%	-2.44%
Growth in Gross Profit	28.36%	26.09%	19.89%	69.81%	4.26%	-28.08%
Growth in Net income	45.42%	46.95%	-2.36%	50.97%	14.63%	-30.24%

Activity Ratio



	2009	2010	2011	2012	2013	2014
No. of Days in Receivables	158	207	226	248	194	118
No. of Days in Inventory	10	8	9	6	7	8
No. of Days in Payables	132	209	209	239	200	122
Operating Cycle	36	6	26	15	1	4

Debt Management

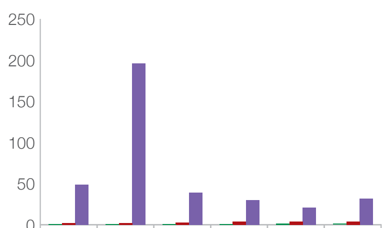


	2009	2010	2011	2012	2013	2014
Debt to Equity Ratio	0.29	0.46	0.50	0.48	0.44	0.43
Interest Cover Ratio	2.81	4.10	2.60	2.16	2.43	2.42

Profitability Ratio

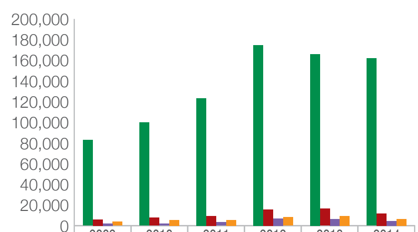
	2009	2010	2011	2012	2013	2014
Return on Equity	13.04	18.70	18.27	27.17	29.61	20.58
Return on Capital Employed	14.95	15.18	15.49	25.99	27.71	19.72

Turnover Ratio



	2009	2010	2011	2012	2013	2014
Total Asset Turnover	0.92	0.81	0.84	0.84	1.67	1.19
Fixed assets turnover	2.18	2.01	2.52	3.79	3.82	3.93
Working capital turnover	48.90	195.86	39.12	30.00	20.99	31.81

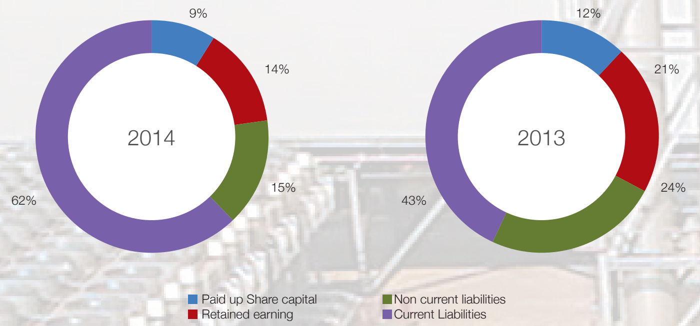
Turnover & Profitability



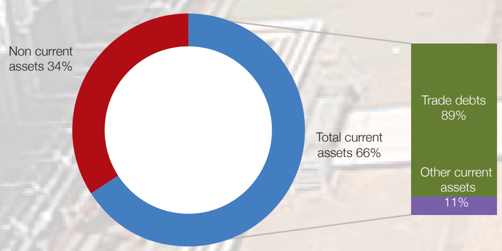
	2009	2010	2011	2012	2013	2014
Turnover	82,784	99,694	123,310	174,712	165,862	161,807
Gross Profit	6,097	7,688	9,217	15,651	16,318	11,737
Finance costs	2,094	1,794	3,382	7,083	6,548	4,605
Profit for the year	3,781	5,556	5,425	8,190	9,389	6,549

Graphical Presentation

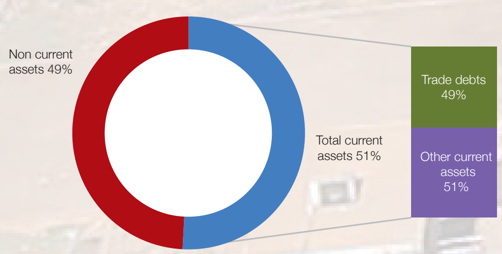
Graphic presentation of Capital Structure

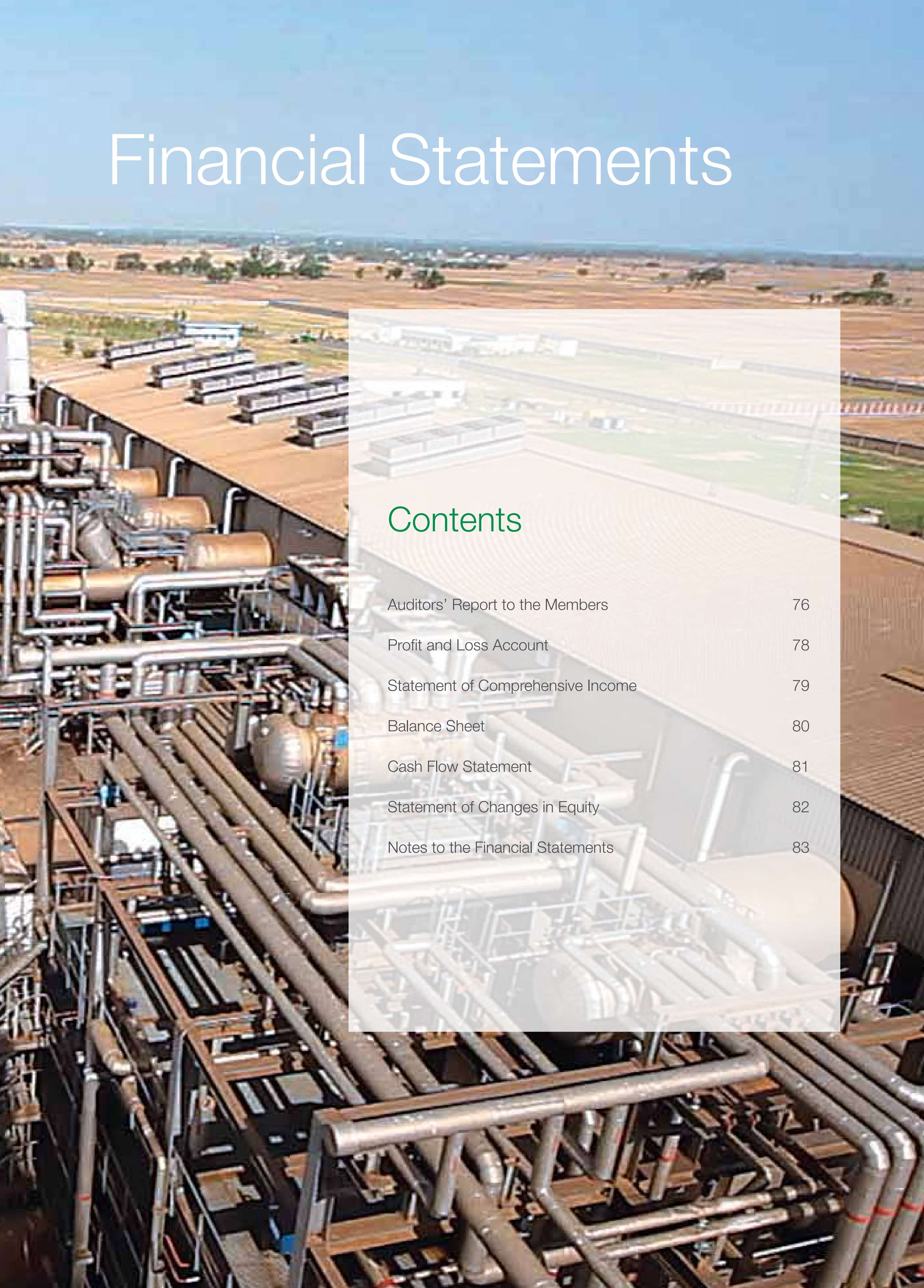


Composition of Total Assets- 2014



Composition of Total Assets- 2013





Financial Statements

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Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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Auditors' Report to the Members

We have audited the annexed balance sheet of The Hub Power Company Limited as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 36 to the accompanying financial statements with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

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c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

Date: 19 August 2014

Place: Karachi

Profit and Loss Account

For the year ended June 30, 2014

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Turnover	3	161,806,794	165,861,776
Operating costs	4	(150,070,180)	(149,543,719)
GROSS PROFIT		11,736,614	16,318,057
General and administration expenses	5	(661,097)	(415,200)
Other income	6	82,895	34,105
Workers' profit participation fund	7	-	-
PROFIT FROM OPERATIONS		11,158,412	15,936,962
Finance costs	8	(4,605,194)	(6,547,562)
PROFIT BEFORE TAXATION		6,553,218	9,389,400
Taxation	9	(4,039)	(1,520)
PROFIT FOR THE YEAR		6,549,179	9,387,880
Basic and diluted earnings per share (Rupees)	32	5.66	8.11

The annexed notes from 1 to 40 form an integral part of these financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Statement of Comprehensive Income

For the year ended June 30, 2014

	Note	2014 (Rs. '000s)	2013 (Rs. '000s) Restated
Profit for the year		6,549,179	9,387,880
Other comprehensive income for the year			
Items that will not be reclassified to Profit or Loss in subsequent periods			
Loss on remeasurements of post employment benefit obligation	22.3	(14,449)	(13,290)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,534,730	9,374,590

The annexed notes from 1 to 40 form an integral part of these financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Balance Sheet

As at June 30, 2014

	Note	2014 (Rs. '000s)	2013 (Rs. '000s) Restated
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	10	41,223,196	43,462,670
Intangibles	11	11,857	27,194
Investment in a subsidiary		4,674,189	4,674,189
Long term loan and advance	12	62,529	87,342
Long term deposits and prepayments	13	21,303	8,267
CURRENT ASSETS			
Stores and spares	14	1,599,161	1,574,038
Stock-in-trade	15	2,388,435	4,247,498
Trade debts	16	79,879,236	24,799,191
Loan and advances	17	78,201	108,333
Prepayments and other receivables	18	2,817,541	3,255,814
Cash and bank balances	19	2,676,177	17,068,953
		89,438,751	51,053,827
TOTAL ASSETS		135,431,825	99,313,489
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised	20	12,000,000	12,000,000
Issued, subscribed and paid-up	20	11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		19,473,218	21,038,569
		31,044,762	32,610,113
NON-CURRENT LIABILITIES			
Long term loans	21	20,033,860	23,551,136
CURRENT LIABILITIES			
Trade and other payables	22	62,794,145	34,838,252
Interest / mark-up accrued	23	1,157,756	1,422,134
Short term borrowings	24	16,878,118	4,526,903
Current maturity of long term loans	21	3,523,184	2,364,951
		84,353,203	43,152,240
COMMITMENTS AND CONTINGENCIES	25		
TOTAL EQUITY AND LIABILITIES		135,431,825	99,313,489

The annexed notes from 1 to 40 form an integral part of these financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Cash Flow Statement

For the year ended June 30, 2014

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		6,553,218	9,389,400
Adjustments for:			
Depreciation		2,694,302	2,683,533
Amortisation		15,337	15,112
(Gain) / loss on disposal of fixed assets		(82)	263
Staff gratuity		18,011	10,482
Interest income		(80,370)	(26,158)
Interest / mark-up		4,428,770	6,370,333
Amortisation of transaction costs		66,693	59,075
Operating profit before working capital changes		13,695,879	18,502,040
Working capital changes	30	(24,969,867)	29,669,484
Cash (used in) / generated from operations		(11,273,988)	48,171,524
Interest received		79,495	8,567
Interest / mark-up paid		(4,693,148)	(6,586,754)
Staff gratuity paid		(16,245)	(19,268)
Taxes paid		(4,039)	(1,520)
Net cash (used in) / generated from operating activities		(15,907,925)	41,572,549
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(345,991)	(127,972)
Proceeds from disposal of fixed assets		4,362	1,892
Long term loan and advance		24,813	(63,572)
Long term deposits and prepayments		(13,036)	(239)
Net cash used in investing activities		(329,852)	(189,891)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(8,080,478)	(7,506,069)
Proceeds from long term loans - Laraib's investment		-	80,395
Repayment of long term loans - Hub plant		(979,062)	(979,061)
Repayment of long term loans - Narowal plant		(1,446,674)	(1,244,435)
Net cash used in financing activities		(10,506,214)	(9,649,170)
Net (decrease) / increase in cash and cash equivalents		(26,743,991)	31,733,488
Cash and cash equivalents at the beginning of the year		12,542,050	(19,191,438)
Cash and cash equivalents at the end of the year	31	(14,201,941)	12,542,050

The annexed notes from 1 to 40 form an integral part of these financial statements.

Khalid Mansoor Chief Executive	Iqbal Alimohamed Director

Statement of Changes in Equity

For the year ended June 30, 2014

	Note	2014 (Rs. '000s)	2013 (Rs. '000s) Restated
Issued capital			
Balance at the beginning of the year		11,571,544	11,571,544
Balance at the end of the year	20	11,571,544	11,571,544
Unappropriated profit			
Balance at the beginning of the year		21,038,569	19,185,482
Total comprehensive income for the year		6,534,730	9,374,590
Transactions with owners in their capacity as owners			
Final dividend for the fiscal year 2012-2013 @ Rs. 4.50 (2011-2012 @ Rs. 3.00) per share		(5,207,195)	(3,471,463)
Interim dividend for the fiscal year 2013-2014 @ Rs. 2.50 (2012-2013 @ Rs. 3.50) per share		(2,892,886)	(4,050,040)
		(8,100,081)	(7,521,503)
Balance at the end of the year		19,473,218	21,038,569
Total equity		31,044,762	32,610,113

The annexed notes from 1 to 40 form an integral part of these financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

1. THE COMPANY AND ITS OPERATIONS

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except for the recognition of defined benefit plan at present value.

2.3 Property, plant and equipment

(a) Operating property, plant, equipment and depreciation

These are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land which is stated at cost.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets at the rates shown in note 10.1 to the financial statements. Depreciation on additions is charged for the full month in which an asset is available for use and on disposals up to the month immediately preceding the disposals. Gains and losses on disposals are taken to the profit and loss account.

Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised.

The residual value, depreciation method and the useful lives of the significant items of property, plant and equipment are reviewed and adjusted if required, at each balance sheet date.

(b) Capital work-in-progress

Capital work-in-progress is stated at cost. Items are transferred to operating property, plant and equipment as and when they are available for use.

2.4 Capital spares

Spare parts and servicing equipments are classified as property, plant and equipment rather than stores, spares and loose tools when they meet the definition of property, plant and equipment. Upon utilization, capital spares and servicing equipments are depreciated over their useful life, or the remaining life of principal asset, whichever is lower.

2.5 Intangible assets and amortisation

These are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is computed using the straight-line method over the estimated useful lives of the assets at the rate shown in note 11 to the financial statements.

2.6 Impairment of non-current assets

The carrying amounts of non-current assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to assess whether asset's carrying value exceeds its recoverable amount. Where carrying value exceeds the estimated recoverable amount, asset is written down to its recoverable amount. Impairment losses are recognised as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.7 Stores and spares

Stores and spares of Hub plant are stated at cost. The Operation and Maintenance Contractor of the Hub plant is responsible to maintain and replenish stores and spares as they are used.

Stores and spares of Narowal plant are valued at moving average cost except for the items in transit which are stated at cost. Cost of stock-in-transit represents the invoice value plus other charges incurred thereon till the balance sheet date. Provision is made for slow moving and obsolete items, if any.

2.8 Stock-in-trade

These are valued at the lower of cost determined on first-in-first-out basis and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, payorders in hand, cash with banks on savings, call and term deposit accounts and running finance under mark-up arrangements. Running finance under mark-up arrangements are shown in current liabilities.

2.10 Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

2.11 Staff retirement benefits

The Company operates a funded defined benefit gratuity plan covering eligible employees whose period of service with the Company is at least five years. The liabilities relating to defined benefit plans are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 22.3 to these financial statements.

The Company operates a defined contribution provident fund for all its employees who are eligible for the plan. Equal contributions thereto are made by the Company and the employees in accordance with the fund's rules.

2.12 Revenue recognition

Revenue from the sale of electricity to the Water and Power Development Authority (WAPDA), the sole customer of the Company for Hub plant, is recorded based upon the output delivered and capacity available at rates as specified under the Power Purchase Agreement (PPA) with WAPDA, as amended from time to time. PPA with WAPDA is a contract over a period of 30 years starting from 1997.

Revenue from the sale of electricity to the National Transmission and Despatch Company Limited (NTDC), the sole customer of the Company for Narowal plant, is recorded based upon the output delivered and capacity available at rates as specified under the PPA with NTDC. PPA with NTDC is a contract over a period of 25 years starting from 2011.

2.13 Interest income

Interest income is recorded on accrual basis.

2.14 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees, which is the Company's functional and presentation currency, at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees equivalents using balance sheet date exchange rates. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions and translations are included in profit and loss account.

2.15 Taxation

Income of the Company is not liable to taxation in Pakistan to the extent provided in the Implementation Agreements signed with the Government of Pakistan (GOP) and the Income Tax Ordinance, 2001 (ITO 2001). Accordingly, provision for taxation, if any, is made only on the income liable to tax at the applicable rates of tax after taking into account tax credits, rebates etc. allowable under the ITO 2001.

2.16 Dividend

Dividend is recognised as a liability in the period in which it is approved.

2.17 Financial instruments

(a) Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value plus directly attributable transaction cost, if any, and subsequently measured at amortised cost using the effective interest rate method less provision for impairment, if any.

(b) Borrowings

Borrowings are recognised initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest rate method.

(c) Trade and other payables

Liabilities for trade and other amounts payable are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method.

2.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised. All other borrowing costs are recognised as an expense in the period in which they are incurred. Qualifying assets are assets that necessarily take substantial period of time to get ready for their intended use.

2.19 Long term loans

Long term loans are non-derivatives financial assets with fixed or determinable payments that are not quoted in active market. They are included in non-current assets for having maturities greater than twelve months after the balance sheet date. Initially they are recognised at fair value and subsequently stated at amortised cost.

2.20 Investment in a subsidiary

Investment in a subsidiary is recognised at cost less impairment losses, if any.

2.21 Off-setting

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on net basis, or to realise the assets and to settle the liabilities simultaneously.

2.22 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the periods in which the estimates are revised and in any future periods affected. Significant estimates, assumptions and judgements are disclosed in the relevant accounting policies and notes to these financial statements.

Following are some significant areas where management used estimates and judgements.

a) Determining the residual values and useful lives of property, plant and equipment;
b) Distinguish between capital spares, servicing equipment and stores & spares;
c) Provisions;
d) Disclosures related to IFRIC 4;
e) Recognition of taxation;
f) Recognition of provision for staff retirement benefits;
g) Impairment of trade debts and other receivables; and
h) Contingencies.

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
3. TURNOVER			
Turnover		185,333,445	187,471,505
Less: Sales tax		(23,526,651)	(21,609,729)
		161,806,794	165,861,776
4. OPERATING COSTS			
Fuel cost		140,130,945	141,030,609
Stores and spares		458,661	175,876
Operation and Maintenance		3,962,653	3,664,270
Insurance		968,794	857,350
Depreciation	10.3	2,669,794	2,660,968
Amortisation	11.1	14,795	12,134
Repairs, maintenance and other costs		1,864,538	1,142,512
		150,070,180	149,543,719
5. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, benefits and other allowances	5.1 & 5.4	321,286	229,277
Travel and transportation		37,957	17,313
Fuel and power		7,092	3,615
Property, vehicles and equipment rentals		15,239	10,614
Repairs and maintenance		12,208	10,701
Legal and professional charges		92,015	33,364
Insurance		10,485	8,407
Auditors' remuneration	5.2	10,995	6,919
Donations	5.3	56,949	29,651
Printing and stationary		9,735	8,826
Depreciation	10.3	24,508	22,565
Amortisation	11.1	542	2,978
Loss on disposal of fixed assets		-	263
Miscellaneous		62,086	30,707
		661,097	415,200

5.1 These include Rs. 26.499 million (2013: Rs. 17.862 million) in respect of staff retirement benefits.

	2014 (Rs. '000s)	2013 (Rs. '000s)
5.2 Auditors' remuneration		
Statutory audit	2,251	1,805
Half yearly review	702	552
Tax and other services	7,651	4,118
Out-of-pocket expenses	391	444
	10,995	6,919

5.3 Donations include the following in which a director or his spouse is interested:

Name of Director	*Name of Donee*	*Interest in Donee*	2014 (Rs. '000s)	2013 (Rs. '000s)
Mr. Hussain Dawood	Karachi Education Initiative	Chairman	15,000	-

5.4 Number of persons employed as at year end were 57 (2013: 46) and the average number of persons employed during the year were 54 (2013: 46).

6. OTHER INCOME

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Interest income	6.1	80,370	26,158
Gain on disposal of fixed assets		82	-
Exchange gain		2,443	7,947
		82,895	34,105

6.1 This includes Rs. 12.493 million (2013: Rs. 4.344 million) relating to a subordinated loan to the subsidiary.

7. WORKERS' PROFIT PARTICIPATION FUND

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Provision for Workers' profit participation fund	22	327,661	469,470
Workers' profit participation fund recoverable from WAPDA / NTDC	18	(327,661)	(469,470)
		-	-

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

8. FINANCE COSTS

	2014 (Rs. '000s)	2013 (Rs. '000s)
Interest / mark-up on long term loans	3,091,771	3,577,950
Mark-up on short term borrowings	1,336,999	2,792,383
Amortisation of transaction costs	66,693	59,075
Other finance costs	109,731	118,154
	4,605,194	6,547,562

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
9. TAXATION			
Current			
- For the year		4,039	1,023
- Prior year		-	497
		4,039	1,520
10. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	10.1	41,095,800	43,395,401
Capital work-in-progress			
Hub plant	10.4	90,611	53,708
Narowal plant	10.5	36,785	13,561
		127,396	67,269
		41,223,196	43,462,670

10.1 Operating property, plant and equipment

	Freehold land	Building on freehold land	Leasehold property	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Total
	(Rs. '000s)							
Cost:								
As at July 1, 2012	68,624	818,952	862	71,681,471	40,244	100,745	8,659	72,719,557
Additions / Transfers	-	30,125	-	25,540	1,100	12,524	-	69,289
Disposals	-	-	-	(2,467)	-	(12,494)	-	(14,961)
As at June 30, 2013	68,624	849,077	862	71,704,544	41,344	100,775	8,659	72,773,885
Additions / Transfers	-	117,842	-	221,580	-	59,559	-	398,981
Disposals	-	-	-	(1,448)	-	(16,877)	(1,094)	(19,419)
As at June 30, 2014	68,624	966,919	862	71,924,676	41,344	143,457	7,565	73,153,447
Depreciation:								
Depreciation rate % per annum	-	3.33 to 20	3.33	3.33 to 33.33	20	25	20	-
As at July 1, 2012	-	131,253	509	26,476,358	28,428	65,048	6,161	26,707,757
Charge for the year	-	35,237	29	2,625,071	2,689	19,549	958	2,683,533
Disposals	-	-	-	(2,309)	-	(10,497)	-	(12,806)
As at June 30, 2013	-	166,490	538	29,099,120	31,117	74,100	7,119	29,378,484
Charge for the year	-	40,072	29	2,628,588	2,762	22,228	623	2,694,302
Disposals	-	-	-	(1,388)	-	(12,699)	(1,052)	(15,139)
As at June 30, 2014	-	206,562	567	31,726,320	33,879	83,629	6,690	32,057,647
Net book value as at June 30, 2014	68,624	760,357	295	40,198,356	7,465	59,828	875	41,095,800
Net book value as at June 30, 2013	68,624	682,587	324	42,605,424	10,227	26,675	1,540	43,395,401
Cost of fully depreciated assets as at June 30, 2014	-	19,148	-	334,728	27,535	54,283	4,388	440,082
Cost of fully depreciated assets as at June 30, 2013	-	19,148	-	320,055	27,535	40,839	5,239	412,816

10.2 Disposal of operating property, plant and equipment

Assets	Cost	Accumulated depreciation	Net book value	Sale price	Mode of disposal	Particulars of buyer
	(Rs. '000s)					
Vehicle	1,712	250	1,462	1,472	Company policy	Abdul Basit - Ex-employee
Vehicle	1,604	301	1,303	1,313	Company policy	Hussain Baig - Ex-employee
Vehicle	1,741	327	1,414	1,424	Company policy	Fawad Mustafa - Ex-employee
Items having a net book value not exceeding Rs. 50,000 each						
Vehicles	11,821	11,821	-	80	Company policy	Various employees
Equipments	139	108	31	13	Tender	Various
Office Equipments	1,094	1,052	42	5	Tender	Various
Computers	1,308	1,280	28	55	Company policy	Various employees / Ex-employee
Total - June 30, 2014	19,419	15,139	4,280	4,362		
Total - June 30, 2013	14,961	12,806	2,155	1,892		

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
10.3 Depreciation charge for the year has been allocated as follows:			
Operating costs	4	2,669,794	2,660,968
General and administration expenses	5	24,508	22,565
		2,694,302	2,683,533
10.4 Capital work-in-progress - Hub plant			
Opening balance		53,708	26,096
Additions during the year		182,881	51,447
Transfers during the year		(145,978)	(23,835)
		90,611	53,708
10.5 Capital work-in-progress - Narowal plant			
Opening balance		13,561	-
Additions during the year		55,644	25,761
Transfers during the year		(32,420)	(12,200)
		36,785	13,561

11. INTANGIBLES - Computer softwares

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Cost			
Opening balance		90,203	72,693
Additions		-	17,510
		90,203	90,203
Amortisation			
Opening balance		(63,009)	(47,897)
Charge for the year	11.1	(15,337)	(15,112)
		(78,346)	(63,009)
Net book value		11,857	27,194
Amortisation rate % per annum		33.33%	33.33%

		Note	2014 (Rs. '000s)	2013 (Rs. '000s)
11.1	Amortisation charge for the year has been allocated as follows:			
	Operating costs	4	14,795	12,134
	General and administration expenses	5	542	2,978
			15,337	15,112

12. LONG TERM LOAN AND ADVANCE

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Considered good			
Subordinated loan to subsidiary - unsecured	12.1	80,395	80,395
Less : Current portion	17	(17,866)	(8,040)
		62,529	72,355
Advance against fixed Operation and Maintenance fee - secured against bank guarantee		-	14,987
		62,529	87,342

12.1 Pursuant to the Sponsor Support Agreement for cost overrun support, the Company entered into a subordinated loan agreement for an amount of Rs. 170 million with the subsidiary out of which Rs. 80.395 million (2013: Rs. 80.395 million) was disbursed to subsidiary. The loan carries mark-up at the rate of 4.60% per annum above six month KIBOR. The mark-up on the loan was payable on semi-annual basis in arrear starting from October 01, 2013 and the principal amount was to be repaid semi-annually in 10 equal installments starting from April 01, 2014 subject to subsidiary company meeting certain conditions precedent and obtaining the approval from its lenders. Due to the delay in obtaining final tariff from NEPRA and not being able to meet conditions precedent, the subsidiary was unable to make interest and principal repayment on time. Consequently, as per the subordinated loan agreement, the principal repayment terms of the loan were revised which is now repayable in 9 equal installments starting from October 01, 2014. Any late payment will be compounded semi-annually.

		Note	2014 (Rs. '000s)	2013 (Rs. '000s)
13.	LONG TERM DEPOSITS AND PREPAYMENTS			
	Deposits		19,092	5,629
	Prepayments		2,211	2,638
			21,303	8,267
14.	STORES AND SPARES			
	In hand		1,569,330	1,574,038
	In-transit		29,831	-
		14.1	1,599,161	1,574,038

14.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

Notes to the Financial Statements
For the year ended June 30, 2014

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
15. STOCK-IN-TRADE			
Furnace oil		2,344,904	4,207,165
Diesel		27,075	22,863
Lubricating oil		9,665	10,401
Light diesel oil		6,791	7,069
		2,388,435	4,247,498
16. TRADE DEBTS - Secured			
Considered good	16.1 & 16.2	79,879,236	24,799,191

16.1 This includes an amount of Rs. 61,540 million (2013: Rs. 12,047 million) receivable from WAPDA and Rs. 4,631 million (2013: Rs. 627 million) receivable from NTDC which are overdue but not impaired because the trade debts are secured by a guarantee from the GOP under Implementation Agreements.

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

The aging of these receivables are as follows:

	2014 (Rs. '000s)	2013 (Rs. '000s)
Not yet due	13,708,562	12,124,796
Up to 3 months	39,346,292	4,569,910
3 to 6 months	10,735,963	1,761,682
Over 6 months	16,088,419	6,342,803
	79,879,236	24,799,191

16.2 This includes Rs. 373 million (2013: Rs. 373 million) relating to a tax matter (Refer note 25.7).

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
17. LOAN AND ADVANCES			
Considered good			
Current portion of subordinated loan to subsidiary - unsecured	12	17,866	8,040
Advances			
Executives		1,069	669
Employees		214	2
Suppliers		59,052	99,622
		60,335	100,293
		78,201	108,333

18. PREPAYMENTS AND OTHER RECEIVABLES

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Prepayments			
LC commission and other loan related costs		21,277	5,030
Miscellaneous		19,595	11,070
		40,872	16,100
Other receivables			
Interest accrued	18.1	18,474	17,599
Income tax	25.7	1,912,347	1,912,347
Sales tax		116,300	558,314
Receivable from Subsidiary against reimbursement of expenses		103,263	89,889
Workers' profit participation fund recoverable from WAPDA / NTDC	7	327,661	469,470
Miscellaneous		298,624	192,095
		2,776,669	3,239,714
		2,817,541	3,255,814

18.1 This includes Rs. 16.837 million (2013: Rs. 4.344 million) relating to subordinated loan to subsidiary.

19. CASH AND BANK BALANCES

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Savings accounts		30,871	34,053
Call and term deposits		-	16,818,692
	19.1 & 19.2	30,871	16,852,745
In hand			
Cash		125	75
Payorders / Cheques		2,645,181	216,133
		2,645,306	216,208
		2,676,177	17,068,953

19.1 Savings and deposits accounts carry mark-up rates up to 7.00% (2013: 9.00%) per annum.

19.2 This includes Rs. 28.463 million (2013: Rs. 29.366 million) restricted for Narowal project related payments.

20. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		2014	2013
(No. of Shares)			(Rs. '000s)	(Rs. '000s)
		Authorised :		
1,200,000,000	1,200,000,000	Ordinary shares of Rs.10/- each	12,000,000	12,000,000
		Issued, subscribed and paid-up : Ordinary shares of Rs.10/- each		
818,773,317	818,773,317	For cash	8,187,733	8,187,733
		For consideration other than cash		
338,022,463	338,022,463	- against project development cost	3,380,225	3,380,225
358,607	358,607	- against land	3,586	3,586
338,381,070	338,381,070		3,383,811	3,383,811
1,157,154,387	1,157,154,387		11,571,544	11,571,544

20.1 The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction. The Company may not pay dividend until certain financial requirements under its long term debt facilities are satisfied.

20.2 Associated undertakings held 277,452,000 (2013: 277,452,000) shares in the Company as at year end.

21. LONG TERM LOANS - Secured

From Banks / Financial Institutions	Note	As at July 01, 2013	Drawn	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2014
		(Rs. '000s)					
Hub plant							
Under the Private Sector Energy Development Fund,s (PSEDF I) Facility	21.1 & 21.1.1	2,489,861	-	(722,107)	(722,107)	-	1,045,647
Under the Private Sector Energy Development Fund,s (PSEDF II) Facility	21.1 & 21.1.2	885,992	-	(256,955)	(256,954)	-	372,083
Sub Total		3,375,853	-	(979,062)	(979,061)	-	1,417,730
Narowal plant							
Commercial Facility	21.2.1	5,517,001	-	(464,485)	(528,771)	-	4,523,745
Expansion Facility	21.2.2	13,169,890	-	(982,189)	(1,153,384)	-	11,034,317
Transaction costs		(333,109)	-	-	59,879	60,678	(212,552)
Sub Total		18,353,782	-	(1,446,674)	(1,622,276)	60,678	15,345,510
Laraib's investment							
Syndicated term finance facility	21.3.1	3,500,532	-	-	(777,896)	-	2,722,636
Islamic finance facility	21.3.2	759,000	-	-	(168,667)	-	590,333
Transaction costs		(73,080)	-	-	24,716	6,015	(42,349)
Sub Total		4,186,452	-	-	(921,847)	6,015	3,270,620
Total		25,916,087	-	(2,425,736)	(3,523,184)	66,693	20,033,860

Notes to the Financial Statements

For the year ended June 30, 2014

From Banks / Financial Institutions	Note	As at July 01, 2012	Drawn	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2013
		(Rs. '000s)					
Hub plant							
Under the Private Sector Energy Development Fund,s (PSEDF I) Facility	21.1 & 21.1.1	3,211,967	-	(722,106)	(722,108)	-	1,767,753
Under the Private Sector Energy Development Fund,s (PSEDF II) Facility	21.1 & 21.1.2	1,142,947	-	(256,955)	(256,954)	-	629,038
Sub Total		4,354,914	-	(979,061)	(979,062)	-	2,396,791
Narowal plant							
Commercial Facility	21.2.1	5,925,022	-	(408,021)	(464,485)	-	5,052,516
Expansion Facility	21.2.2	14,006,304	-	(836,414)	(982,189)	-	12,187,701
Transaction costs		(392,184)	-	-	60,785	59,075	(272,324)
Sub Total		19,539,142	-	(1,244,435)	(1,385,889)	59,075	16,967,893
Laraib's investment							
Syndicated term finance facility	21.3.1	3,420,137	80,395	-	-	-	3,500,532
Islamic finance facility	21.3.2	759,000	-	-	-	-	759,000
Transaction costs		(73,080)	-	-	-	-	(73,080)
Sub Total		4,106,057	80,395	-	-	-	4,186,452
Total		28,000,113	80,395	(2,223,496)	(2,364,951)	59,075	23,551,136

21.1 These loans are repayable in 30 equal installments on semi-annual payment dates starting from January 10, 2002. Any late payment by the Company is subject to payment of interest at 3% per annum above the normal rate of interest. The Company may not pay dividend until certain financial requirements under these facilities are satisfied. These loans are secured pari passu by way of:

(a) a fixed charge over each of the following, namely:

(i) the Tangible Moveable Property of the Company;
(ii) the Intellectual Property of the Company; and
(iii) all goodwill belonging to the Company.

excluding (i) those relating or pertaining to the Narowal plant; (ii) the Commercial Facility Disbursement Account; and (iii) present and future shares acquired in the Subsidiary including bonus shares and right shares.

(b) a floating charge on the whole of the Company's undertaking and assets, present and future, other than:

(i) any assets for the time being effectively charged by way of fixed charge; (ii) any undertaking and assets, present and future, relating or pertaining to the Narowal plant; (iii) any shares in Demerged Company (special purpose vehicle that the Company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal plant); (iv) the Commercial Facility Disbursement Account; and (v) present and future shares acquired in the Subsidiary including bonus shares and right shares.

(c) an assignment of all rights, title and interest, present and future, in relation to the Assigned Documents, Tangible Moveable Property, book and other debt and monetary claims (which are not otherwise subject to a fixed charge), uncalled capital, all Investments, Assigned Accounts and Insurances but excluding rights, interests and claims relating to or arising out of the documents executed for the Narowal plant; and

(d) mortgages over the Company's real property situated in Lasbella, Islamabad and Karachi, together with all rights of easements, privileges and licences appurtenant thereto.

21.1.1 Interest is payable @ 14% per annum.

21.1.2 Interest rate per annum is equal to the greater of the sum of (i) One year United States Treasury Bill Rate, the FERI Margin and 4.00% or (ii) World Bank Lending Rate, the FERI Margin and 3.50%.

21.2 In connection with Narowal plant:

21.2.1 The loan is repayable in 40 installments on quarterly basis starting from January 16, 2011 and then on each mark-up payment date at a mark-up rate of three month KIBOR plus 0.25% per annum. The mark-up is payable on quarterly basis in arrear. The loan is secured pari passu by way of same securities as mentioned in note 21.1 and a first ranking floating charge over the Commercial Facility Disbursement Account and all credit balances held therein from time to time and all rights, property and benefits arising therefrom at any time and from time to time.

21.2.2 The loan is repayable in 40 installments on quarterly basis starting from January 16, 2011 and then on each mark-up payment date at a mark-up rate of three month KIBOR plus 3.47% per annum. The mark-up is payable on quarterly basis in arrear.

The loan is secured pari passu by way of:

(a) mortgage by Deposit of Title Deeds over the immovable properties of the Company situated at Narowal and acquired for the purposes of Narowal plant;

(b) a first ranking floating charge over the Project Company's undertaking and assets (both present and future), fixed and current [other than those referred in note 24.1.2(a)], tangible and intangible, wherever situated and all present and future trade deposits, trade debts, loans and advances, bills and other receivables in relation to the Narowal plant;

(c) by way of hypothecation, the creation of a first fixed charge over the present and future properties purchased for the purposes of Narowal plant;

(d) mortgage and assignment of the Company's rights, titles and interests, present and future, actual and contingent under and in connection with the Narowal Project Documents and all rights of the Company to make recovery under the Narowal Project Documents and all proceeds of whatsoever nature receivable by the Company under the Narowal Project Documents; and

(e) by way of first priority security, the Company has assigned, charged and granted a security interest on all and each of the Project Company's rights, title, interest and benefit, present and future, under and in connection with the GOP Guarantee (for Narowal plant) and all rights of the Project Company to make recovery under the GOP Guarantee and any proceeds thereof receivable by the Project Company under the GOP Guarantee.

The Company shall not pay dividends until certain requirements under these facilities are satisfied. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate.

The outstanding balance of long term loans include Rs. 1,065 million (2013: Rs. 1,154 million) repayable to Askari Bank Limited (an associated undertaking).

21.3 In order to meet its investment obligation in the Subsidiary:

21.3.1 The Company has entered into a long term financing arrangement with various banks / financial institution for an amount of Rs. 3,741 million. The loan is repayable in 9 equal installments on semi-annual basis following the six months after the end of availability period which is 42 months from the facility effective date at a mark-up rate of six month KIBOR plus 2.20% per annum. The facility became effective on October 01, 2010. The mark-up is payable on semi-annual basis in arrear starting from the availability period. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of second ranking / subordinated charge over all present and future undertaking and assets excluding land and buildings of the Company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the Company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal plant); and (iv) present and future shares acquired in the Subsidiary including bonus shares and right shares.

21.3.2 The Company has also entered into a long term islamic financing arrangement with a bank for an amount of Rs. 759 million. The loan is repayable in 9 equal installments on semi-annual basis following the six months after the end of availability period which is 42 months from the facility effective date at a mark-up rate of six month KIBOR plus 2.20% per annum. The facility became effective on November 24, 2010. The mark-up is payable on semi-annual basis in arrear starting from the availability period. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of securities mentioned in note 21.3.1.

The outstanding balance of long term loans also include Rs. 200 million (2013: Rs. 200 million) out of the total available facility of Rs. 241 million from Askari Bank Limited (an associated undertaking).

22. TRADE AND OTHER PAYABLES

	Note	2014 (Rs. '000s)	2013 (Rs. '000s) Restated
Creditors			
Trade	22.1	59,959,385	32,281,752
Other		24,699	19,208
		59,984,084	32,300,960
Accrued liabilities			
Operation & Maintenance fee and services		270,393	240,966
Project cost - Narowal plant		19,559	27,452
Finance costs		10,513	12,135
Miscellaneous		800,385	571,717
		1,100,850	852,270
Unearned income	22.2	1,169,944	1,031,754
Unclaimed dividend		139,817	120,214
Other payables			
Provision for Workers' profit participation fund	7	327,661	469,470
Staff gratuity	22.3	41,434	25,219
Retention money		28,278	38,188
Withholding tax		2,077	177
		399,450	533,054
		62,794,145	34,838,252

22.1 This includes Rs. 57,680 million (2013: Rs. 29,785 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 52,608 million (2013: Rs. 20,520 million).

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

22.2 This represents Capacity Purchase Price invoiced for the succeeding month under the terms of PPA for Hub plant.

	2014 (Rs. '000s)	2013 (Rs. '000s) Restated
22.3 STAFF GRATUITY		
Staff gratuity	41,434	25,219

Actuarial valuation was carried out as on June 30, 2014. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost method.

	2014 (Rs. '000s)	2013 (Rs. '000s) Restated
Reconciliation of the net liability recognised in the balance sheet		
Present value of defined benefit obligation	142,975	110,181
Fair value of plan assets	(101,541)	(84,962)
Net liability recognised in the balance sheet	41,434	25,219
Reconciliation of the movements during the year in the net liability recognised in the balance sheet		
Opening net liability	25,219	20,715
Expense recognised	18,011	10,482
Total remeasurement loss recognised in Other Comprehensive Income (OCI)	14,449	13,290
Contributions to the fund made during the year	(16,245)	(19,268)
Closing net liability	41,434	25,219
Expense recognised		
Current service cost	15,111	8,673
Net Interest	2,900	1,809
Expense recognised	18,011	10,482

Significant actuarial assumptions used in the actuarial valuation were as follows:

	2014	2013
- Valuation discount rate per annum	13.25%	11.50%
- Expected return on plan assets per annum	13.25%	11.50%
- Expected rate of increase in salary level per annum	13.00%	13.25%

	2014	2013	2012	2011	2010
	(Rs. '000s)				
As at June 30					
Present value of defined benefit obligation	142,975	110,181	108,968	97,139	110,529
Fair value of plan assets	(101,541)	(84,962)	(88,253)	(61,054)	(81,095)
Deficit / (Surplus)	41,434	25,219	20,715	36,085	29,434

23. INTEREST / MARK-UP ACCRUED

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Interest / mark-up accrued on long term loans		838,114	930,642
Mark-up accrued on short term borrowings		319,642	491,492
	23.1	1,157,756	1,422,134

23.1 Included herein is a sum of Rs. 42.120 million (2013: Rs. 252.101 million) payable to an associated undertaking.

24. SHORT TERM BORROWINGS - Secured

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Finances under mark-up arrangements	24.1 to 24.3	16,878,118	4,526,903

24.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 25,165 million (2013: Rs. 21,965 million) at mark-up ranging between 0.75% to 3.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities will expire during the period from July 31, 2014 to May 31, 2015. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

24.1.1 The facilities amounting to Rs. 20,240 million (2013: Rs. 17,040 million) are secured by way of charge over the trade debts and stocks of the Company pari passu with the existing charge.

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

(a) a first ranking charge on all present and future (i) amounts standing to the credit of the Energy Payment Collection Account and the Master Facility Account, (ii) Fuel, lube, fuel stocks at the Narowal plant and Spares parts; and (iii) the Energy Payment Receivables of Narowal plant.

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

24.1.3 This includes a sum of Rs. 275 million (2013: Rs. Nil) payable to Askari Bank Limited (an associated undertaking). The available facility amounted to Rs. 275 million (2013: Rs. 275 million). This facility is secured by way of securities mentioned in note 24.1.2.

24.2 The Company also has Murabahah facility agreements with banks for an amount of Rs. 625 million (2013: Rs. 625 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on August 28, 2014. Any late payment by the Company is subject to an additional payment of 4.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 24.1.2.

24.3 The Company also entered into a Musharaka agreement amounting to Rs. 635 million (2013: Rs. 635 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on October 31, 2014. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 24.1.2 (a).

25. COMMITMENTS AND CONTINGENCIES

25.1 Commitments in respect of capital and revenue expenditures amount to Rs. 1,008.304 million (2013: Rs. 348.070 million).

25.2 In connection with investment in the Subsidiary, the Company entered into an Sponsor Support Agreement (SSA). In accordance with the terms of the SSA, the Company entered into a Sponsor Charge and Assignment Deed with the Subsidiary's lenders pursuant to which the Company has:

(i) charged, by way of first fixed charge:

(a) all its right, title and interest from time to time in and to the Shares and Related Rights of the Subsidiary; and

(b) all its rights, title and interest from time to time (whether present or future) in the Assigned Subordinated Loans and all claims in relation thereto.

(ii) assigned and has agreed to assign absolutely all rights, title and interest present or future of the Company in respect of the Assigned Subordinated Loans.

Accordingly, all the present and future shares which the Company holds or owns in the Subsidiary and the loans, if any, to be provided to the Subsidiary are subject to Security Interest created by Sponsor Charge and Assignment Deed above.

Further, the Company is committed to maintain a minimum of 75% equity interest in the Subsidiary.

25.3 Pursuant to the SSA in connection with the investment in the Subsidiary, the Company has provided an LC of USD 23 million to the Subsidiary's lenders for cost overruns and debt repayment. After meeting certain conditions by the subsidiary, the LC amount will be reduced to USD 17 million which the Company is committed to continue to maintain till the last repayment of debt (expected in 2024). Any default in payment by the Company is subject to a mark-up of six month KIBOR plus a margin of 4%. This LC is secured by way of second ranking / subordinated charge over all present and future undertaking and assets of the Company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the Company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal project); and (iv) present and future shares acquired in the Subsidiary including bonus shares and right shares.

25.4 Pursuant to Fuel Supply Agreement (FSA) with Bakri Trading Company Pakistan (Pvt) Ltd for the Narowal plant, the Company has provided Stand-by Letter of Credit (SBLC) for an amount of Rs. 2,400 million. Any default in payment by the Company is subject to a mark-up rate of three month KIBOR plus 4% per annum. This SBLC is secured by way of securities mentioned in note 24.1.2.

25.5 Due to continuous delay in payments by NTDC in connection with the Narowal plant, the Company had called on the Sovereign Guarantee for recovery of overdue receivables. Subsequently, the Company also filed a petition in the Honourable Supreme Court of Pakistan (SCP) seeking inter alia an immediate recovery of these overdue receivables and to protect itself against reduction in capacity purchase price in the form of Liquidated Damages (LDs) due to non-availability of power plant for electricity generation because of lack of fuel caused by delay in payments by NTDC. On February 15, 2013, the SCP passed an interim order that there shall be no reduction in capacity payment. On June 28, 2013, the Company and other IPPs agreed with GOP that on settlement of all overdue amounts, the Company and other IPPs would withdraw the SCP case and pursue expert adjudication and arbitration in accordance with the PPA with regards to the LDs imposed by power purchaser. The expert adjudication process has commenced and is ongoing. If the decision is in favour of the Company, an amount of Rs. 986 million deducted by power purchaser (out of which LDs amounting to Rs. 647 million pertaining to the period prior to January 2013 charged to Profit & Loss account as a matter of prudence) will become refundable.

25.6 During the year, WAPDA informed the Company of its intention to impose LDs amounting to Rs. 235 million due to non-availability of Hub Power Plant for electricity generation. The plant was unavailable for electricity generation because of shortage of fuel caused by persistent delay in payments by WAPDA. The Company has notified WAPDA that, as per the PPA, no LDs can be imposed on the Company that arise due to a breach by WAPDA of the PPA. The Company is strongly contesting this matter and will take appropriate legal measures to vigorously defend its position.

The management is confident that this matter will be decided in its favour and, therefore, no provision has been made in these financial statements.

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

In order to restrict the penal exposure of the Company, in May 2012 the Company availed the scheme offered by the FBR vide SRO 547(I)/2012 dated May 22, 2012 and made payment of Rs. 1,615 million. In accordance with the scheme, the FBR has informed the Company that penalties and default surcharge amounting to Rs. 2,925 million levied on the Company in connection with the above tax demand have been waived.

Subsequent to the year end, the SCP has decided the case in favor of the Company. Consequently, the Company is entitled to receive an amount of Rs. 1,912 million paid to the FBR (Refer note 18). The FBR is entitled to seek a review of the aforementioned judgement pursuant to Article 188 of The Constitution of the Islamic Republic of Pakistan,1973.

25.8 The Company and the power plant construction contractors had entered into a Turnkey Construction Contract (TKC). Under the terms of the TKC, the Company was required to pay all income tax liability on payments to contractors and sub-contractors. Under the PPA with WAPDA, any tax paid by the Company on behalf of construction contractors and sub-contractors was to be reimbursed by WAPDA.

Under the provisions of the Implementation Agreement (IA) between the Company and Government of Pakistan (GOP) it was agreed that payments to contractors and sub-contractors would be subject to 4% tax which would be full and final liability on account of income tax. Accordingly, the provisions of tax law were amended. However in 1998, few years after the tax had been paid, the FBR contended that Company was liable to pay tax at 8% instead of the agreed rate of 4% and was also liable to pay tax on taxes paid on behalf of contractors and sub-contractors on "tax on tax" basis at the corporate rates ranging from 52% to 58% instead of 4%. Accordingly, demand notices were issued and the Company was required to pay Rs. 966 million. On payment of Rs. 966 million, the Company immediately billed these amounts to WAPDA. Against these demands by FBR, appeals were filed by the Contractors and Sub-Contractors which were decided in their favour. The FBR has filed appeals before the courts which are pending adjudication.

On Company's and other Independent Power Producers' (IPPs) representation, the Economic Coordination Committee (ECC) of the Federal Cabinet of the GOP directed the FBR to refund the tax recovered by it over and above 4%. The FBR has so far refunded Rs. 593 million but withheld Rs. 373 million on the pretext that the ECC decision was not applicable on "tax on tax" issue and also because the FBR has filed appeals before the courts which are pending adjudication.

The Company continued its discussions with the GOP and the FBR for the balance refund of Rs. 373 million. As a result, the tax department passed revised orders recognising refunds aggregating to Rs. 300.5 million. The tax law specifies that once an order recognising refund is passed, only then a taxpayer can apply for issuance of refund order and refund cheque. Accordingly, the Company has filed applications with the tax department for issuance of refund orders and cheques for the above amounts. The Company is also pursuing the tax department for issuance of revised orders recognising the balance refund amounting to Rs. 72.5 million.

The management and their tax advisors are of the opinion that the position of the Contractors and the Company is strong on legal grounds and on the basis of the above referred orders, therefore, tax of Rs. 373 million will be refunded.

Pending the resolution of the matter stated above, no provision has been made in these financial statements.

25.9 The Company had filed a petition on June 28, 2000 challenging the application of the Companies Profits (Workers' Participation) Act, 1968 (the Act) to the Company on the ground that since its inception the Company has not employed any person who falls within the definition of the term "Worker" as it has been defined in the Act.

The petition was filed subsequent to the service on the Company of a letter of March 14, 2000 by the Labour, Manpower and Overseas Pakistanis' Division directing the Company to allocate 5% of its net profit (since its establishment) amounting to Rs. 3,136 million towards the Workers' Profit Participation Fund and deposit the entire amount of the Fund in the Federal Treasury. The petition had been filed against the Federation of Pakistan through the Secretary, Ministry of Labour, Manpower and Overseas Pakistanis, Labour, Manpower and Overseas Pakistanis Division and, in view of the fact that any payment made by the Company to the Fund is a pass through item under the PPA, against the WAPDA as a pro forma party.

In December 2003, the Company decided on a fresh legal review of the petition and thereafter was advised by counsel to withdraw the petition and to immediately file a fresh petition incorporating all the available grounds. Accordingly, on December 17, 2003 the Company withdrew the petition and immediately refiled a petition, which incorporated all the available grounds.

Both HUBCO and WAPDA agreed that this petition should proceed and a judgement obtained on merits. During the year ended June 30, 2011, the petition was dismissed by the HC. Against the decision of the HC, the Company filed petition for leave to appeal before the SCP. In December 2011, the SCP set aside the judgement of the HC and directed it to decide the case afresh.

As at June 30, 2014, the total financial exposure relating to the above case is Rs. 16,875 million (Rs. 3,136 million being the 5% of the profit and Rs. 13,739 million interest component on delayed payment). No provision has been made in these financial statements as any payment made by the Company is a pass through item under the PPA.

Following the amendments made by the Finance Act 2006 to the Companies Profits (Workers' Participation) Act, 1968 (the Act), the Company established the Hubco Workers' Participation Fund on August 03, 2007 to allocate the amount of annual profits stipulated by the Act for distribution amongst worker(s) eligible to receive such benefits under the Act and any amendments thereto from time to time (Refer note 7).

25.10 (i) Under the IA with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, the tax authorities issued a tax demand for the tax years 2006-2010 amounting to Rs. 143 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The Company's appeal before the Commissioner of Inland Revenue Appeals (CIR-A) and the Appellate Tribunal Inland Revenue ("ATIR") were rejected. Against the order of the ATIR the Company filed Income Tax Reference Applications (ITRAs) before the Honorable Islamabad High Court (IHC). The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. The ATIR re-heard the appeals and has decided against the Company. The Company has filed appeals before the IHC which are pending adjudication. The Company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 216 million.

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

(ii) FBR also imposed 2% WWF for tax years 2006-2010 and issued a demand for Rs. 191 million which was subsequently reduced to Rs. 8 million by the CIR-A. The Company's appeals filed in IHC mentioned in (i) above also included this matter. The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. The ATIR re-heard the appeals and decided against the Company. The Company has filed appeals before the IHC which are pending adjudication. The Company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 10 million.

WWF is a pass through under the PPA and is recoverable from the WAPDA. No provision has been made in these financial statements as any payment made by the Company is a pass through item under the PPA.

25.11 (i) Under the Implementation Agreement with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, during the year, the FBR issued tax demand for the tax year 2011 amounting to Rs. 3.2 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. Appeals filed by the Company before the CIR-A and thereafter with the ATIR were decided against the Company. The Company has filed appeal with the IHC which is pending adjudication. Meanwhile the IHC has refrained the FBR from recovering the amount. The Company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 3.5 million.

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

(ii) FBR also imposed 2% WWF for the tax year 2011 and issued a demand for Rs. 108.5 million. Appeals filed by the Company before the CIR-A and thereafter with the ATIR were decided against the Company. The Company has filed appeal with the IHC which is pending adjudication. Meanwhile the IHC has refrained the FBR from recovering the amount. The Company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 110.5 million.

WWF is a pass through under the PPA and is recoverable from WAPDA. No provision has been made in these financial statements as any payment made by the Company is a pass through item under the PPA.

25.12 (i) Under the IA with the GOP and under the tax law, the Company is exempt from the levy of minimum tax. However, the FBR issued demand notices amounting to Rs. 442 million relating to the tax years 2006 to 2008, 2010 and 2011. After the Company's appeals were rejected by the CIR-A, Islamabad, further appeals were filed with the ATIR, Islamabad which has decided the appeals in favour of the Company. Against ATIR orders, FBR has filed appeals in the IHC which are pending adjudication. The Company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 620 million.

(ii) The FBR passed an order for the recovery of sales tax amounting to Rs. 8,691 million relating to fiscal years ended June 2008 to 2011. In FBR's view the Company had claimed input tax in excess of what was allowed under the law. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which decided the case in favour of the Company. Against the judgement of the ATIR, the FBR has filed a case with the IHC. No date has yet been fixed for hearing. The Company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 15,403 million.

(iii) The FBR passed an order for the recovery of sales tax amounting to Rs. 4,001 million relating to fiscal year ended June 2012. In FBR's view, the Company had claimed input tax in excess of what was allowed under the law. Company's appeal was rejected by the CIR-A against which an appeal was filed with the ATIR which is pending adjudication. The Company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 5,704 million.

(iv) During the year, the FBR issued a Show Cause Notice to recover sales tax amounting to Rs. 4,044 million relating to fiscal year ended June 2013. In FBR's view, 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 has been admitted. The IHC issued notice to FBR and has directed the FBR not to pass any final order. The Company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 5,027 million.

(v) Payment to PSO under the FSA including payment of Late Payment Interest (LPI) are exempt from withholding of income tax under the provisions of the tax law. During the year, the FBR issued show cause notices to recover tax amounting to Rs. 1,677 million on the pretext that LPI paid to PSO under the FSA is a payment of "profit on debt". The Company filed a Writ Petition in the IHC which has been admitted. The IHC has suspended the operation of the show cause till next date of hearing, which would be announced later on.

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

25.13 Under the 2002 Power Policy, Fuel Supply Agreement (FSA) and Power Purchase Agreement (PPA), fuel price for the Narowal Plant must be approved by National Electric Power Regulatory Authority (NEPRA) before the Company can raise the invoice to Power Purchaser, National Transmission and Despatch Company Limited (NTDC).

During the year, Bakri Trading Company Private Limited (BTCPL) changed the pricing Mechanism for the fuel supplied at Narowal Plant. The Company, after obtaining the requisite information from BTCPL, applied for the change in pricing to NEPRA which was not approved by NEPRA. On BTCPL's request, the Company has filed a review petition for the revised fuel pricing which is pending adjudication.

The management and its legal advisors are of the opinion that the Company is only liable to pay the revised fuel price after its approval from NEPRA under the 2002 Power Policy, FSA and PPA as the fuel cost is a pass through item. Therefore, no provision has been made in these financial statements. As at June 30, 2014, the total financial exposure of the Company is Rs. 291.857 million.

25.14 The power purchaser of the Hub Plant was unable to meet its obligation to provide a stand by letter of credit as required under the PPA. Consequently, the Company was unable to meet its obligation to provide a stand by letter of credit to PSO under the FSA.

Notes to the Financial Statements

For the year ended June 30, 2014

26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts incurred during the year for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Company were as follows:

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
		Chief Executive	
Managerial remuneration		18,468	12,261
Ex-gratia payment to Ex-CEO		-	20,016
Bonus		11,081	4,814
House rent		-	4,557
Utilities		1,847	1,238
Retirement benefits		-	976
Other benefits	26.1	13,418	3,967
		44,814	47,829
Number of persons		1	1
		Directors	
Fees	26.2	14,700	15,715
Number of persons		14	14
		Executives	
Managerial remuneration		97,550	61,500
Ex-gratia payment		775	9,067
Bonus		28,945	18,361
House rent		36,666	27,675
Utilities		9,755	6,150
Retirement benefits		25,520	16,155
Other benefits	26.1	63,447	15,894
		262,658	154,802
Number of persons		51	36
		Total	
Managerial remuneration / Fees		130,718	89,476
Ex-gratia payment		775	29,083
Bonus		40,026	23,175
House rent		36,666	32,232
Utilities		11,602	7,388
Retirement benefits		25,520	17,131
Other benefits		76,865	19,861
		322,172	218,346
Number of persons		66	51

26.1 Retirement benefits to the Chief Executive and certain Executives are paid as a part of monthly emoluments.

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

26.3 The Chief Executive and certain Executives are provided with the use of Company maintained automobiles and certain other benefits.

26.4 The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

27. RELATED PARTY TRANSACTIONS

Related party comprise subsidiary, associated companies, companies where directors also hold directorship, retirement benefits fund and key management personnel. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Subsidiary			
Reimbursement of expenses from Subsidiary		57,159	89,889
Associated Undertakings			
Interest income on placement of funds		17,939	3,746
Amounts paid for the purchase of assets		9,247	-
Amounts paid for services rendered		11,987	7,424
Reimbursement of expenses and others		44	-
Donation paid to Karachi Education Initiative		15,000	-
Proceeds from long term loan		-	80,395
Repayment of long term loans		682,186	777,050
Interest / Mark-up on long term loans		431,549	1,158,128
Mark-up on short term borrowings		18,864	307,673
Other finance costs		11,722	27,774
Other related parties			
Mark-up on short term borrowings		49	488
Repayment of short term borrowings and related Mark-up		15,537	-
Remuneration to key management personnel			
Salaries, benefits and other allowances		126,593	61,451
Ex-gratia payment		-	20,016
Retirement benefits		6,283	5,558
	27.1	132,876	87,025
Directors' fee	26.2	14,700	15,715
Contribution to staff retirement benefit plans		24,733	27,769

27.1 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.

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

28. PROVIDENT FUND TRUST

	2014	2013
Size of the trust (Rupees in thousands)	104,469	78,081
Cost of investments made (Rupees in thousands)	94,045	75,155
Percentage of investments made (%)	90.02%	96.25%
Fair value of investments made (Rupees in thousands)	102,250	75,424

Break-up of Investments	2014 (Rs. '000s)	2013 (Rs. '000s)
Treasury Bills	52,560	15,152
Short term Deposit	27,182	9,000
Other	22,508	51,272
	102,250	75,424

Investments out of provident fund have been made in accordance with the provisions of the Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. These figures are unaudited.

29. PLANT CAPACITY AND PRODUCTION

HUB PLANT

	2014	2013
Theoretical Maximum Output	10,512 GWh	10,512 GWh
Total Output	7,087 GWh	7,673 GWh
Load Factor	67%	73%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,216 GWh (2013: 9,216 GWh). Output produced by the plant is dependent on the load demanded by WAPDA and the plant availability.

NAROWAL PLANT

	2014	2013
Theoretical Maximum Output	1,873 GWh	1,873 GWh
Total Output	1,562 GWh	820 GWh
Load Factor	83%	44%

Practical maximum output for the power plant taking into account all the scheduled outages is 1,723 GWh (2013: 1,723 GWh). Output produced by the plant is dependent on the load demanded by NTDC and the plant availability.

Notes to the Financial Statements

For the year ended June 30, 2014

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
30. WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Stores and spares		(138,240)	(489,057)
Stock-in-trade		1,859,063	(2,473,257)
Trade debts		(55,080,045)	126,361,978
Loan, advances, prepayments and other receivables		469,279	(815,997)
		(52,889,943)	122,583,667
Increase / (decrease) in current liabilities			
Trade and other payables		27,920,076	(92,914,183)
		(24,969,867)	29,669,484

31. CASH AND CASH EQUIVALENTS

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Cash and bank balances	19	2,676,177	17,068,953
Finances under mark-up arrangements	24	(16,878,118)	(4,526,903)
		(14,201,941)	12,542,050

32. BASIC AND DILUTED EARNINGS PER SHARE

32.1 Basic

	2014	2013
Profit for the year (Rupees in thousands)	6,549,179	9,387,880
Number of shares in issue during the year	1,157,154,387	1,157,154,387
Basic earnings per share (Rupees)	5.66	8.11

32.2 There is no dilutive effect on the earnings per share of the Company.

33. PROPOSED FINAL DIVIDEND

The Board of Directors proposed a final dividend for the year ended June 30, 2014 of Rs. 4.00 per share, amounting to Rs. 4,628.618 million, at their meeting held on August 19, 2014 for approval of the members at the Annual General Meeting to be held on October 14, 2014. These financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

34. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The overall risk management of the Company is carried out under policies approved by the Board of Directors. Such policies entail identifying, evaluating and addressing financial risks of the Company.

The Company's overall risk management procedures to minimize the potential adverse effects of financial market on the Company's performance are as follows:

(a) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of holdings of financial instruments. The Company is not exposed to equity price risk. The exposure to other two risks and their management is explained below:

(i) Foreign exchange risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Financial assets of the Company include Rs. 78.365 million (2013: Rs. 271.383 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Company include Rs. 211.570 million (2013: Rs. 82.040 million) in foreign currencies which are subject to currency risk exposure.

The Company believes that the foreign exchange risk exposure on financial assets and liabilities is immaterial.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Cash flow and fair value interest rate risks

The Company's exposure to the risk of changes in interest rates relates primarily to the following:

	2014 (Rs. '000s)	2013 (Rs. '000s)
Fixed rate instruments at carrying amount:		
Financial assets		
Bank balances	30,871	16,852,745
Financial liabilities		
Long term loans	1,767,754	2,489,861
Variable rate instruments at carrying amount:		
Financial assets		
Subordinated loan to subsidiary	80,395	80,395
Trade debts	66,170,674	12,674,395
Total	66,251,069	12,754,790
Financial liabilities		
Long term loans	21,789,290	23,426,226
Trade and other payables	37,605,594	22,791,827
Short term borrowings	16,878,118	4,526,903
Total	76,273,002	50,744,956

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest / mark-up would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

Owing to cash flow difficulties and delays in payment by WAPDA and NTDC, the Company has delayed payments to PSO (fuel supplier for Hub plant). The Company has also obtained short term running finances to meet its short term funding requirements. The Company receives interest on delayed payments from WAPDA and NTDC at variable rate provided under the relevant PPAs and pays interest on delayed payments to PSO at variable rate provided under the FSA for Hub plant. The rates on all these four financial instruments are almost similar and move in the same direction, therefore, any change in the variable rate does not significantly affect profit or loss.

In addition to above, the Company has long term loans (PSEDF II) for Hub plant at variable rates. The related finance cost is pass through to WAPDA under the PPA. Therefore, there is no significant impact of any change in interest rates on profit or loss.

The Company has a long term loan for Narowal plant (Refer note 21.2.2). Under the Narowal PPA, the related finance cost up to a mark-up rate of 3 month KIBOR is allowed as a pass through to the Power Purchaser. Therefore, there is no significant impact of any change in interest rates on profit or loss.

The Company has another long term loan for Narowal plant (Refer note 21.2.1). The Company has to manage the related finance cost from its own sources which exposes the Company to the risk of change in 3 month KIBOR. As at June 30, 2014, if interest rate on the Company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 52.331 million.

In order to meet its investment obligations in the Subsidiary, the Company has entered into long term loan facilities (Refer note 21.3). The Company has to manage related finance cost from its own sources which exposes the Company to the risk of change in 6 month KIBOR. As at June 30, 2014, if interest rate on the Company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 42.093 million.

Since the impact of interest rate exposure is not significant to the Company, the management believes that consideration of alternative arrangement to hedge interest rate exposure is not cost effective.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's exposure to credit risk is not significant for reasons provided below.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was as follows:

	2014 (Rs. '000s)	2013 (Rs. '000s)
Subordinated loan to subsidiary - unsecured	80,395	80,395
Deposits	19,092	5,629
Trade debts	79,879,236	24,799,191
Other receivables	748,022	769,053
Bank balances	30,871	16,852,745
Total	80,757,616	42,507,013

Subordinated loan to Subsidiary exposes Company to the liquidity risk. The Company has mitigated this risk by imposing restriction on dividend payments. Dividend will only be paid by Subsidiary after full repayment of Subordinated loan.

Trade debts are recoverable from WAPDA / NTDC under the PPAs and are secured by guarantees from GOP under the IAs.

The significant amount of other receivables is also recoverable from WAPDA and is secured as mentioned above.

Credit risk on bank balances is limited as they are maintained with foreign and local banks having good credit ratings assigned by local and international credit rating agencies. The Company is also required under the concession documents to keep project accounts with certain banks.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Company maintains running finance facilities (Refer note 24) to meet the short term funding requirements due to delay in payments by WAPDA and NTDC. The delay in payments by WAPDA is mainly offset by the delay in payments to PSO whereas the delay in payments by NTDC is managed through bank borrowings.

The Company is exposed to liquidity risk to the extent that the returns from the Narowal plant are not sufficient to meet the funding requirement for the Narowal plant's long term loans mentioned in note 21.2.1 and 21.2.2. The Company is also exposed to liquidity risk for the differential margin not allowed by NEPRA above the 3 month KIBOR as mentioned in note 21.2.2. The Company will manage this liquidity risk on remaining term of the loans from its own sources and future earnings.

Following are the contractual maturities of financial liabilities, including estimated interest payments:

	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 5 to 10 years	Total
			(Rs. '000s)		
2013-14					
Long term loans	3,305,217	3,211,579	21,309,777	6,225,612	34,052,185
Trade and other payables	61,253,029	-	-	-	61,253,029
Short term borrowings	17,197,760	-	-	-	17,197,760
Total	81,756,006	3,211,579	21,309,777	6,225,612	112,502,974
2012-13					
Long term loans	2,805,266	3,010,935	24,455,219	10,971,192	41,242,612
Trade and other payables	33,311,632	-	-	-	33,311,632
Short term borrowings	5,018,395	-	-	-	5,018,395
Total	41,135,293	3,010,935	24,455,219	10,971,192	79,572,639

Fair value estimation

The carrying amount of the financial assets and liabilities reflected in the financial statements approximate their fair values.

Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, as required under various project agreements, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables (Rs. '000s)	Total June 30, 2014 (Rs. '000s)
Assets as per balance sheet		
Subordinated loan to subsidiary	80,395	80,395
Deposits	19,092	19,092
Trade debts	79,879,236	79,879,236
Other receivables	748,022	748,022
Cash and bank balances	2,676,177	2,676,177
Total	83,402,922	83,402,922

	Financial liabilities measured at amortised cost (Rs. '000s)	Total June 30, 2014 (Rs. '000s)
Liabilities as per balance sheet		
Long term loans	24,395,158	24,395,158
Trade and other payables	61,253,029	61,253,029
Short term borrowings	17,197,760	17,197,760
Total	102,845,947	102,845,947

	Loans and receivables (Rs. '000s)	Total June 30, 2013 (Rs. '000s)
Assets as per balance sheet		
Subordinated loan to subsidiary	80,395	80,395
Deposits	5,629	5,629
Trade debts	24,799,191	24,799,191
Other receivables	769,053	769,053
Cash and bank balances	17,068,953	17,068,953
Total	42,723,221	42,723,221

	Financial liabilities measured at amortised cost (Rs. '000s)	Total June 30, 2013 (Rs. '000s)
Liabilities as per balance sheet		
Long term loans	26,846,729	26,846,729
Trade and other payables	33,311,632	33,311,632
Short term borrowings	5,018,395	5,018,395
Total	65,176,756	65,176,756

Notes to the Financial Statements

For the year ended June 30, 2014

36. INITIAL APPLICATION / WAIVER FROM APPLICATION OF STANDARDS AND INTERPRETATIONS

Revised and amended standards and interpretation effective and adopted in 2014

Certain revised and amended standards and interpretation are effective and adopted by the Company during the year which are neither relevant to the Company nor have a significant impact on the Company's financial statements, except as disclosed below.

IAS 19 - Employees benefits (Revised)

IAS 19 'Employee benefits' was revised in June 2011. The revised standard (i) requires past service cost to be recognized immediately in the profit or loss; (ii) replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year; and (iii) introduced a new term 'remeasurements' which is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The revised standard eliminates the corridor approach and requires to recognize all remeasurement gains or losses / actuarial gains or losses in the Other Comprehensive Income (OCI) immediately as they occur. In accordance with the transitional provisions as set out in IAS 19 (Revised), the Company has applied the revised standard retrospectively and, consequently the earliest periods presented in the balance sheet, statement of comprehensive income and the statement of changes in equity have been restated. The impact of retrospective application of IAS 19 (Revised) is as follows:

	Retirement benefit obligation (Rs. '000s)	Other Comprehensive Income (Rs. '000s)
Balance as at June 30, 2012 as previously reported	10,652	-
Restatement - Recognition of remeasurement loss in OCI	10,063	(10,063)
Balance as at June 30, 2012 - Restated	20,715	(10,063)
Balance as at June 30, 2013 as previously reported	1,866	-
Restatement - Recognition of remeasurement loss in OCI	13,290	(13,290)
Balance as at June 30, 2013 - Restated	15,156	(13,290)

The effect of change in accounting policy, due to adoption of IAS 19 (Revised), on the profit and loss account, earnings per share and statement of cash flows is immaterial. Consequently, the same and the related earlier periods presented have not been restated. Further, a third balance sheet (statement of financial position) as at the beginning of the preceding period has not been presented as the effect of retrospective application on that period is not material.

Waiver from application of IFRIC - 4 "Determining Whether an Arrangement Contains a Lease"

The Securities and Exchange Commission of Pakistan (SECP) granted waiver from the application of International Financial Reporting Interpretation Committee (IFRIC) - 4 "Determining Whether an Arrangement Contains a Lease" to all companies including Power Sector Companies. However, the SECP made it mandatory to disclose the impact on the results of the application of IFRIC - 4.

Under IFRIC - 4, the consideration required to be made by lessees (WAPDA and NTDC) for the right to use the asset is to be accounted for as finance lease under IAS - 17 "Leases". If the Company were to follow IFRIC - 4 and IAS - 17, the effect on the financial statements would be as follows:

Notes to the Financial Statements

For the year ended June 30, 2014

	2014 (Rs. '000s)	2013 (Rs. '000s)
Decrease in unappropriated profit at the beginning of the year	(8,721,212)	(9,500,694)
Increase in profit for the year	586,016	779,482
Decrease in unappropriated profit at the end of the year	(8,135,196)	(8,721,212)

37. RECLASSIFICATION

Certain prior year's figures have been re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparisons. However, there are no material reclassification to report.

38. SUBSEQUENT EVENT

Subsequent to the year end, the Company has entered into a Shareholders Agreement with Engro Powergen Limited and Thal Limited for joint investment in Sindh Engro Coal Mining Company (SECMC). The Company's total commitment is USD 20 million out of which Rs. 240 million will be made on completion of certain conditions precedent. The remaining amount will be invested at or soon after SECMC achieving financial close which is expected to be achieved on December 2015. This investment shall be in the form of fully subscribed ordinary shares of the face value of Rs. 10 each which will be purchased at Rs. 14.82 each.

39. DATE OF AUTHORISATION

These financial statements were authorised for issue on August 19, 2014 in accordance with the resolution of the Board of Directors.

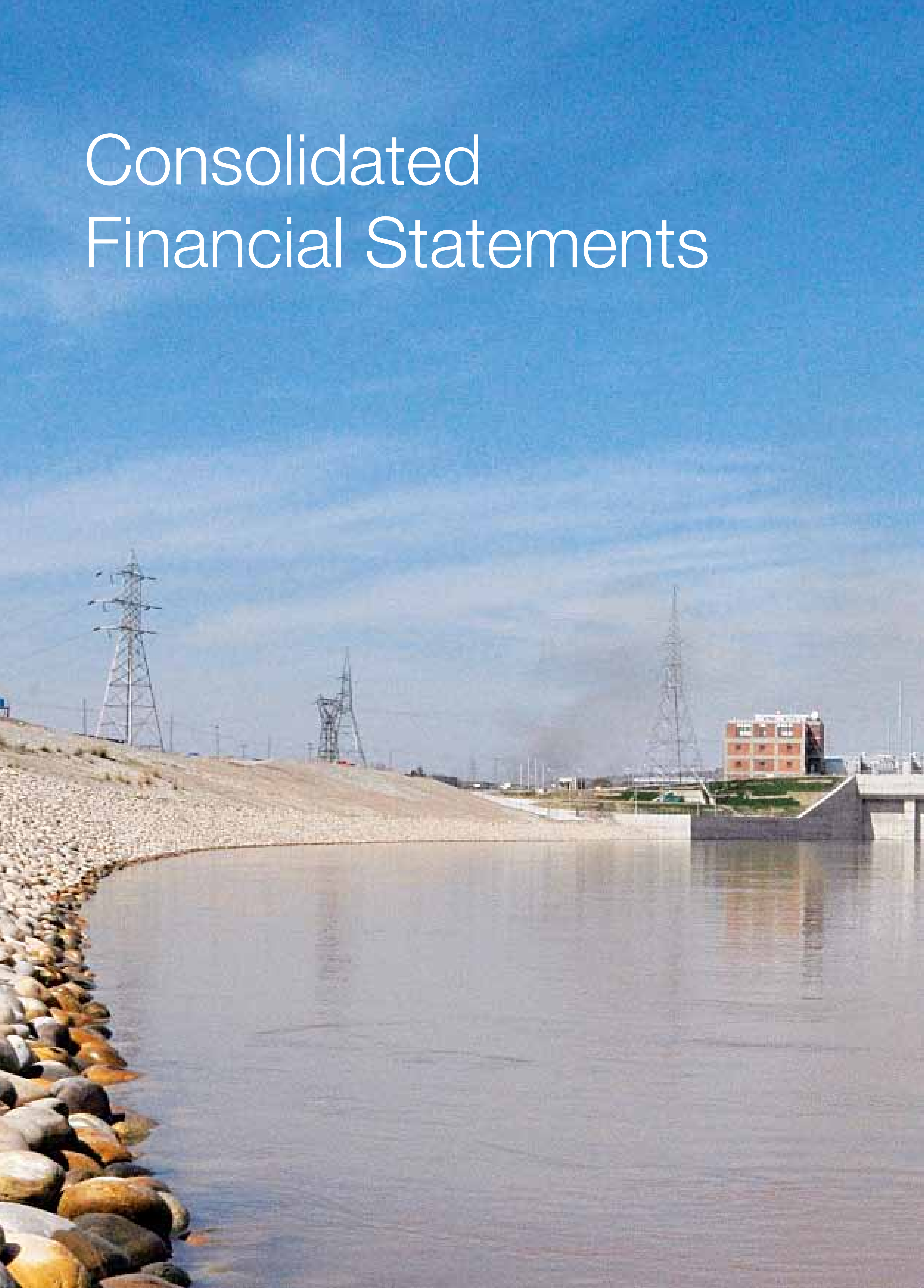
40. GENERAL

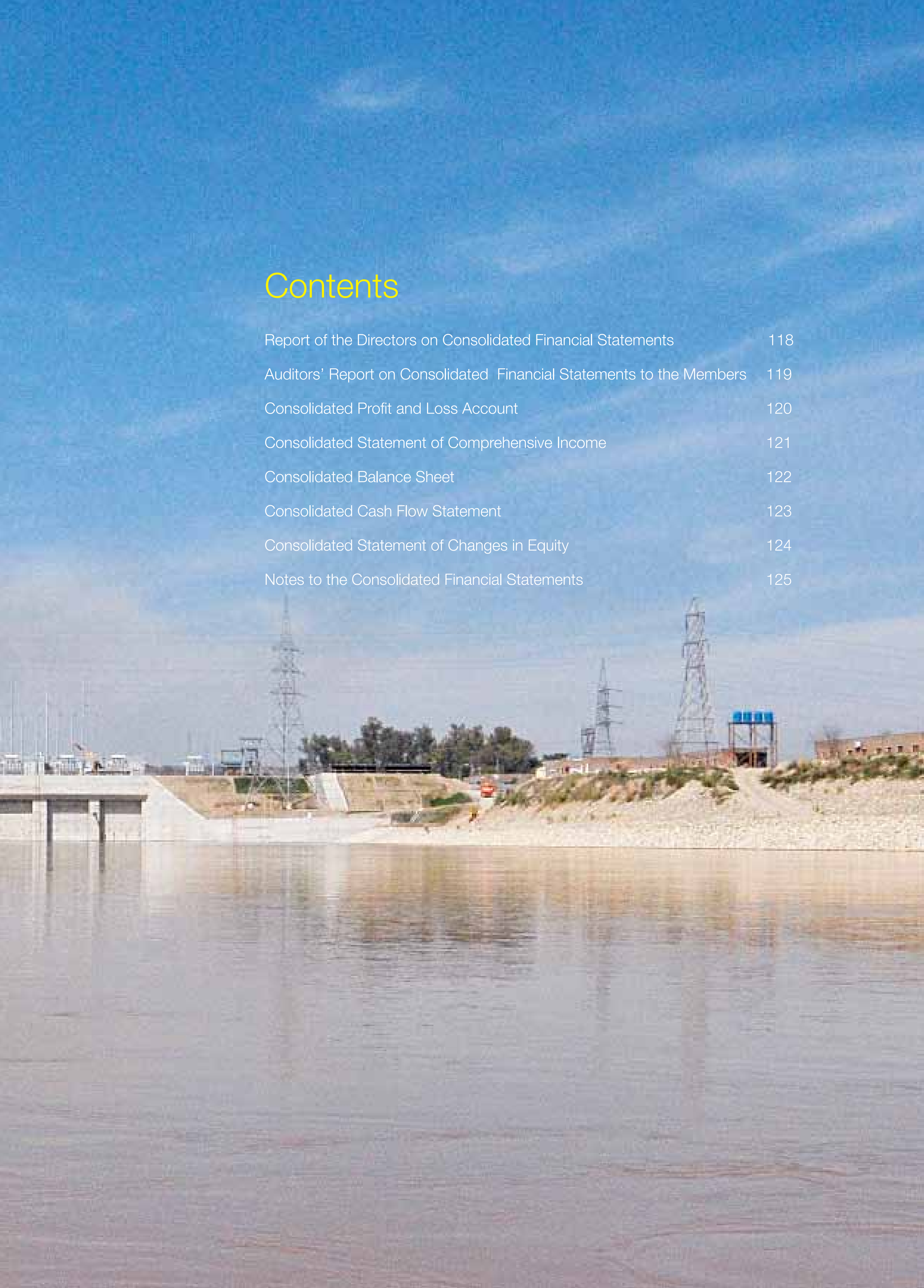
Figures have been rounded off to the nearest thousand rupees.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Consolidated Financial Statements





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Report of the Directors on Consolidated Financial Statements

The Board of Directors is pleased to present the Consolidated Audited Financial Statements of The Hub Power Company Limited (the Company) and its subsidiary Laraib Energy Limited (the Subsidiary) for the year ended June 30, 2014.

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

Your Company holds 75% shares in the subsidiary, which has set up an 84 MW hydel power plant near the New Bong Escape, 8 KM downstream of Mangla Dam in Azad Kashmir. The plant has successfully completed one year of its operations. However, Tariff True-Up is in process with NEPRA.

The consolidated financials are as follows:

	(Rs. '000s)
Turnover	165,838,385
Gross profit	14,317,871
Profit for the year	7,817,035
Attributable to:	
- Owners of the holding company	7,489,514
- Non Controlling interest	327,521
	7,817,035
Earnings per share attributable to owners of the holding company (Rupees)	6.47

The Directors' Report on The Hub Power Company Limited for the year ended June 30, 2014 has been separately presented in this report.

By Order of the Board

Khalid Mansoor
Chief Executive

Karachi – August 19, 2014

Building a better working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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ey.com/pk

Auditors' Report on Consolidated Financial Statements to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of The Hub Power Company Limited (the Holding Company) and its subsidiary company (together referred to as Group) as at 30 June 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company Laraib Energy Limited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary company as at 30 June 2014 and the results of their operations for the year then ended.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

Date: 19 August 2014

Place: Karachi

Consolidated Profit and Loss Account

For the year ended June 30, 2014

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Turnover	3	165,838,385	167,235,519
Operating costs	4	(151,520,514)	(149,987,499)
GROSS PROFIT		14,317,871	17,248,020
General and administration expenses	5	(789,469)	(490,130)
Other income	6	120,614	42,066
Workers' profit participation fund	7	-	-
PROFIT FROM OPERATIONS		13,649,016	16,799,956
Finance costs	8	(5,827,942)	(6,568,673)
PROFIT BEFORE TAXATION		7,821,074	10,231,283
Taxation	9	(4,039)	(1,520)
PROFIT FOR THE YEAR		7,817,035	10,229,763
Attributable to:			
- Owners of the holding company		7,489,514	10,090,087
- Non-controlling interest		327,521	139,676
		7,817,035	10,229,763
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)	33	6.47	8.72

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2014

	Note	2014 (Rs. '000s)	2013 (Rs. '000s) Restated
Profit for the year		7,817,035	10,229,763
Other comprehensive income for the year			
Items that will not be reclassified to Profit or Loss in subsequent periods			
Loss on remeasurements of post employment benefit obligation	22.3	(14,449)	(13,290)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		7,802,586	10,216,473
Attributable to:			
- Owners of the holding company		7,475,065	10,076,797
- Non-controlling interest		327,521	139,676
		7,802,586	10,216,473

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Consolidated Balance Sheet

As at June 30, 2014

	Note	2014 (Rs. '000s)	2013 (Rs. '000s) Restated
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	10	60,866,502	63,858,995
Intangibles	11	1,425,953	1,441,365
Long term advance, deposits and prepayments	12	34,822	32,790
CURRENT ASSETS			
Stores and spares	13	1,703,764	1,690,334
Stock-in-trade	14	2,388,435	4,247,498
Trade debts	15	80,938,582	25,925,964
Advances, deposits, prepayments and other receivables	16	2,831,138	3,365,639
Cash and bank balances	17	5,015,638	18,378,649
		92,877,557	53,608,084
TOTAL ASSETS		155,204,834	118,941,234
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised	18	12,000,000	12,000,000
Issued, subscribed and paid-up	18	11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		21,543,374	22,168,390
Attributable to owners of the holding company		33,114,918	33,739,934
NON-CONTROLLING INTEREST		1,486,794	1,159,273
		34,601,712	34,899,207
NON-CURRENT LIABILITIES			
Long term loans	19	30,859,272	35,540,428
Liabilities against assets subject to finance lease	20	3,113,527	3,423,721
Deferred liability	21	4,900	3,674
CURRENT LIABILITIES			
Trade and other payables	22	63,095,616	35,545,725
Interest / mark-up accrued	23	1,688,275	1,959,175
Short term borrowings	24	16,878,118	4,526,903
Current maturity of long term loans	19	4,660,612	2,899,733
Current maturity of liabilities against assets subject to finance lease	20	302,802	142,668
		86,625,423	45,074,204
COMMITMENTS AND CONTINGENCIES	25		
TOTAL EQUITY AND LIABILITIES		155,204,834	118,941,234

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Consolidated Cash Flow Statement

For the year ended June 30, 2014

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		7,821,074	10,231,283
Adjustments for:			
Depreciation		3,591,543	2,983,953
Amortisation		15,412	15,317
(Gain) / loss on disposal of fixed assets		(78)	179
Staff gratuity		19,237	11,106
Interest income		(118,093)	(32,260)
Interest / mark-up		5,528,211	6,258,720
Amortisation of transaction costs		112,979	59,075
Operating profit before working capital changes		16,970,285	19,527,373
Working capital changes	31	(25,468,914)	28,091,380
Cash (used in) / generated from operations		(8,498,629)	47,618,753
Interest received		131,615	18,436
Interest / mark-up paid		(5,569,640)	(6,167,571)
Staff gratuity paid		(16,245)	(19,268)
Taxes paid		(9,647)	(6,949)
Net cash (used in) / generated from operating activities		(13,962,546)	41,443,401
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(449,127)	(3,968,321)
Proceeds from disposal of fixed assets		5,662	5,874
Long term advances, deposits and prepayments		(2,032)	27,978
Net cash used in investing activities		(445,497)	(3,934,469)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to owners of the holding company		(8,080,478)	(7,506,069)
Proceeds from long term loans - Laraib's investment		-	80,395
Proceeds from long term loans - Subsidiary		-	3,381,595
Proceeds from liabilities against assets subject to finance lease		-	958,660
Repayment of long term loans - Hub plant		(979,062)	(979,061)
Repayment of long term loans - Narowal plant		(1,446,674)	(1,244,435)
Repayment of long term loans - Subsidiary		(638,249)	-
Repayment of liabilities against assets subject to finance lease		(161,720)	-
Net cash used in financing activities		(11,306,183)	(5,308,915)
Net (decrease) / increase in cash and cash equivalents		(25,714,226)	32,200,017
Cash and cash equivalents at the beginning of the year		13,851,746	(18,348,271)
Cash and cash equivalents at the end of the year	32	(11,862,480)	13,851,746

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2014

	Note	2014 (Rs. '000s)	2013 (Rs. '000s) Restated
Attributable to owners of the holding company			
Issued capital			
Balance at the beginning of the year		11,571,544	11,571,544
Balance at the end of the year	18	11,571,544	11,571,544
Unappropriated profit			
Balance at the beginning of the year		22,168,390	19,612,198
Total comprehensive income for the year		7,475,065	10,076,797
Transactions with owners in their capacity as owners			
Final dividend for the fiscal year 2012-2013 @ Rs. 4.50 (2011-2012 @ Rs. 3.00) per share		(5,207,195)	(3,471,463)
Interim dividend for the fiscal year 2013-2014 @ Rs. 2.50 (2012-2013 @ Rs. 3.50) per share		(2,892,886)	(4,050,040)
Reduction in controlling interest of the holding company		-	898
		(8,100,081)	(7,520,605)
Balance at the end of the year		21,543,374	22,168,390
Attributable to owners of the holding company		33,114,918	33,739,934
Advance against issue of shares to minority shareholders			
Balance at the beginning of the year		-	74,481
Shares issued during the year		-	(74,481)
Balance at the end of the year		-	-
Non-controlling interest			
Balance at the beginning of the year		1,159,273	946,014
Shares issued during the year		-	74,481
Total comprehensive income for the year		327,521	139,676
Reduction in controlling interest of the holding company		-	(898)
Balance at the end of the year		1,486,794	1,159,273
Total equity		34,601,712	34,899,207

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Notes to the Consolidated Financial Statements

For the year ended June 30, 2014

1. STATUS AND NATURE OF BUSINESS

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

The Group consists of:

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for the recognition of defined benefit plan at present value.

2.3 Basis of consolidation

All business combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair values of the holding company's share of identifiable net assets acquired is recorded as goodwill.

The consolidated financial statements of the Group include the financial statements of the holding company and its subsidiary. The financial statements of the subsidiary are prepared for the same reporting period as the holding company, using consistent accounting policies.

The assets and liabilities of the subsidiary have been consolidated on a line-by-line basis and the carrying value of investment held by the holding company is eliminated against the subsidiary's share capital and pre-acquisition reserves in the consolidated financial statements. Material intra-group balances and transactions are eliminated.

A change in the ownership interest of the subsidiary, without a change of control, is accounted for as an equity transaction.

The subsidiary company is consolidated from the date on which more than 50% voting rights are transferred to the holding company or power to govern the financial and operating policies of the subsidiary is established and is excluded from consolidation from the date of disposal or cessation of control.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the holding company.

2.4 Property, plant and equipment

(a) Operating property, plant, equipment and depreciation

Owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land which is stated at cost.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets at the rates shown in note 10.1 to the consolidated financial statements. Depreciation on additions is charged for the full month in which an asset is available for use and on disposals up to the month immediately preceding the disposals. Gains and losses on disposals are taken to the profit and loss account.

Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised.

The residual value, depreciation method and the useful lives of the significant items of property, plant and equipment are reviewed and adjusted if required, at each balance sheet date.

Leased

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not, eventually, be transferred.

Assets subject to finance lease are recorded at the lower of present value of minimum lease payments at the inception of lease term and their fair value on that date.

Assets under finance lease are depreciated on a straight line method at the rates specified in note 10.1 to the consolidated financial statements.

The finance cost is charged to profit and loss account and is included under finance costs.

(b) Capital work-in-progress

Capital work-in-progress is stated at cost. Items are transferred to operating property, plant and equipment as and when they are available for use.

(c) Capital spares

Spare parts and servicing equipments are classified as property, plant and equipment rather than stores, spares and loose tools when they meet the definition of property, plant and equipment. Upon utilization, capital spares and servicing equipments are depreciated over their useful life, or the remaining life of principal asset, whichever is lower.

2.5 Intangible assets and amortisation

(a) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the holding company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, if any. Impairment losses on goodwill are not reversed.

(b) Other intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is computed using the straight-line method over the estimated useful lives of the assets at the rate shown in note 11 to the consolidated financial statements.

2.6 Impairment of non-current assets

The carrying amounts of non-current assets except goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to assess whether asset's carrying value exceeds its recoverable amount. Where carrying value exceeds the estimated recoverable amount, asset is written down to its recoverable amount. Impairment losses are recognised as expense in the profit and loss account. An impairment loss on non-current assets except goodwill is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.7 Stores and spares

Stores and spares of Hub plant are stated at cost. The Operation and Maintenance Contractor of the Hub plant is responsible to maintain and replenish stores and spares as they are used.

Stores and spares of Narowal plant and subsidiary are valued at moving average cost except for the items in transit which are stated at cost. Cost of stock-in-transit represents the invoice value plus other charges incurred thereon till the balance sheet date. Provision is made for slow moving and obsolete items, if any.

2.8 Stock-in-trade

These are valued at the lower of cost determined on first-in-first-out basis and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, payorders in hand, cash with banks on savings, call and term deposit accounts and running finance under mark-up arrangements. Running finance under mark-up arrangements are shown in current liabilities.

2.10 Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

2.11 Staff retirement benefits

The holding company operates:

- a funded defined benefit gratuity plan covering eligible employees whose period of service with the holding company is at least five years. The liabilities relating to defined benefit plans are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 22.3 to these consolidated financial statements.
- a defined contribution provident fund for all its employees who are eligible for the plan. Equal contributions thereto are made by the holding company and the employees in accordance with the fund's rules.

The subsidiary operates a defined contribution provident fund for all its employees who are eligible for the plan. Equal contributions thereto are made by the subsidiary and the employees in accordance with the fund's rules.

2.12 Revenue recognition

Revenue from the sale of electricity to the Water and Power Development Authority (WAPDA), the sole customer of the holding company for Hub plant, is recorded based upon the output delivered and capacity available at rates as specified under the Power Purchase Agreement (PPA) with WAPDA, as amended from time to time. PPA with WAPDA is a contract over a period of 30 years starting from 1997.

Revenue from the sale of electricity to the National Transmission and Despatch Company Limited (NTDC), the sole customer of the holding company for Narowal plant, is recorded based upon the output delivered and capacity available at rates as specified under the PPA with NTDC. PPA with NTDC is a contract over a period of 25 years starting from 2011.

Revenue from the sale of electricity to NTDC, the sole customer of the subsidiary, is recorded based upon the output delivered and average energy at rates as specified under the PPA. PPA is a contract over a period of 25 years starting from 2013.

Revenue from sale of Certified Emission Reductions (CERs) is recognized upon delivery of the CERs.

2.13 Interest income

Interest income is recorded on accrual basis.

2.14 Operating lease

An operating lease is a lease other than a finance lease, where a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight-line basis over the lease term.

2.15 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees, which is the Group's functional and presentation currency, at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees equivalents using balance sheet date exchange rates. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions and translations are included in profit and loss account except the waiver granted by the Securities and Exchange Commission of Pakistan (SECP) from the requirements of International Accounting Standard (IAS) – 21, to the extent of capitalisation of exchange differences to power sector companies as mentioned in note 2.20.

During the operations phase, exchange differences relating to foreign currency borrowings have been capitalized in the related 'operating property, plant and equipment' and all other exchange differences have been included in the 'profit and loss account'. Had the exchange differences, as allowed by the above mentioned directives of the SECP would not have been capitalized, the profit for the year would have been lower by Rs. 36.330 million and operating property, plant and equipment and depreciation would have been lower by Rs. 36.330 million and 6.060 million respectively.

2.16 Taxation

Income of the holding company is not liable to taxation in Pakistan to the extent provided in the Implementation Agreements signed with the Government of Pakistan (GOP) and the Income Tax Ordinance, 2001 (ITO 2001). Accordingly, provision for taxation, if any, is made only on the income liable to tax at the applicable rates of tax after taking into account tax credits, rebates etc. allowable under the ITO 2001.

Income of the subsidiary is not liable to taxation in Pakistan to the extent provided in the ITO 2001. Accordingly, provision for taxation, if any, is made only on the income liable to tax at the applicable rates of tax after taking into account tax credits, rebates etc. allowable under the ITO 2001.

2.17 Dividend

Dividend is recognised as a liability in the period in which it is approved.

2.18 Segment reporting

Segments are reported in a manner consistent with the internal reporting provided to the Group's 'chief operating decision maker' in order to assess each segment's performance and to allocate resources to them. Segment reports are regularly reviewed by the board of directors of the holding company.

2.19 Financial instruments

(a) Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value plus directly attributable transaction cost, if any, and subsequently measured at amortised cost using the effective interest rate method less provision for impairment, if any.

(b) Borrowings

Borrowings are recognised initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest rate method.

(c) Trade and other payables

Liabilities for trade and other amounts payable are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method.

2.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include exchange differences arising on foreign currency borrowings, obtained for acquisition, construction or production of qualifying assets, to the extent that they are regarded as an adjustment to interest cost are included in the cost of qualifying assets. Qualifying assets are assets that necessarily take substantial period of time to get ready for their intended use.

2.21 Off-setting

Financial assets and liabilities are offset and net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set-off the recognised amount and the holding company and its subsidiary intends either to settle on net basis, or to realise the assets and to settle the liabilities simultaneously.

2.22 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the periods in which the estimates are revised and in any future periods affected. Significant estimates, assumptions and judgements are disclosed in the relevant accounting policies and notes to these consolidated financial statements.

Following are some significant areas where management used estimates and judgements.

a) Determining the residual values and useful lives of property, plant and equipment;
b) Distinguish between capital spares, servicing equipment and stores & spares;
c) Provisions;
d) Disclosures related to IFRIC 4, IFRIC 12 and IAS 39;
e) Recognition of taxation;
f) Recognition of provision for staff retirement benefits;
g) Determining whether the WPPF is applicable on subsidiary;
h) Impairment of goodwill, trade debts and other receivables; and
i) Contingencies.

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
3. TURNOVER			
Turnover		189,379,019	188,849,123
Less: Sales tax		(23,540,634)	(21,613,604)
		165,838,385	167,235,519
4. OPERATING COSTS			
Fuel cost		140,130,945	141,030,609
Water use charges		70,542	20,671
Stores and spares		470,354	182,214
Operation and Maintenance		4,263,839	3,740,185
Insurance		1,083,599	888,671
Depreciation	10.3	3,561,564	2,955,801
Amortisation	11.1	14,795	12,134
Repairs, maintenance and other costs	4.1	1,924,876	1,157,214
		151,520,514	149,987,499

4.1 These include Rs. 1.52 million (2013: Rs. 0.34 million) in respect of staff retirement benefits.

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
5. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, benefits and other allowances	5.1 & 5.4	372,587	259,231
Travel and transportation		47,350	23,543
COD Inauguration expenses		10,272	-
Fuel and power		12,531	7,663
Property, vehicles and equipment rentals		19,021	15,141
Repairs and maintenance		16,947	16,672
Legal and professional charges		114,994	38,689
Insurance		13,529	10,662
Auditors' remuneration	5.2	12,098	7,769
Donations	5.3	59,840	29,851
Printing and stationary		10,315	9,274
Depreciation	10.3	29,979	28,152
Amortisation	11.1	617	3,183
CER related expenses		2,079	4,962
Loss on disposal of fixed assets		-	179
Miscellaneous		67,310	35,159
		789,469	490,130

5.1 These include Rs. 28.519 million (2013: Rs. 19.382 million) in respect of staff retirement benefits.

	2014 (Rs. '000s)	2013 (Rs. '000s)
5.2 Auditors' remuneration		
Statutory audits	2,851	2,205
Half yearly review	702	552
Tax and other services	7,984	4,466
Out-of-pocket expenses	561	546
	12,098	7,769

5.3 Donations include the following in which a director or his spouse is interested:

Name of Director	*Name of Donee*	*Interest in Donee*	2014 (Rs. '000s)	2013 (Rs. '000s)
Mr. Hussain Dawood	Karachi Education Initiative	Chairman	15,000	-

5.4 Number of persons employed as at year end were 96 (2013: 80) and the average number of persons employed during the year were 89 (2013: 83).

6. OTHER INCOME

	2014 (Rs. '000s)	2013 (Rs. '000s)
Interest income	118,093	32,260
Gain on disposal of fixed assets	78	-
Exchange gain	2,443	9,806
	120,614	42,066

7. WORKERS' PROFIT PARTICIPATION FUND

	2014 (Rs. '000s)	2013 (Rs. '000s)
Provision for Workers' profit participation fund	299,782	497,349
Workers' profit participation fund recoverable from WAPDA / NTDC	(299,782)	(497,349)
	-	-

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

During the year, the subsidiary obtained an opinion from its legal advisor who has advised that the subsidiary is not required to pay any amount to Workers' profit participation fund in respect of the profits earned from its industrial undertaking situated in AJK. Accordingly, the provision made last year has been reversed in the current year.

8. FINANCE COSTS

	2014 (Rs. '000s)	2013 (Rs. '000s)
Interest / mark-up on long term loans	3,999,855	4,929,481
Interest on finance lease	191,357	175,709
Mark-up on short term borrowings	1,336,999	2,792,383
Amortisation of transaction costs	112,979	59,075
Other finance costs	186,752	250,878
	5,827,942	8,207,526
Less: amount capitalised in the cost of qualifying assets	-	(1,638,853)
	5,827,942	6,568,673

9. TAXATION

	2014 (Rs. '000s)	2013 (Rs. '000s)
Current		
- For the year	4,039	1,023
- Prior year	-	497
	4,039	1,520

Notes to the Consolidated Financial Statements

For the year ended June 30, 2014

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
10. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	10.1	60,665,680	63,743,063
Capital work-in-progress			
Hub plant	10.4	90,611	53,708
Narowal plant	10.5	36,785	13,561
Subsidiary	10.6	73,426	48,663
		200,822	115,932
		60,866,502	63,858,995

10.1 Operating property, plant and equipment

	Owned								Leased	Total
	Freehold land	Building on freehold land	Buildings and civil structures on leasehold land	Leasehold property	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Plant & machinery	
	(Rs. '000s)									
Cost:										
As at July 1, 2012	68,624	818,952	-	862	71,693,294	48,358	144,583	23,426	-	72,798,099
Additions / Transfers (Note 10.1.1)	-	30,125	9,026,982	-	6,714,765	2,593	25,368	4,416	4,877,286	20,681,535
Disposals	-	-		-	(3,216)	-	(22,921)	-	-	(26,137)
As at June 30, 2013	68,624	849,077	9,026,982	862	78,404,843	50,951	147,030	27,842	4,877,286	93,453,497
Additions / Transfers (Note 10.1.1)	-	117,842	68,063	-	247,143	1,150	68,264	3,485	13,797	519,744
Disposals	-	-	-	-	(2,408)	-	(19,898)	(2,162)	-	(24,468)
As at June 30, 2014	68,624	966,919	9,095,045	862	78,649,578	52,101	195,396	29,165	4,891,083	93,948,773
Depreciation:										
Depreciation rate % per annum	-	3.33 to 20	4 to 10	3.33	3.33 to 33.33	10 to 20	25	10 to 20	4 to 6.67	-
As at July 1, 2012	-	131,253	-	509	26,481,446	35,824	79,563	9,339	-	26,737,934
Charge for the year	-	35,237	120,362	29	2,732,662	3,007	31,109	2,532	67,646	2,992,584
Disposals	-	-		-	(2,984)	-	(17,100)	-	-	(20,084)
As at June 30, 2013	-	166,490	120,362	538	29,211,124	38,831	93,572	11,871	67,646	29,710,434
Charge for the year	-	40,072	361,941	29	2,944,978	3,396	34,412	3,040	203,675	3,591,543
Disposals	-	-	-	-	(2,318)	-	(14,650)	(1,916)	-	(18,884)
As at June 30, 2014	-	206,562	482,303	567	32,153,784	42,227	113,334	12,995	271,321	33,283,093
Net book value as at June 30, 2014	68,624	760,357	8,612,742	295	46,495,794	9,874	82,062	16,170	4,619,762	60,665,680
Net book value as at June 30, 2013	68,624	682,587	8,906,620	324	49,193,719	12,120	53,458	15,971	4,809,640	63,743,063
Cost of fully depreciated assets as at June 30, 2014	-	19,148	-	-	341,526	34,216	62,641	4,843	-	462,374
Cost of fully depreciated assets as at June 30, 2013	-	19,148	-	-	322,408	34,151	40,839	5,591	-	422,137

10.1.1 Includes exchange loss capitalised amounting to Rs. 42.390 million (2013: Rs. 94.921 million).

10.2 Disposal of operating property, plant and equipment

Assets	Cost	Accumulated depreciation	Net book value	Sale price	Mode of disposal	Particulars of buyer
	(Rs. '000s)					
Vehicle	1,712	250	1,462	1,472	Holding company policy	Abdul Basit - Ex-employee
Vehicle	1,604	301	1,303	1,313	Holding company policy	Hussain Baig - Ex-employee
Vehicle	1,741	327	1,414	1,424	Holding company policy	Fawad Mustafa - Ex-employee
Vehicle	1,546	999	547	557	Subsidiary company policy	Jahanzeb Murad - Ex-employee
Vehicle	1,475	952	523	533	Subsidiary company policy	Aatif Minhas - Ex-employee
Office equipment	748	549	199	110	Tender	Sky Power Engineering Services
Items having a net book value not exceeding Rs. 50,000 each						
Vehicles	11,821	11,821	-	80	Holding company policy	Various employees
Equipments	139	108	31	13	Tender	Various
Office Equipments	1,414	1,367	47	13	Tender	Various
Computers	2,268	2,210	58	147	Various	Various
Total - June 30, 2014	24,468	18,884	5,584	5,662		
Total - June 30, 2013	26,137	20,084	6,053	5,874		

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
10.3 Depreciation charge for the year has been allocated as follows:			
Operating costs	4	3,561,564	2,955,801
General and administration expenses	5	29,979	28,152
Capital work-in-progress - Subsidiary		-	8,631
		3,591,543	2,992,584
10.4 Capital work-in-progress - Hub plant			
Opening balance		53,708	26,096
Additions during the year		182,881	51,447
Transfers during the year		(145,978)	(23,835)
		90,611	53,708
10.5 Capital work-in-progress - Narowal plant			
Opening balance		13,561	-
Additions during the year		55,644	25,761
Transfers during the year		(32,420)	(12,200)
		36,785	13,561
10.6 Capital work-in-progress - Subsidiary			
Opening balance		48,663	16,234,435
Additions during the year		85,156	4,312,463
Transfers during the year		(60,393)	(20,498,235)
		73,426	48,663

11. INTANGIBLES

	Goodwill (note 11.2)	Computer software	Total
	------------------	(Rs. '000s)	------------------
Cost:			
As at July 1, 2012	1,414,096	75,423	1,489,519
Additions	-	17,510	17,510
As at June 30, 2013	1,414,096	92,933	1,507,029
Additions	-	-	-
As at June 30, 2014	1,414,096	92,933	1,507,029
Amortisation:			
Amortisation rate % per annum	-	33.33	-
As at July 1, 2012	-	50,169	50,169
Charge for the year	-	15,495	15,495
As at June 30, 2013	-	65,664	65,664
Charge for the year	-	15,412	15,412
As at June 30, 2014	-	81,076	81,076
Net book value as at June 30, 2014	1,414,096	11,857	1,425,953
Net book value as at June 30, 2013	1,414,096	27,269	1,441,365

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
11.1 Amortisation charge for the year has been allocated as follows:			
Operating costs	4	14,795	12,134
General and administration expenses	5	617	3,183
Capital work-in-progress - Subsidiary		-	178
		15,412	15,495

11.2 For impairment testing, goodwill has been allocated to 'Laraib plant' as Cash Generating Unit (CGU), which is also a reportable segment. No goodwill has been impaired as a result of annual impairment test carried out on June 30, 2014. The recoverable amount for the purpose of assessing impairment on goodwill on acquisition of the subsidiary is determined based on value in use. The calculations are based on the cash flows derived mainly under the PPA between the subsidiary and the Power Purchaser for a term of 25 years from COD. These cash flows are denominated in USD and have been discounted using a discount rate which reflects the current market rate appropriate for the business. For the calculation, the Group has used a discount rate of 4.25% and the cash flows are discounted over whole of the life of the project. The management believes that any reasonable possible change to the key assumptions on which calculation of recoverable amount is based, would not cause the carrying amount to exceed the recoverable amount.

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
12. LONG TERM ADVANCE, DEPOSITS AND PREPAYMENTS			
Considered good			
Advance to O&M contractor			
- secured against bank guarantee		-	14,987
Deposits		20,287	5,924
Prepaid operating lease rentals		8,759	9,241
Other prepayments		5,776	2,638
		34,822	32,790
13. STORES AND SPARES			
In hand	13.1	1,673,007	1,682,806
In transit		30,757	7,528
		1,703,764	1,690,334

13.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
14. STOCK-IN-TRADE			
Furnace oil		2,344,904	4,207,165
Diesel		27,075	22,863
Lubricating oil		9,665	10,401
Light diesel oil		6,791	7,069
		2,388,435	4,247,498
15. TRADE DEBTS - Secured			
Considered good	15.1 & 15.2	80,938,582	25,925,964

15.1 This includes an amount of Rs. 61,540 million (2013: Rs. 12,047 million) receivable from WAPDA and Rs. 4,776 million (2013: Rs. 843 million) receivable from NTDC which are overdue but not impaired because the trade debts are secured by a guarantee from the GOP under Implementation Agreements.

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

The aging of these receivables are as follows:

	2014 (Rs. '000s)	2013 (Rs. '000s)
Not yet due	14,622,513	13,035,310
Up to 3 months	39,472,365	4,786,169
3 to 6 months	10,751,437	1,761,682
Over 6 months	16,092,267	6,342,803
	80,938,582	25,925,964

15.2 This includes Rs. 373 million (2013: Rs. 373 million) relating to a tax matter (Refer note 25.8).

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good			
Advances			
Executives		1,111	669
Employees		264	118
Suppliers		76,701	115,476
		78,076	116,263
Deposits		660	972
Prepayments			
Current portion of prepaid operating lease rentals		528	3,308
LC commission and other loan related costs		35,532	5,030
Miscellaneous		37,897	38,671
		73,957	47,009
Other receivables			
Interest accrued		1,792	15,314
Income tax	25.7	1,912,347	1,912,347
Sales tax		116,300	567,755
Withholding tax recoverable		9,760	4,152
Workers' profit participation fund recoverable from WAPDA / NTDC		327,661	497,349
Miscellaneous		310,585	204,478
		2,678,445	3,201,395
		2,831,138	3,365,639
17. CASH AND BANK BALANCES			
Savings accounts		1,670,240	1,343,668
Call and term deposits		700,000	16,818,692
	17.1 & 17.2	2,370,240	18,162,360
In hand			
Cash		217	156
Payorders / Cheques		2,645,181	216,133
		2,645,398	216,289
		5,015,638	18,378,649

17.1 Savings and deposits accounts carry mark-up rates ranging between 0.25% to 8.85% (2013: 0.25% to 9.00%) per annum.

17.2 This includes Rs. 461.923 million (2013: Rs. 1,187.166 million) restricted by Lenders for construction related payments for Narowal plant and subsidiary.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2014

18. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		2014	2013
(No. of Shares)			(Rs. '000s)	(Rs. '000s)
		Authorised :		
1,200,000,000	1,200,000,000	Ordinary shares of Rs.10/- each	12,000,000	12,000,000
		Issued, subscribed and paid-up:		
		Ordinary shares of Rs.10/- each		
818,773,317	818,773,317	For cash	8,187,733	8,187,733
		For consideration other than cash		
338,022,463	338,022,463	- against project development cost	3,380,225	3,380,225
358,607	358,607	- against land	3,586	3,586
338,381,070	338,381,070		3,383,811	3,383,811
1,157,154,387	1,157,154,387		11,571,544	11,571,544

18.1 The shareholders of the holding company are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the holding company. All shares carry one vote per share without restriction. The holding company may not pay dividend until certain financial requirements under its long term debt facilities are satisfied.

18.2 Associated undertakings held 277,452,000 (2013: 277,452,000) shares in the holding company as at year end.

19. LONG TERM LOANS - Secured

From Banks / Financial Institutions	Note	As at July 01, 2013	Drawn / Translation / Adjustment in transaction costs	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2014
		(Rs. '000s)					
Holding company							
Hub plant							
Under the Private Sector Energy Development Fund's (PSEDF I) Facility	19.1 & 19.1.1	2,489,861	-	(722,107)	(722,107)	-	1,045,647
Under the Private Sector Energy Development Fund's (PSEDF II) Facility	19.1 & 19.1.2	885,992	-	(256,955)	(256,954)	-	372,083
Sub Total		3,375,853	-	(979,062)	(979,061)	-	1,417,730
Narowal plant							
Commercial Facility	19.2.1	5,517,001	-	(464,485)	(528,771)	-	4,523,745
Expansion Facility	19.2.2	13,169,890	-	(982,189)	(1,153,384)	-	11,034,317
Transaction costs		(333,109)	-	-	59,879	60,678	(212,552)
Sub Total		18,353,782	-	(1,446,674)	(1,622,276)	60,678	15,345,510
Laraib's investment							
Syndicated term finance facility	19.3.1	3,500,532	-	-	(777,896)	-	2,722,636
Islamic finance facility	19.3.2	759,000	-	-	(168,667)	-	590,333
Transaction costs		(73,080)	-	-	24,716	6,015	(42,349)
Sub Total		4,186,452	-	-	(921,847)	6,015	3,270,620
Long term loans of the holding company		25,916,087	-	(2,425,736)	(3,523,184)	66,693	20,033,860
Subsidiary							
Foreign currency loans	19.4.1	9,712,040	30,729	(457,693)	(844,097)	-	8,440,979
Local currency loans	19.4.2	3,250,000	-	(180,556)	(361,112)	-	2,708,332
Transaction costs		(437,966)	-	46,286	67,781	-	(323,899)
Long term loans of the subsidiary		12,524,074	30,729	(591,963)	(1,137,428)	-	10,825,412
		38,440,161	30,729	(3,017,699)	(4,660,612)	66,693	30,859,272

From Banks / Financial Institutions	Note	As at July 01, 2012	Drawn / Translation / Adjustment in transaction costs	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2013
		(Rs. '000s)					
Holding company							
Hub plant							
Under the Private Sector Energy Development Fund's (PSEDF I) Facility	19.1 & 19.1.1	3,211,967	-	(722,106)	(722,108)	-	1,767,753
Under the Private Sector Energy Development Fund's (PSEDF II) Facility	19.1 & 19.1.2	1,142,947	-	(256,955)	(256,954)	-	629,038
Sub Total		4,354,914	-	(979,061)	(979,062)	-	2,396,791
Narowal plant							
Commercial Facility	19.2.1	5,925,022	-	(408,021)	(464,485)	-	5,052,516
Expansion Facility	19.2.2	14,006,304	-	(836,414)	(982,189)	-	12,187,701
Transaction costs		(392,184)	-	-	60,785	59,075	(272,324)
Sub Total		19,539,142	-	(1,244,435)	(1,385,889)	59,075	16,967,893
Laraib's investment							
Syndicated term finance facility	19.3.1	3,420,137	80,395	-	-	-	3,500,532
Islamic finance facility	19.3.2	759,000	-	-	-	-	759,000
Transaction costs		(73,080)	-	-	-	-	(73,080)
Sub Total		4,106,057	80,395	-	-	-	4,186,452
Long term loans of the holding company		28,000,113	80,395	(2,223,496)	(2,364,951)	59,075	23,551,136
Subsidiary							
Foreign currency loans	19.4.1	6,784,610	2,927,430	-	(422,263)	-	9,289,777
Local currency loans	19.4.2	2,379,000	871,000	-	(180,556)	-	3,069,444
Transaction costs		(439,511)	1,545	-	68,037	-	(369,929)
Long term loans of the subsidiary		8,724,099	3,799,975	-	(534,782)	-	11,989,292
		36,724,212	3,880,370	(2,223,496)	(2,899,733)	59,075	35,540,428

Holding company

19.1 These loans are repayable in 30 equal installments on semi-annual payment dates starting from January 10, 2002. Any late payment by the holding company is subject to payment of interest at 3% per annum above the normal rate of interest. The holding company may not pay dividend until certain financial requirements under these facilities are satisfied. These loans are secured pari passu by way of:

(a) a fixed charge over each of the following, namely:

(i) the Tangible Moveable Property of the holding company;
(ii) the Intellectual Property of the holding company; and
(iii) all goodwill belonging to the holding company.

excluding (i) those relating or pertaining to the Narowal plant; (ii) the Commercial Facility Disbursement Account; and (iii) present and future shares acquired in the subsidiary including bonus shares and right shares.

(b) a floating charge on the whole of the holding company's undertaking and assets, present and future, other than:

(i) any assets for the time being effectively charged by way of fixed charge; (ii) any undertaking and assets, present and future, relating or pertaining to the Narowal plant; (iii) any shares in Demerged Company (special purpose vehicle that the holding company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal plant); (iv) the Commercial Facility Disbursement Account; and (v) present and future shares acquired in the subsidiary including bonus shares and right shares.

(c) an assignment of all rights, title and interest, present and future, in relation to the Assigned Documents, Tangible Moveable Property, book and other debt and monetary claims (which are not otherwise subject to a fixed charge), uncalled capital, all Investments, Assigned Accounts and Insurances but excluding rights, interests and claims relating to or arising out of the documents executed for the Narowal plant; and

(d) mortgages over the holding company's real property situated in Lasbella, Islamabad and Karachi, together with all rights of easements, privileges and licences appurtenant thereto.

19.1.1 Interest is payable @ 14% per annum.

19.1.2 Interest rate per annum is equal to the greater of the sum of (i) One year United States Treasury Bill Rate, the FERI Margin and 4.00% or (ii) World Bank Lending Rate, the FERI Margin and 3.50%.

19.2 In connection with Narowal plant:

19.2.1 The loan is repayable in 40 installments on quarterly basis starting from January 16, 2011 and then on each mark-up payment date at a mark-up rate of three month KIBOR plus 0.25% per annum. The mark-up is payable on quarterly basis in arrear. The loan is secured pari passu by way of same securities as mentioned in note 19.1 and a first ranking floating charge over the Commercial Facility Disbursement Account and all credit balances held therein from time to time and all rights, property and benefits arising therefrom at any time and from time to time.

19.2.2 The loan is repayable in 40 installments on quarterly basis starting from January 16, 2011 and then on each mark-up payment date at a mark-up rate of three month KIBOR plus 3.47% per annum. The mark-up is payable on quarterly basis in arrear.

The loan is secured pari passu by way of:

(a) mortgage by Deposit of Title Deeds over the immovable properties of the holding company situated at Narowal and acquired for the purposes of Narowal plant;

(b) a first ranking floating charge over the Project Company's undertaking and assets (both present and future), fixed and current [other than those referred in note 24.1.2(a)], tangible and intangible, wherever situated and all present and future trade deposits, trade debts, loans and advances, bills and other receivables in relation to the Narowal plant;

(c) by way of hypothecation, the creation of a first fixed charge over the present and future properties purchased for the purposes of Narowal plant;

(d) mortgage and assignment of the holding company's rights, titles and interests, present and future, actual and contingent under and in connection with the Narowal Project Documents and all rights of the holding company to make recovery under the Narowal Project Documents and all proceeds of whatsoever nature receivable by the holding company under the Narowal Project Documents; and

(e) by way of first priority security, the holding company has assigned, charged and granted a security interest on all and each of the Project Company's rights, title, interest and benefit, present and future, under and in connection with the GOP Guarantee (for Narowal plant) and all rights of the Project Company to make recovery under the GOP Guarantee and any proceeds thereof receivable by the Project Company under the GOP Guarantee.

The holding company shall not pay dividends until certain requirements under these facilities are satisfied. Any late payment by the holding company is subject to an additional payment of 2% per annum above the normal mark-up rate.

The outstanding balance of long term loans include Rs. 1,065 million (2013: Rs. 1,154 million) repayable to Askari Bank Limited (an associated undertaking).

19.3 In order to meet its investment obligation in the subsidiary:

19.3.1 The holding company has entered into a long term financing arrangement with various banks / financial institution for an amount of Rs. 3,741 million. The loan is repayable in 9 equal installments on semi-annual basis following the six months after the end of availability period which is 42 months from the facility effective date at a mark-up rate of six month KIBOR plus 2.20% per annum. The facility became effective on October 01, 2010. The mark-up is payable on semi-annual basis in arrear starting from the availability period. Any late payment by the holding company is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of second ranking / subordinated charge over all present and future undertaking and assets excluding land and buildings of the holding company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the holding company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal plant); and (iv) present and future shares acquired in the subsidiary including bonus shares and right shares.

19.3.2 The holding company has also entered into a long term islamic financing arrangement with a bank for an amount of Rs. 759 million. The loan is repayable in 9 equal installments on semi-annual basis following the six months after the end of availability period which is 42 months from the facility effective date at a mark-up rate of six month KIBOR plus 2.20% per annum. The facility became effective on November 24, 2010. The mark-up is payable on semi-annual basis in arrear starting from the availability period. Any late payment by the holding company is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of securities mentioned in note 19.3.1.

The outstanding balance of long term loans also include Rs. 200 million (2013: Rs. 200 million) out of the total available facility of Rs. 241 million (2013: Rs. 241 million) from Askari Bank Limited (an associated undertaking).

Subsidiary

19.4 In connection with the power plant of the subsidiary:

19.4.1 The subsidiary has entered into long term loan facilities of USD 98.3 million with various banks / financial institutions at a rate of six month LIBOR plus 4.75% per annum. The loans are repayable in 24 installments starting from November 5, 2013 and then on each interest payment date (January 1 and July 1) until and including the final maturity date of November 5, 2024. Any late payment by the subsidiary is subject to an additional payment of 2% per annum above the normal mark-up rate.

19.4.2 The subsidiary has also entered into a long term loan facility of Rs. 3,250 million with banks at a mark-up rate of six month KIBOR plus 3.25% per annum. The loan is repayable in 19 installments starting from November 5, 2013 and then on each mark-up payment date (January 1 and July 1) until and including the final maturity date of May 5, 2022. Any late payment by the subsidiary is subject to an additional payment of 2.5% per annum above the normal mark-up rate.

The subsidiary may not pay dividend until certain conditions precedent under its long term debt facilities are satisfied.

The loan facilities are secured by way of:

(a) a fixed charge over the following assets namely:

(i) all proceeds, receivables and moneys payable by the Security Trustee from receipts account;

(ii) the assigned agreements but only as to such rights that are not effectively assigned by way of security to the Security Trustee under the Security Deed;

(iii) the authorisations and consents (to the extent permitted under any Applicable Law without the need to obtain the further consent of any Government Entity);

(iv) all monetary claims and all related rights (if not effectively charged or assigned pursuant to the Accounts Charge) and only as to such rights that are not effectively assigned by way of security to the Security Trustee under the Security Trust Deed;

(v) all intellectual property rights, including license, designs rights, copyright, patents and trademarks to the extent permitted by Applicable Law;

(vi) all goodwill of the subsidiary's business;

(vii) all Insurances;

(viii) all other present and future assets of the subsidiary both real and personal, tangible and intangible (if not otherwise effectively charged or assigned, as applicable, to the Security Trustee); and

(ix) in charged accounts and in all authorised investments held by the subsidiary or any of its nominee and all of benefits, right, title and interest present and future in or relating to the same.

(b) a floating charge over whole of the subsidiary's undertakings and assets, present and future other than any asset charged or assigned under fixed charge.

The distributions account and the monies from time to time standing to credit thereof and any investment and the proceeds of any investments made using such monies are out of the security package, consequently there is no fixed or floating charge over the distribution account and such investments.

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	As at July 01, 2013	Drawn / Translation / Adjustment in transaction costs	Repaid	Current portion	As at June 30, 2014
		(Rs. '000s)				
Islamic Development Bank	20.1	3,566,389	11,660	(161,720)	(302,802)	3,113,527

	Note	As at July 01, 2012	Drawn / Translation / Adjustment in transaction costs	Repaid	Current portion	As at June 30, 2013
		(Rs. '000s)				
Islamic Development Bank	20.1	2,449,659	1,116,730	-	(142,668)	3,423,721

20.1 The subsidiary entered into a finance lease agreement with Islamic Development Bank in respect of plant and machinery of USD 37.3 million. The rate of return used as the discounting factor is 5.79% (2013: 5.84%) per annum. The lease rentals are payable in 24 semi-annual installments, the first such payment commencing on November 5, 2013 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on November 5, 2024. Any delay in payments by the subsidiary is subject to an additional payment of 2% per annum above normal return rate. The lease finance facility is secured against securities mentioned in note 19.4.2.

The amount of future minimum lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

	2014		2013	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	(Rs. '000s)			
Within one year	495,453	302,802	345,171	142,668
After one year but not more than five years	1,818,064	1,225,024	1,804,897	1,229,363
Later than five years	2,237,653	1,888,503	2,676,560	2,194,358
Total minimum lease payments	4,551,170	3,416,329	4,826,628	3,566,389
Less: Amount representing finance charges	(1,134,841)	-	(1,260,239)	-
Present value of minimum lease payments	3,416,329	3,416,329	3,566,389	3,566,389
Less: Current portion	(302,802)	(302,802)	(142,668)	(142,668)
	3,113,527	3,113,527	3,423,721	3,423,721

21. DEFERRED LIABILITY

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Opening balance		3,674	2,184
Provision for the year	21.1	1,226	1,490
Closing balance		4,900	3,674

21.1 This represents provision for gratuity in accordance with the terms of employment of the Chief Executive of the subsidiary. Actuarial valuation of gratuity has not been carried out since the management believes that the effect of actuarial valuation would not be material.

22. TRADE AND OTHER PAYABLES

	Note	2014 (Rs. '000s)	2013 (Rs. '000s) Restated
Creditors			
Trade	22.1	59,959,385	32,281,752
Other		24,699	19,208
		59,984,084	32,300,960
Accrued liabilities			
Operation & Maintenance fee and services		319,372	305,609
Project cost - Narowal plant		19,559	27,452
Finance costs		10,513	12,135
Miscellaneous		834,324	605,672
		1,183,768	950,868
Unearned income	22.2	1,169,944	1,031,754
Unclaimed dividend		139,817	120,214
Other payables			
Provision for Workers' profit participation fund		327,661	497,349
Payable to EPC contractor of the subsidiary		203,217	551,816
Payable in respect of project development cost of the subsidiary		3,967	27,135
Staff gratuity	22.3	41,434	25,219
Retention money		29,828	38,743
Sales tax		825	-
Withholding tax		2,127	1,667
Others		8,944	-
		618,003	1,141,929
		63,095,616	35,545,725

22.1 This includes Rs. 57,680 million (2013: Rs. 29,785 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 52,608 million (2013: Rs. 20,520 million).

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

22.2 This represents Capacity Purchase Price invoiced for the succeeding month under the terms of PPA for Hub plant.

	2014 (Rs. '000s)	2013 (Rs. '000s) Restated
22.3 STAFF GRATUITY		
Staff gratuity - Holding company	41,434	25,219

Actuarial valuation was carried out as on June 30, 2014. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost method.

	2014 (Rs. '000s)	2013 (Rs. '000s) Restated
Reconciliation of the net liability recognised in the balance sheet		
Present value of defined benefit obligation	142,975	110,181
Fair value of plan assets	(101,541)	(84,962)
Net liability recognised in the balance sheet	41,434	25,219
Reconciliation of the movements during the year in the net liability recognised in the balance sheet		
Opening net liability	25,219	20,715
Expense recognised	18,011	10,482
Total remeasurement loss recognised in Other Comprehensive Income (OCI)	14,449	13,290
Contributions to the fund made during the year	(16,245)	(19,268)
Closing net liability	41,434	25,219
Expense recognised		
Current service cost	15,111	8,673
Net Interest	2,900	1,809
Expense recognised	18,011	10,482

Significant actuarial assumptions used in the actuarial valuation were as follows:

	2014	2013
- Valuation discount rate per annum	13.25%	11.50%
- Expected return on plan assets per annum	13.25%	11.50%
- Expected rate of increase in salary level per annum	13.00%	13.25%

	2014	2013	2012	2011	2010
	(Rs. '000s)				
As at June 30					
Present value of defined benefit obligation	142,975	110,181	108,968	97,139	110,529
Fair value of plan assets	(101,541)	(84,962)	(88,253)	(61,054)	(81,095)
Deficit / (Surplus)	41,434	25,219	20,715	36,085	29,434

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
23. INTEREST / MARK-UP ACCRUED			
Interest / mark-up accrued on long term loans		1,278,808	1,374,295
Liabilities against assets subject to finance lease		89,825	93,388
Mark-up accrued on short term borrowings		319,642	491,492
	23.1	1,688,275	1,959,175

23.1 Included herein is a sum of Rs. 42.120 million (2013: Rs. 252.101 million) payable to an associated undertaking.

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
24. SHORT TERM BORROWINGS - Secured			
Finances under mark-up arrangements - Holding company	24.1 to 24.3	16,878,118	4,526,903

24.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 25,165 million (2013: Rs. 21,965 million) at mark-up ranging between 0.75% to 3.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities will expire during the period from July 31, 2014 to May 31, 2015. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

24.1.1 The facilities amounting to Rs. 20,240 million (2013: Rs. 17,040 million) are secured by way of charge over the trade debts and stocks of the holding company pari passu with the existing charge.

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

(a) a first ranking charge on all present and future (i) amounts standing to the credit of the Energy Payment Collection Account and the Master Facility Account, (ii) Fuel, lube, fuel stocks at the Narowal plant and Spares parts; and (iii) the Energy Payment Receivables of Narowal plant.

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

24.1.3 This includes a sum of Rs. 275 million (2013: Rs. Nil) payable to Askari Bank Limited (an associated undertaking). The available facility amounted to Rs. 275 million (2013: Rs. 275 million). This facility is secured by way of securities mentioned in note 24.1.2.

24.2 The holding company also has Murabahah facility agreements with banks for an amount of Rs. 625 million (2013: Rs. 625 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on August 28, 2014. Any late payment by the holding company is subject to an additional payment of 4.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 24.1.2.

24.3 The holding company also entered into a Musharaka agreement amounting to Rs. 635 million (2013: Rs. 635 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on October 31, 2014. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 24.1.2 (a).

25. COMMITMENTS AND CONTINGENCIES

25.1 Commitments by the holding company in respect of capital and revenue expenditures amount to Rs. 1,008.304 million (2013: Rs. 348.070 million).

25.2 In connection with investment in the subsidiary, the holding company entered into an Sponsor Support Agreement (SSA). In accordance with the terms of the SSA, the holding company entered into a Sponsor Charge and Assignment Deed with the subsidiary's lenders pursuant to which the holding company has:

(i) charged, by way of first fixed charge:

(a) all its right, title and interest from time to time in and to the Shares and Related Rights of the subsidiary; and

(b) all its rights, title and interest from time to time (whether present or future) in the Assigned Subordinated Loans and all claims in relation thereto.

(ii) assigned and has agreed to assign absolutely all rights, title and interest present or future of the holding company in respect of the Assigned Subordinated Loans.

Accordingly, all the present and future shares which the holding company holds or owns in the subsidiary and the loans, if any, to be provided to the subsidiary are subject to Security Interest created by Sponsor Charge and Assignment Deed above.

Further, the holding company is committed to maintain a minimum of 75% equity interest in the subsidiary.

25.3 Pursuant to the SSA in connection with the investment in the subsidiary, the holding company has provided an LC of USD 23 million to the subsidiary's lenders for cost overruns and debt repayment. After meeting certain conditions by the subsidiary, the LC amount will be reduced to USD 17 million which the holding company is committed to continue to maintain till the last repayment of debt (expected in 2024). Any default in payment by the holding company is subject to a mark-up of six month KIBOR plus a margin of 4%. This LC is secured by way of second ranking / subordinated charge over all present and future undertaking and assets of the holding company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the holding company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal project); and (iv) present and future shares acquired in the subsidiary including bonus shares and right shares.

25.4 Pursuant to Fuel Supply Agreement (FSA) with Bakri Trading Company Pakistan (Pvt) Ltd for the Narowal plant, the holding company has provided Stand-by Letter of Credit (SBLC) for an amount of Rs. 2,400 million. Any default in payment by the holding company is subject to a mark-up rate of three month KIBOR plus 4% per annum. This SBLC is secured by way of securities mentioned in note 24.1.2.

25.5 Due to continuous delay in payments by NTDC in connection with the Narowal plant, the holding company had called on the Sovereign Guarantee for recovery of overdue receivables. Subsequently, the holding company also filed a petition in the Honourable Supreme Court of Pakistan (SCP) seeking inter alia an immediate recovery of these overdue receivables and to protect itself against reduction in capacity purchase price in the form of Liquidated Damages (LDs) due to non-availability of power plant for electricity generation because of lack of fuel caused by delay in payments by NTDC. On February 15, 2013, the SCP passed an interim order that there shall be no reduction in capacity payment. On June 28, 2013, the holding company and other IPPs agreed with GOP that on settlement of all overdue amounts, the holding company and other IPPs would withdraw the SCP case and pursue expert adjudication and arbitration in accordance with the PPA with regards to the LDs imposed by power purchaser. The expert adjudication process has commenced and is ongoing. If the decision is in favour of the holding company, an amount of Rs. 986 million deducted by power purchaser (out of which LDs amounting to Rs. 647 million pertaining to the period prior to January 2013 charged to Profit & Loss account as a matter of prudence) will become refundable.

25.6 During the year, WAPDA informed the holding company of its intention to impose LDs amounting to Rs. 235 million due to non-availability of Hub Power Plant for electricity generation. The plant was unavailable for electricity generation because of shortage of fuel caused by persistent delay in payments by WAPDA. The holding company has notified WAPDA that, as per the PPA, no LDs can be imposed on the holding company that arise due to a breach by WAPDA of the PPA. The holding company is strongly contesting this matter and will take appropriate legal measures to vigorously defend its position.

The management is confident that this matter will be decided in its favour and, therefore, no provision has been made in these consolidated financial statements.

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

In order to restrict the penal exposure of the holding company, in May 2012 the holding company availed the scheme offered by the FBR vide SRO 547(I)/2012 dated May 22, 2012 and made payment of Rs. 1,615 million. In accordance with the scheme, the FBR has informed the holding company that penalties and default surcharge amounting to Rs. 2,925 million levied on the holding company in connection with the above tax demand have been waived.

Subsequent to the year end, the SCP has decided the case in favor of the holding company. Consequently, the holding company is entitled to receive an amount of Rs. 1,912 million paid to the FBR (Refer note 16). The FBR is entitled to seek a review of the aforementioned judgement pursuant to Article 188 of The Constitution of the Islamic Republic of Pakistan,1973.

25.8 The holding company and the power plant construction contractors had entered into a Turnkey Construction Contract (TKC). Under the terms of the TKC, the holding company was required to pay all income tax liability on payments to contractors and sub-contractors. Under the PPA with WAPDA, any tax paid by the holding company on behalf of construction contractors and sub-contractors was to be reimbursed by WAPDA.

Under the provisions of the Implementation Agreement (IA) between the holding company and Government of Pakistan (GOP) it was agreed that payments to contractors and sub-contractors would be subject to 4% tax which would be full and final liability on account of income tax. Accordingly, the provisions of tax law were amended. However in 1998, few years after the tax had been paid, the FBR contended that the holding company was liable to pay tax at 8% instead of the agreed rate of 4% and was also liable to pay tax on taxes paid on behalf of contractors and sub-contractors on "tax on tax" basis at the corporate rates ranging from 52% to 58% instead of 4%. Accordingly, demand notices were issued and the holding company was required to pay Rs. 966 million. On payment of Rs. 966 million, the holding company immediately billed these amounts to WAPDA. Against these demands by FBR, appeals were filed by the Contractors and Sub-Contractors which were decided in their favour. The FBR has filed appeals before the courts which are pending adjudication.

On the holding company's and other Independent Power Producers' (IPPs) representation, the Economic Coordination Committee (ECC) of the Federal Cabinet of the GOP directed the FBR to refund the tax recovered by it over and above 4%. The FBR has so far refunded Rs. 593 million but withheld Rs. 373 million on the pretext that the ECC decision was not applicable on "tax on tax" issue and also because the FBR has filed appeals before the courts which are pending adjudication.

The holding company continued its discussions with the GOP and the FBR for the balance refund of Rs. 373 million. As a result, the tax department passed revised orders recognising refunds aggregating to Rs. 300.5 million. The tax law specifies that once an order recognising refund is passed, only then a taxpayer can apply for issuance of refund order and refund cheque. Accordingly, the holding company has filed applications with the tax department for issuance of refund orders and cheques for the above amounts. The holding company is also pursuing the tax department for issuance of revised orders recognising the balance refund amounting to Rs. 72.5 million.

The management and their tax advisors are of the opinion that the position of the Contractors and the holding company is strong on legal grounds and on the basis of the above referred orders, therefore, tax of Rs. 373 million will be refunded.

Pending the resolution of the matter stated above, no provision has been made in these consolidated financial statements.

25.9 The holding company had filed a petition on June 28, 2000 challenging the application of the Companies Profits (Workers' Participation) Act, 1968 (the Act) to the holding company on the ground that since its inception the holding company has not employed any person who falls within the definition of the term "Worker" as it has been defined in the Act.

The petition was filed subsequent to the service on the holding company of a letter of March 14, 2000 by the Labour, Manpower and Overseas Pakistanis' Division directing the holding company to allocate 5% of its net profit (since its establishment) amounting to Rs. 3,136 million towards the Workers' Profit Participation Fund and deposit the entire amount of the Fund in the Federal Treasury. The petition had been filed against the Federation of Pakistan through the Secretary, Ministry of Labour, Manpower and Overseas Pakistanis, Labour, Manpower and Overseas Pakistanis Division and, in view of the fact that any payment made by the holding company to the Fund is a pass through item under the PPA, against the WAPDA as a pro forma party.

In December 2003, the holding company decided on a fresh legal review of the petition and thereafter was advised by counsel to withdraw the petition and to immediately file a fresh petition incorporating all the available grounds. Accordingly, on December 17, 2003 the holding company withdrew the petition and immediately refiled a petition, which incorporated all the available grounds.

Both HUBCO and WAPDA agreed that this petition should proceed and a judgement obtained on merits. During the year ended June 30, 2011, the petition was dismissed by the HC. Against the decision of the HC, the holding company filed petition for leave to appeal before the SCP. In December 2011, the SCP set aside the judgement of the HC and directed it to decide the case afresh.

As at June 30, 2014, the total financial exposure relating to the above case is Rs. 16,875 million (Rs. 3,136 million being the 5% of the profit and Rs. 13,739 million interest component on delayed payment). No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

Following the amendments made by the Finance Act 2006 to the Companies Profits (Workers' Participation) Act, 1968 (the Act), the holding company established the Hubco Workers' Participation Fund on August 03, 2007 to allocate the amount of annual profits stipulated by the Act for distribution amongst worker(s) eligible to receive such benefits under the Act and any amendments thereto from time to time (Refer note 7).

25.10 (i) Under the IA with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, the tax authorities issued a tax demand for the tax years 2006-2010 amounting to Rs. 143 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The holding company's appeal before the Commissioner of Inland Revenue Appeals (CIR-A) and the Appellate Tribunal Inland Revenue ("ATIR") were rejected. Against the order of the ATIR the holding company filed Income Tax Reference Applications (ITRAs) before the Honorable Islamabad High Court (IHC). The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. The ATIR re-heard the appeals and has decided against the holding company. The holding company has filed appeals before the IHC which are pending adjudication. The holding company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 216 million.

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

(ii) FBR also imposed 2% WWF for tax years 2006-2010 and issued a demand for Rs. 191 million which was subsequently reduced to Rs. 8 million by the CIR-A. The holding company's appeals filed in IHC mentioned in (i) above also included this matter. The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. The ATIR re-heard the appeals and decided against the holding company. The holding company has filed appeals before the IHC which are pending adjudication. The holding company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 10 million.

WWF is a pass through under the PPA and is recoverable from the WAPDA. No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

25.11 (i) Under the Implementation Agreement with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, during the year, the FBR issued tax demand for the tax year 2011 amounting to Rs. 3.2 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. Appeals filed by the holding company before the CIR-A and thereafter with the ATIR were decided against the holding company. The holding company has filed appeal with the

IHC which is pending adjudication. Meanwhile the IHC has refrained the FBR from recovering the amount. The holding company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 3.5 million.

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

(ii) FBR also imposed 2% WWF for the tax year 2011 and issued a demand for Rs. 108.5 million. Appeals filed by the holding company before the CIR-A and thereafter with the ATIR were decided against the holding company. The holding company has filed appeal with the IHC which is pending adjudication. Meanwhile the IHC has refrained the FBR from recovering the amount. The holding company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 110.5 million.

WWF is a pass through under the PPA and is recoverable from WAPDA. No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

25.12 (i) Under the IA with the GOP and under the tax law, the holding company is exempt from the levy of minimum tax. However, the FBR issued demand notices amounting to Rs. 442 million relating to the tax years 2006 to 2008, 2010 and 2011. After the holding company's appeals were rejected by the CIR-A, Islamabad, further appeals were filed with the ATIR, Islamabad which has decided the appeals in favour of the holding company. Against ATIR orders, FBR has filed appeals in the IHC which are pending adjudication. The holding company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 620 million.

(ii) The FBR passed an order for the recovery of sales tax amounting to Rs. 8,691 million relating to fiscal years ended June 2008 to 2011. In FBR's view the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which decided the case in favour of the holding company. Against the judgement of the ATIR, the FBR has filed a case with the IHC. No date has yet been fixed for hearing. The holding company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 15,403 million.

(iii) The FBR passed an order for the recovery of sales tax amounting to Rs. 4,001 million relating to fiscal year ended June 2012. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. The holding company's appeal was rejected by the CIR-A against which an appeal was filed with the ATIR which is pending adjudication. The holding company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 5,704 million.

(iv) During the year, the FBR issued a Show Cause Notice to recover sales tax amounting to Rs. 4,044 million relating to fiscal year ended June 2013. In FBR's view, 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 has been admitted. The IHC issued notice to FBR and has directed the FBR not to pass any final order. The holding company's maximum exposure as at June 30, 2014 including the principal amount, penalty and default surcharge is approximately Rs. 5,027 million.

(v) Payment to PSO under the FSA including payment of Late Payment Interest (LPI) are exempt from withholding of income tax under the provisions of the tax law. During the year, the FBR issued show cause notices to recover tax amounting to Rs. 1,677 million on the pretext that LPI paid to PSO under the FSA is a payment of “profit on debt”. The holding company filed a Writ Petition in the IHC which has been admitted. The IHC has suspended the operation of the show cause till next date of hearing, which would be announced later on.

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

25.13 Under the 2002 Power Policy, Fuel Supply Agreement (FSA) and Power Purchase Agreement (PPA), fuel price for the Narowal Plant must be approved by National Electric Power Regulatory Authority (NEPRA) before the holding company can raise the invoice to Power Purchaser, National Transmission and Despatch Company Limited (NTDC).

During the year, Bakri Trading Company Private Limited (BTCPL) changed the pricing Mechanism for the fuel supplied at Narowal Plant. The holding company, after obtaining the requisite information from BTCPL, applied for the change in pricing to NEPRA which was not approved by NEPRA. On BTCPL’s request, the holding company has filed a review petition for the revised fuel pricing which is pending adjudication.

The management and its legal advisors are of the opinion that the holding company is only liable to pay the revised fuel price after its approval from NEPRA under the 2002 Power Policy, FSA and PPA as the fuel cost is a pass through item. Therefore, no provision has been made in these consolidated financial statements. As at June 30, 2014, the total financial exposure of the holding company is Rs. 291.857 million.

25.14 The power purchaser of the Hub Plant was unable to meet its obligation to provide a stand by letter of credit as required under the PPA. Consequently, the holding company was unable to meet its obligation to provide a stand by letter of credit to PSO under the FSA.

25.15 In connection with the development and operation of the power plant of the subsidiary:

(i) the subsidiary has entered into contracts for construction and operation of a hydel power plant. The subsidiary’s remaining capital and revenue commitments against these contracts amount to Rs. 461.320 million (2013: Rs. 539.000 million).

(ii) the subsidiary entered into land lease agreements with the GOAJK for (i) 424 kanals and (ii) 7,243 kanals of land for the project. The lease of 424 kanals is for a term of 30 years starting from October 2003 and is renewable after the end of the lease term. The subsidiary had paid advance rental for the lease of 7,243 kanals for a period of 5 years starting from July 2009 after which land measuring 3,515 kanals, required for permanent structures, will be leased again for a period of 20 years while the remaining land will revert to the Government. Under AJK Implementation Agreement, the GOAJK is committed to extend the term of the land lease agreement over the project life. Pursuant to the land lease agreement, the subsidiary is obligated to construct a cadet college, for welfare of the effected community, within 5 years after the commercial operations date of the project, the required land will be provided by the GOAJK one year before start of construction of the cadet college.

The amount of future payments under the non-cancellable operating leases and the period in which these payments will become due are as follows:

	2014 (Rs. '000s)	2013 (Rs. '000s)
Not later than one year	1,519	170
Later than one year but not later than five years	6,303	6,247
Later than five years	23,572	25,146
	31,394	31,563

(iii) The subsidiary's appeals filed before Commissioner Inland Revenue Appeals (CIR-A) against the Order of the Taxation Officer for the alleged non-withholding of tax on payments made to lenders' legal counsel and Islamic Development Bank were decided against the subsidiary. The CIR-A while deciding the case against the subsidiary enhanced the original demand of Rs 13.45 million to Rs. 24.63 million out of which the subsidiary had already paid Rs. 11.39 million in prior years. The subsidiary's appeals filed before the Appellate Tribunal Inland Revenue (ATIR) against the decision of CIR-A have also been decided. The ATIR has reversed the enhancement of the original demand by the CIR-A by directing that the assessment made by the Taxation Officer shall hold the field. The subsidiary has filed reference applications to HC against the decision of the ATIR which is pending adjudication. The subsidiary and their tax advisor are of the opinion that the position of the subsidiary is sound on technical basis and eventual outcome ought to be in favour of the subsidiary. Pending the resolution of the matter stated above, no provision has been made in these consolidated financial statements.

(iv) Certain legal cases in relation to project land leasehold rights / compensation amounting to Rs. 472.86 million (2013: Rs. 472.86 million) are pending in courts. In the opinion of the management and subsidiary's legal counsel, the ultimate disposition of these cases will not have any material impact.

Pending the resolution of the matter stated above, no provision has been made in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2014

26. REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

The aggregate amounts incurred during the year for remuneration, including all benefits to the Chief Executives, Directors and Executives of the Group were as follows:

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
		Chief Executives	
Managerial remuneration		25,817	19,610
Ex-gratia payment to Ex-CEO		-	20,016
Bonus		12,918	7,314
House rent		3,307	7,864
Utilities		2,582	1,973
Retirement benefits		1,960	3,202
Other benefits	26.1	18,352	8,830
		64,936	68,809
Number of persons		2	2
		Directors	
Fees	26.2	19,200	17,565
Number of persons		16	16
		Executives	
Managerial remuneration		114,899	81,594
Ex-gratia payment		775	9,067
Bonus		31,228	21,999
House rent		44,473	36,717
Utilities		11,490	8,159
Retirement benefits		26,690	17,298
Other benefits	26.1	71,421	26,021
		300,976	200,855
Number of persons		64	46
		Total	
Managerial remuneration / Fees		159,916	118,769
Ex-gratia payment		775	29,083
Bonus		44,146	29,313
House rent		47,780	44,581
Utilities		14,072	10,132
Retirement benefits		28,650	20,500
Other benefits		89,773	34,851
		385,112	287,229
Number of persons		82	64

26.1 Retirement benefits to the Chief Executive and certain Executives of the holding company are paid as a part of monthly emoluments.

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

26.3 The Chief Executives and certain Executives are provided with the use of Company maintained automobiles and certain other benefits in accordance with the terms of their employment.

26.4 The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

27. SEGMENT INFORMATION

27.1 SEGMENT ANALYSIS

The Group has three reportable segments on the basis of power plants; the Hub plant, Narowal plant and Laraib plant (Hydel power plant) all these plant are operational. Laraib plant achieved COD on March 23, 2013.

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

	2014				
	Hub plant	Narowal plant	Laraib plant	Unallocated	Total
	……………… (Rs. '000s) ………………				
Turnover	132,609,194	29,197,600	4,031,591	-	165,838,385
Operating costs	(125,136,978)	(24,933,202)	(1,450,334)	-	(151,520,514)
GROSS PROFIT	7,472,216	4,264,398	2,581,257	-	14,317,871
General and administration expenses	(548,793)	(110,707)	(128,372)	(1,597)	(789,469)
Other income	59,209	11,193	50,212	-	120,614
Workers' profit participation fund	-	-	-	-	-
PROFIT FROM OPERATIONS	6,982,632	4,164,884	2,503,097	(1,597)	13,649,016
Finance costs	(1,197,000)	(2,893,764)	(1,222,748)	(514,430)	(5,827,942)
PROFIT BEFORE TAXATION	5,785,632	1,271,120	1,280,349	(516,027)	7,821,074
Taxation	-	(3,013)	-	(1,026)	(4,039)
PROFIT FOR THE YEAR	5,785,632	1,268,107	1,280,349	(517,053)	7,817,035
Assets	95,902,749	34,654,102	24,647,693	290	155,204,834
Liabilities	74,025,071	26,051,673	16,216,059	4,310,319	120,603,122
Depreciation and amortisation	1,738,480	971,159	897,316	-	3,606,955
Capital expenditure	290,553	55,438	145,526	-	491,517

Notes to the Consolidated Financial Statements

For the year ended June 30, 2014

	2013				
	Hub plant	Narowal plant	Laraib plant	Unallocated	Total
	(Rs. '000s)				
Turnover	145,852,003	20,009,773	1,373,743	-	167,235,519
Operating costs	(135,414,958)	(14,132,062)	(440,479)	-	(149,987,499)
GROSS PROFIT	10,437,045	5,877,711	933,264	-	17,248,020
General and administration expenses	(358,364)	(56,356)	(74,930)	(480)	(490,130)
Other income	23,888	5,873	12,305	-	42,066
Workers' profit participation fund	-	-	-	-	-
PROFIT FROM OPERATIONS	10,102,569	5,827,228	870,639	(480)	16,799,956
Finance costs	(1,682,149)	(4,393,171)	(228,720)	(264,633)	(6,568,673)
PROFIT BEFORE TAXATION	8,420,420	1,434,057	641,919	(265,113)	10,231,283
Taxation	-	(1,266)	-	(254)	(1,520)
PROFIT FOR THE YEAR	8,420,420	1,432,791	641,919	(265,367)	10,229,763
Assets	69,261,622	25,199,749	24,479,863	-	118,941,234
Liabilities - Restated	40,741,955	21,582,433	17,419,046	4,298,593	84,042,027
Depreciation and amortisation	1,733,036	965,609	309,434	-	3,008,079
Capital expenditure	98,580	29,392	4,331,555	-	4,459,527

27.2 The customers of the Group are WAPDA 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.

28. RELATED PARTY TRANSACTIONS

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

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Associated undertakings			
Shares issued to an associated undertaking of the subsidiary		-	74,481
Interest income on placement of fund		17,939	3,746
Amounts paid for services rendered		11,987	7,424
Amounts paid for the purchase of assets		9,247	-
Donation paid to Karachi Education Initiative		15,000	-
Reimbursement of expenses and others		44	-
Proceeds from long term loans		-	80,395
Repayment of long term loans		682,186	777,050
Interest / Mark-up on long term loans		431,549	1,158,128
Mark-up on short term borrowings		18,864	307,673
Other finance costs		11,722	27,774
Other related parties			
Mark-up on short term borrowings		49	488
Repayment of short term borrowings and related markup		15,537	488
Remuneration to key management personnel			
Salaries, benefits and other allowances		151,972	85,600
Ex-gratia payment		-	20,016
Retirement benefits		8,555	8,629
	28.1	160,527	114,245
Directors' fee	26.2	19,200	17,565
Contribution to staff retirement benefit plans		27,046	29,972

28.1 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.

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

29. PROVIDENT FUND TRUSTS

The following figures include figures of holding company's provident fund trust and its subsidiary.

	2014	2013
Size of the trust (Rupees in thousands)	110,880	87,225
Cost of investments made (Rupees in thousands)	100,456	84,299
Percentage of investments made (%)	90.60%	96.65%
Fair value of investments made (Rupees in thousands)	108,661	84,568

	2014 (Rs. '000s)	2013 (Rs. '000s)
Break-up of Investments		
Treasury Bills	52,560	15,152
Short term Deposit	27,182	18,144
Other	28,919	51,272
	108,661	84,568

Investments out of provident fund have been made in accordance with the provisions of the Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. These figures are unaudited.

30. PLANT CAPACITY AND PRODUCTION

Holding company

HUB PLANT

	2014	2013
Theoretical Maximum Output	10,512 GWh	10,512 GWh
Total Output	7,087 GWh	7,673 GWh
Load Factor	67%	73%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,216 GWh (2013: 9,216 GWh). Output produced by the plant is dependent on the load demanded by WAPDA and the plant availability.

NAROWAL PLANT

	2014	2013
Theoretical Maximum Output	1,873 GWh	1,873 GWh
Total Output	1,562 GWh	820 GWh
Load Factor	83%	44%

Practical maximum output for the power plant taking into account all the scheduled outages is 1,723 GWh (2013: 1,723 GWh). Output produced by the plant is dependent on the load demanded by NTDC and the plant availability.

Subsidiary

The subsidiary's hydel power plant achieved COD on March 23, 2013. Therefore, the comparative data covers the period starting from COD till June 30, 2013.

	2014	2013
Theoretical Maximum Output	736 GWh	202 GWh
Average Energy	470 GWh	160 GWh
Total Output	470 GWh	138 GWh

Output produced by the plant is dependent on the load demanded by NTDC, available hydrology and the plant availability.

31. WORKING CAPITAL CHANGES

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
(Increase) / Decrease in current assets			
Stores and spares		(126,547)	(605,353)
Stock-in-trade		1,859,063	(2,473,257)
Trade debts		(55,012,618)	125,235,205
Advances, deposits, prepayments and other receivables		526,586	(787,900)
		(52,753,516)	121,368,695
Increase / (Decrease) in current liabilities			
Trade and other payables		27,284,602	(93,277,315)
		(25,468,914)	28,091,380

32. CASH AND CASH EQUIVALENTS

	Note	2014 (Rs. '000s)	2013 (Rs. '000s)
Cash and bank balances	17	5,015,638	18,378,649
Finances under mark-up arrangements	24	(16,878,118)	(4,526,903)
		(11,862,480)	13,851,746

33. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY

33.1 Basic

	2014	2013
Profit for the year attributable to owners of the holding company (Rupees in thousand)	7,489,514	10,090,087
Number of shares in issue during the year	1,157,154,387	1,157,154,387
Basic earnings per share attributable to owners of the holding company (Rupees)	6.47	8.72

33.2 There is no dilutive effect on the earnings per share of the holding company.

34. PROPOSED FINAL DIVIDEND

The Board of Directors of the holding company proposed a final dividend for the year ended June 30, 2014 of Rs. 4.00 per share, amounting to Rs. 4,628.618 million, at their meeting held on August 19, 2014, for approval of the members of the holding company at the Annual General Meeting to be held on October 14, 2014. These consolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

35. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The overall risk management of the Group is carried out under policies approved by the Board of Directors. Such policies entail identifying, evaluating and addressing financial risks of the Group.

The Group's overall risk management procedures to minimize the potential adverse effects of financial market on the Group's performance are as follows:

(a) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of holdings of financial instruments. The Group is not exposed to equity price risk. The exposure to other two risks and their management is explained below:

(i) Foreign exchange risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Financial assets of the Group include Rs. 1,594.005 million (2013: Rs. 1,300.203 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Group include Rs. 13,579.950 million (2013: Rs. 14,361.920 million) in foreign currencies which are subject to currency risk exposure. The Group is minimizing the foreign exchange risk by maintaining the bank balance in respective foreign currencies in order to match the payments. The Group is also covered under the PPA to recover the forex loss under the tariff. Therefore, the Group believes that its exposure to foreign exchange risk is not material.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Cash flow and fair value interest rate risks

The Group's exposure to the risk of changes in interest rates relates primarily to the following:

	2014 (Rs. '000s)	2013 (Rs. '000s)
Fixed rate instruments at carrying amount:		
Financial assets		
Bank balances	2,370,240	18,162,360
Financial liabilities		
Long term loans	1,767,754	2,489,861
Variable rate instruments at carrying amount:		
Financial assets		
Trade debts	66,316,069	12,890,654
Other receivables	11,388	11,388
Total	66,327,457	12,902,042
Financial liabilities		
Long term loans	33,752,130	35,950,300
Liabilities against assets subject to finance lease	3,416,329	3,566,389
Trade and other payables	37,654,573	22,856,470
Short term borrowings	16,878,118	4,526,903
Total	91,701,150	66,900,062

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest / mark-up would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

Owing to cash flow difficulties and delays in payment by WAPDA and NTDC, the holding company has delayed payments to PSO (fuel supplier for Hub plant). The holding company has also obtained short term running finances to meet its short term funding requirements. The holding company receives interest on delayed payments from WAPDA and NTDC at variable rate provided under the relevant PPAs and pays interest on delayed payments to PSO at variable rate provided under the FSA for Hub plant. The rates on all these four financial instruments are almost similar and move in the same direction, therefore, any change in the variable rate does not significantly affect profit or loss.

In addition to above, the holding company has long term loans (PSEDF II) for Hub plant at variable rates. The related finance cost is pass through to WAPDA under the PPA. Therefore, there is no significant impact of any change in interest rates on profit or loss.

The holding company has a long term loan for Narowal plant (Refer note 19.2.2). Under the Narowal PPA, the related finance cost up to a mark-up rate of 3 month KIBOR is allowed as a pass through to the Power Purchaser. Therefore, there is no significant impact of any change in interest rates on profit or loss.

The holding company has another long term loan for Narowal plant (Refer note 19.2.1). The holding company has to manage the related finance cost from its own sources which exposes the holding company to the risk of change in 3 month KIBOR. As at June 30, 2014, if interest rate on the holding company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 52.331 million.

In order to meet its investment obligations in the subsidiary, the holding company has entered into long term loan facilities (Refer note 19.3). The holding company has to manage related finance cost from its own sources which exposes the holding company to the risk of change in 6 month KIBOR. As at June 30, 2014, if interest rate on the holding company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 42.093 million.

The subsidiary has entered into long-term loans / finance facilities for the development of the project with various lenders / financial institutions, which exposes it to the risk of change in six month LIBOR and six month KIBOR. However, the risk is substantially mitigated as the subsidiary is covered under the PPA to recover any interest rate risk under the tariff.

Since the impact of interest rate exposure is not significant to the Group, the management believes that consideration of alternative arrangement to hedge interest rate exposure is not cost effective.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's exposure to credit risk is not significant for reasons provided below.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was as follows:

	2014 (Rs. '000s)	2013 (Rs. '000s)
Deposits	20,947	6,896
Trade debts	80,938,582	25,925,964
Other receivables	640,038	717,141
Bank balances	2,370,240	18,162,360
Total	83,969,807	44,812,361

Trade debts are recoverable from WAPDA / NTDC under the PPAs and are secured by guarantees from GOP under the IAs.

The significant amount of other receivables is also recoverable from WAPDA / NTDC and is secured as mentioned above.

Credit risk on bank balances is limited as they are maintained with foreign and local banks having good credit ratings assigned by local and international credit rating agencies. The Group is also required under the concession documents to keep project accounts with certain banks.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Group maintains running finance facilities (Refer note 24) to meet the short term funding requirements due to delay in payments by WAPDA and NTDC. The delay in payments by WAPDA is mainly offset by the delay in payments to PSO whereas the delay in payments by NTDC is managed through bank borrowings.

The Group is exposed to liquidity risk to the extent that the returns from the Narowal plant are not sufficient to meet the funding requirement for the Narowal plant's long term loans mentioned in note 19.2.1 and 19.2.2. The Group is also exposed to liquidity risk for the differential margin not allowed by NEPRA above the 3 month KIBOR as mentioned in note 19.2.2. The Group will manage this liquidity risk on remaining term of the loans from its own sources and future earnings.

Following are the contractual maturities of financial liabilities, including estimated interest payments:

	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 5 to 10 years	Over 10 years	Total
	-----	-----	----- (Rs. '000s)	-----	-----	-----
2013-14						
Long term loans	4,346,561	4,236,458	28,660,597	12,852,827	872,923	50,969,366
Liabilities against assets subject to finance lease	249,233	246,220	1,818,064	1,906,422	331,231	4,551,170
Trade and other payables	61,553,625	-	-	-	-	61,553,625
Short term borrowings	17,197,760	-	-	-	-	17,197,760
Total	83,347,179	4,482,678	30,478,661	14,759,249	1,204,154	134,271,921
2012-13						
Long term loans	3,525,540	3,767,437	31,673,056	18,356,457	1,794,671	59,117,161
Liabilities against assets subject to finance lease	173,071	172,100	1,804,897	1,995,571	680,989	4,826,628
Trade and other payables	33,989,736	-	-	-	-	33,989,736
Short term borrowings	5,018,395	-	-	-	-	5,018,395
Total	42,706,742	3,939,537	33,477,953	20,352,028	2,475,660	102,951,920

Fair value estimation

The carrying amount of the financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, as required under various project agreements, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables (Rs. '000s)	Total June 30, 2014 (Rs. '000s)
Assets as per balance sheet		
Deposits	20,947	20,947
Trade debts	80,938,582	80,938,582
Other receivables	640,038	640,038
Cash and bank balances	5,015,638	5,015,638
Total	86,615,205	86,615,205

Liabilities as per balance sheet	Financial liabilities measured at amortised costs (Rs. '000s)	Total June 30, 2014 (Rs. '000s)
Long term loans	36,798,692	36,798,692
Liabilities against assets subject to finance lease	3,506,154	3,506,154
Trade and other payables	61,553,625	61,553,625
Short term borrowings	17,197,760	17,197,760
Total	119,056,231	119,056,231

Assets as per balance sheet	Loans and receivables (Rs. '000s)	Total June 30, 2013 (Rs. '000s)
Deposits	6,896	6,896
Trade debts	25,925,964	25,925,964
Other receivables	717,141	717,141
Cash and bank balances	18,378,649	18,378,649
Total	45,028,650	45,028,650

Liabilities as per balance sheet	Financial liabilities measured at amortised costs (Rs. '000s)	Total June 30, 2013 (Rs. '000s)
Long term loans	39,814,456	39,814,456
Liabilities against assets subject to finance lease	3,659,777	3,659,777
Trade and other payables	33,989,736	33,989,736
Short term borrowings	5,018,395	5,018,395
Total	82,482,364	82,482,364

37. INITIAL APPLICATION / WAIVER FROM APPLICATION OF STANDARDS AND INTERPRETATIONS

Revised and amended standards and interpretation effective and adopted in 2014

Certain revised and amended standards and interpretation are effective and adopted by the Group during the year which are neither relevant to the Group nor have a significant impact on the Group's financial statements, except as disclosed below.

IAS 19 - Employees benefits (Revised).

IAS 19 'Employee benefits' was revised in June 2011. The revised standard (i) requires past service cost to be recognized immediately in the profit or loss; (ii) replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year; and (iii) introduced a new term 'remeasurements' which is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The revised standard eliminates the corridor approach and requires to recognize all remeasurement gains or losses / actuarial gains or losses in the Other Comprehensive Income (OCI) immediately as they occur. In accordance with the transitional provisions as set out in IAS 19 (Revised), the holding company has applied the revised standard retrospectively and, consequently the earliest periods presented in the balance sheet, statement of comprehensive income and the statement of changes in equity have been restated. The impact of retrospective application of IAS 19 (Revised) is as follows:

	Retirement benefit obligation (Rs. '000s)	Other Comprehensive Income (Rs. '000s)
Balance as at June 30, 2012 as previously reported	10,652	-
Restatement - Recognition of remeasurement loss in OCI	10,063	(10,063)
Balance as at June 30, 2012 - Restated	20,715	(10,063)
Balance as at June 30, 2013 as previously reported	1,866	-
Restatement - Recognition of remeasurement loss in OCI	13,290	(13,290)
Balance as at June 30, 2013 - Restated	15,156	(13,290)

The effect of change in accounting policy, due to adoption of IAS 19 (Revised), on the profit and loss account, earnings per share and statement of cash flows is immaterial. Consequently, the same and the related earlier periods presented have not been restated. Further, a third balance sheet (statement of financial position) as at the beginning of the preceding period has not been presented as the effect of retrospective application on that period is not material.

Holding company

Waiver from application of IFRIC - 4 “Determining Whether an Arrangement Contains a Lease”

The Securities and Exchange Commission of Pakistan (SECP) granted waiver from the application of International Financial Reporting Interpretation Committee (IFRIC) - 4 “Determining Whether an Arrangement Contains a Lease” to all companies including Power Sector Companies. However, the SECP made it mandatory to disclose the impact on the results of the application of IFRIC - 4.

Under IFRIC - 4, the consideration required to be made by lessees (WAPDA and NTDC) for the right to use the asset is to be accounted for as finance lease under IAS - 17 “Leases”. If the holding company were to follow IFRIC - 4 and IAS - 17, the effect on the consolidated financial statements would be as follows:

	2014 (Rs. '000s)	2013 (Rs. '000s)
Decrease in unappropriated profit at the beginning of the year	(8,721,212)	(9,500,694)
Increase in profit for the year	586,016	779,482
Decrease in unappropriated profit at the end of the year	(8,135,196)	(8,721,212)

Subsidiary

Exemption from applicability of IFRIC - 12 “Service Concession Arrangements”

The SECP granted waiver from the application of International Financial Reporting Interpretation Committee (IFRIC) - 12 “Service Concession Arrangements” to all companies including Power Sector Companies. However, the SECP made it mandatory to disclose the impact on the results of the application of IFRIC - 12.

Under IFRIC 12, the revenue and costs relating to construction of infrastructure or upgrade services are recognised in accordance with IAS 11 "Construction Contracts" and a financial asset is recognised to the extent Company has an unconditional contractual right to receive cash irrespective of the usage of infrastructure. If the subsidiary were to follow IFRIC - 12 and IAS - 11, the effect on the consolidated financial statements would be as follows:

	2014 (Rs. '000s)	2013 (Rs. '000s)
Increase in unappropriated profit and non-controlling interest at the beginning of the year	3,133,219	1,245,736
Increase in profit for the year	2,512,333	1,887,483
Increase in unappropriated profit and non-controlling interest at the end of the year	5,645,552	3,133,219

Exemption from recognition of Embedded derivatives and loss on foreign currency loans.

SECP, through its S.R.O 24/(I)/2012 dated January 16, 2012, exempted the power companies from application of IAS-39 'Financial Instruments: Recognition and Measurement' to the extent of recognition of embedded derivatives and IAS-21 'The Effects of Changes in Foreign Exchange Rates' to the extent of charging exchange losses (refer note 2.15). However, the said S.R.O requires the companies which have chosen to capitalize exchange difference (as disclosed in note 10.1), to give an additional disclosure as if accounting for embedded derivative IAS-39 had been adopted in preparing the financial statements.

	Unappropriated profit (Increase) / decrease	Property, plant and equipment Increase / (decrease)	Derivative Financial Asset Increase / (decrease)
	------------------	(Rs. '000s)	------------------
As at June 30, 2013			
Adjustment on initial recognition of derivative and non-capitalization of exchange loss			
- Charge off of exchange loss	93,654	(93,654)	-
- Recognition of embedded derivative	-	-	(296,912)
	93,654	(93,654)	(296,912)
For the year ended June 30, 2014			
- Charge off of exchange loss	36,332	(36,332)	-
- Remeasurement of embedded derivative	-	-	(7,569,788)
	36,332	(36,332)	(7,569,788)
As at June 30, 2014			
Change due to remeasurement of derivative and non-capitalization of exchange loss	129,986	(129,986)	(7,866,700)

Notes to the Consolidated Financial Statements

For the year ended June 30, 2014

38. RECLASSIFICATION

Certain prior year's figures have been re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparisons. However, there are no material reclassification to report.

39. SUBSEQUENT EVENT

Subsequent to the year end, the holding company has entered into a Shareholders Agreement with Engro Powergen Limited and Thal Limited for joint investment in Sindh Engro Coal Mining Company (SECMC). The holding company's total commitment is USD 20 million out of which Rs. 240 million will be made on completion of certain conditions precedent. The remaining amount will be invested at or soon after SECMC achieving financial close which is expected to be achieved on December 2015. This investment shall be in the form of fully subscribed ordinary shares of the face value of Rs. 10 each which will be purchased at Rs. 14.82 each.

40. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on August 19, 2014 in accordance with the resolution of the Board of Directors of the holding company.

41. GENERAL

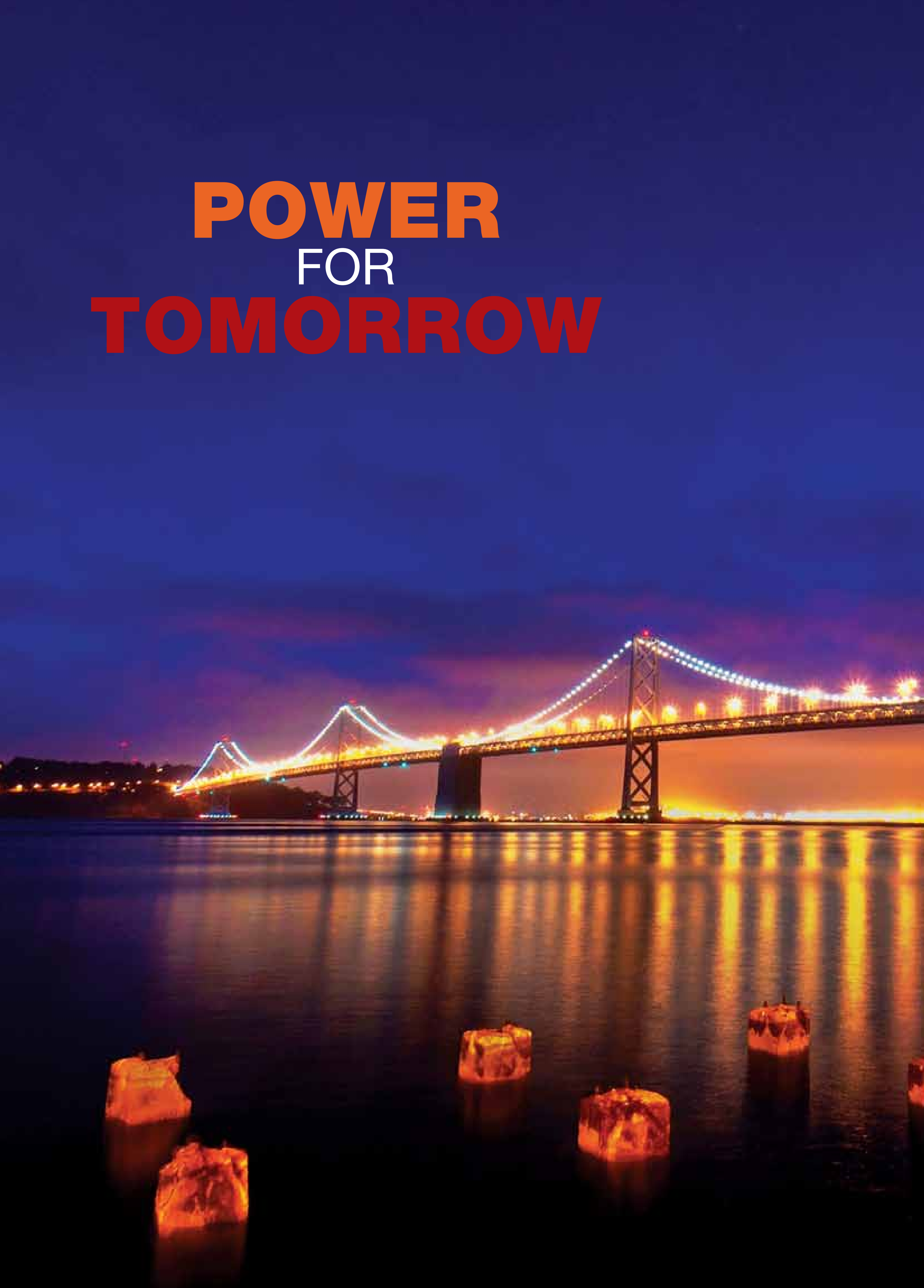
Figures have been rounded off to the nearest thousand rupees.

Khalid Mansoor Chief Executive	Iqbal Alimohamed Director


Hub Plant


Narowal Plant


Laraib Plant


POWER
FOR
TOMORROW

Moving forward, we remain well prepared for the challenges ahead and are working towards yielding even greater success in the years to come. Our investment in coal projects will make our power generation more sustainable and reliable, and will help us in producing inexpensive electricity for domestic, commercial and industrial use.

Calendar of Major Events

September 30, 2013	Annual General Meeting held
December 9, 2013	Rehabilitation of Boiler Unit 4 completed
April 9, 2014	Interim Dividend warrants dispatched to shareholders.
June 13, 2014	Issuance of Final Taking Over Certificate of the Complex to the EPC Contractor of Laraib
June 28, 2014	Overhaul of 10 out of 11 engines of Narowal completed
July 23, 2014	Rehabilitation of Boiler Unit 1 and overhauling of Turbine completed
August 19, 2014	Announcement of Final Dividend

Awards

ICAP & ICMAP Best Corporate Report Award 2012 - 1st Position, Fuel & Energy Sector

SAFA - Certificates of Merit 2012: i) Manufacturing Sector ii) SAARC Anniversary Award for Corporate Governance

Calendar of Corporate Events

Tentative dates for the Financial Year 2014-15

2014 Annual General Meeting	October 14, 2014
First Quarter ending September 30, 2014	Last week of October, 2014
Second Quarter ending December 31, 2014	Third week of February, 2015
Third Quarter ending March 31, 2015	Fourth week of April, 2015
Fourth Quarter and year ending June 30, 2015	Third week of August, 2015

Actual dates for the Financial Year 2013-14

Annual General Meeting	September 30, 2013
First Quarter ended September 30, 2013	October 24, 2013
Second Quarter ended December 12, 2013	February 18, 2014
Third Quarter ended March 31, 2014	April 30, 2014
Fourth Quarter and year ended June 30, 2014	August 19, 2014

Pattern of Shareholding

As at June 30, 2014

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
1	100	464	26,526
101	500	5,460	2,671,171
501	1,000	1,631	1,537,522
1,001	5,000	2,722	8,187,650
5,001	10,000	987	8,046,373
10,001	15,000	466	6,077,715
15,001	20,000	332	6,084,960
20,001	25,000	212	4,998,829
25,001	30,000	170	4,892,771
30,001	35,000	99	3,302,154
35,001	40,000	77	2,962,301
40,001	45,000	60	2,587,167
45,001	50,000	118	5,817,025
50,001	55,000	53	2,815,343
55,001	60,000	43	2,528,156
60,001	65,000	33	2,079,568
65,001	70,000	34	2,329,460
70,001	75,000	33	2,440,101
75,001	80,000	20	1,583,559
80,001	85,000	22	1,833,690
85,001	90,000	24	2,120,278
90,001	95,000	12	1,128,525
95,001	100,000	71	7,076,800
100,001	105,000	16	1,647,521
105,001	110,000	11	1,199,500
110,001	115,000	11	1,244,269
115,001	120,000	16	1,892,649
120,001	125,000	8	986,800
125,001	130,000	7	894,609
130,001	135,000	4	534,200
135,001	140,000	9	1,255,498
140,001	145,000	6	859,500
145,001	150,000	19	2,827,142
150,001	155,000	5	763,690
155,001	160,000	6	950,000
160,001	165,000	9	1,468,270
165,001	170,000	7	1,175,286
170,001	175,000	8	1,389,325
175,001	180,000	3	534,500
180,001	185,000	10	1,827,460
185,001	190,000	6	1,136,250
190,001	195,000	4	773,393
195,001	200,000	29	5,788,763
200,001	205,000	9	1,829,895
205,001	210,000	3	621,975
210,001	215,000	2	425,500
215,001	220,000	1	220,000
220,001	225,000	7	1,560,650
225,001	230,000	5	1,143,250
230,001	235,000	7	1,633,695
235,001	240,000	2	480,000
240,001	245,000	2	481,884
245,001	250,000	8	1,995,000
250,001	255,000	5	1,267,160
255,001	260,000	3	773,967
260,001	265,000	5	1,310,264
265,001	270,000	4	1,075,500
270,001	275,000	2	548,000
275,001	280,000	3	831,500
280,001	285,000	4	1,132,250

Pattern of Shareholding

As at June 30, 2014

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
285,001	290,000	2	577,000
290,001	295,000	4	1,173,000
295,001	300,000	11	3,293,600
300,001	305,000	3	908,000
305,001	310,000	1	310,000
310,001	315,000	1	312,000
315,001	320,000	2	636,690
320,001	325,000	5	1,619,000
325,001	330,000	4	1,312,014
330,001	335,000	3	1,002,744
335,001	340,000	3	1,007,000
340,001	345,000	2	686,095
345,001	350,000	7	2,449,500
355,001	360,000	1	358,607
360,001	365,000	1	363,125
365,001	370,000	1	370,000
370,001	375,000	3	1,116,400
375,001	380,000	4	1,516,485
380,001	385,000	3	1,149,800
385,001	390,000	1	387,500
390,001	395,000	3	1,182,000
395,001	400,000	8	3,192,998
400,001	405,000	1	400,467
405,001	410,000	1	408,000
410,001	415,000	1	414,000
425,001	430,000	1	430,000
430,001	435,000	1	432,105
435,001	440,000	3	1,314,300
440,001	445,000	2	883,376
445,001	450,000	1	450,000
465,001	470,000	1	470,000
480,001	485,000	1	485,000
485,001	490,000	2	973,600
495,001	500,000	6	2,999,000
515,001	520,000	1	519,000
520,001	525,000	2	1,048,800
535,001	540,000	1	537,000
540,001	545,000	3	1,630,500
545,001	550,000	2	1,097,500
550,001	555,000	1	550,500
555,001	560,000	5	2,784,072
575,001	580,000	1	580,000
590,001	595,000	1	594,000
600,001	605,000	1	600,176
615,001	620,000	1	620,000
620,001	625,000	2	1,245,500
625,001	630,000	1	626,500
630,001	635,000	2	1,266,130
635,001	640,000	1	640,000
645,001	650,000	1	647,000
655,001	660,000	1	655,500
680,001	685,000	2	1,362,589
695,001	700,000	3	2,100,000
700,001	705,000	1	705,000
715,001	720,000	1	716,581
720,001	725,000	1	723,717
730,001	735,000	1	734,251
745,001	750,000	1	750,000
760,001	765,000	2	1,529,126
795,001	800,000	2	1,600,000
815,001	820,000	1	815,914

Pattern of Shareholding

As at June 30, 2014

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
820,001	825,000	1	825,000
830,001	835,000	1	833,940
870,001	875,000	2	1,747,000
875,001	880,000	1	875,806
900,001	905,000	1	903,451
910,001	915,000	1	911,502
925,001	930,000	1	928,300
940,001	945,000	1	940,146
950,001	955,000	1	955,000
970,001	975,000	1	974,066
975,001	980,000	1	976,000
990,001	995,000	1	990,994
995,001	1,000,000	3	3,000,000
1,010,001	1,015,000	1	1,014,000
1,020,001	1,025,000	1	1,021,500
1,045,001	1,050,000	1	1,049,500
1,065,001	1,070,000	1	1,068,932
1,075,001	1,080,000	1	1,076,000
1,100,001	1,105,000	1	1,104,520
1,135,001	1,140,000	2	2,272,125
1,145,001	1,150,000	1	1,149,725
1,150,001	1,155,000	1	1,155,000
1,160,001	1,165,000	1	1,161,462
1,185,001	1,190,000	1	1,190,000
1,200,001	1,205,000	1	1,204,500
1,210,001	1,215,000	1	1,213,500
1,215,001	1,220,000	1	1,215,500
1,230,001	1,235,000	1	1,235,000
1,245,001	1,250,000	1	1,247,500
1,265,001	1,270,000	1	1,267,195
1,275,001	1,280,000	1	1,277,500
1,280,001	1,285,000	1	1,282,013
1,295,001	1,300,000	1	1,300,000
1,325,001	1,330,000	1	1,329,474
1,355,001	1,360,000	2	2,712,634
1,420,001	1,425,000	1	1,425,000
1,485,001	1,490,000	1	1,488,500
1,495,001	1,500,000	1	1,500,000
1,535,001	1,540,000	2	3,076,500
1,555,001	1,560,000	1	1,558,147
1,580,001	1,585,000	1	1,582,401
1,605,001	1,610,000	1	1,609,899
1,615,001	1,620,000	1	1,616,800
1,695,001	1,700,000	1	1,700,000
1,735,001	1,740,000	1	1,735,745
1,785,001	1,790,000	1	1,790,000
1,830,001	1,835,000	1	1,835,000
1,915,001	1,920,000	1	1,919,500
1,925,001	1,930,000	1	1,928,000
1,995,001	2,000,000	2	4,000,000
2,070,001	2,075,000	1	2,072,500
2,215,001	2,220,000	1	2,216,000
2,220,001	2,225,000	1	2,220,410
2,395,001	2,400,000	1	2,400,000
2,545,001	2,550,000	1	2,549,000
2,630,001	2,635,000	1	2,630,500
2,670,001	2,675,000	1	2,674,312
2,775,001	2,780,000	2	5,552,830
2,780,001	2,785,000	1	2,784,600
2,845,001	2,850,000	1	2,850,000
2,940,001	2,945,000	1	2,943,600

Pattern of Shareholding

As at June 30, 2014

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
2,975,001	2,980,000	1	2,979,850
2,995,001	3,000,000	2	6,000,000
3,005,001	3,010,000	1	3,008,692
3,060,001	3,065,000	1	3,065,000
3,235,001	3,240,000	1	3,237,390
3,240,001	3,245,000	1	3,243,010
3,295,001	3,300,000	2	6,597,490
3,345,001	3,350,000	1	3,350,000
3,400,001	3,405,000	1	3,401,319
3,535,001	3,540,000	1	3,539,500
3,545,001	3,550,000	1	3,548,500
3,560,001	3,565,000	1	3,564,310
3,655,001	3,660,000	1	3,657,575
3,760,001	3,765,000	1	3,764,000
3,840,001	3,845,000	1	3,841,924
4,190,001	4,195,000	1	4,192,602
4,450,001	4,455,000	1	4,454,500
4,550,001	4,555,000	1	4,552,887
4,605,001	4,610,000	1	4,607,000
4,645,001	4,650,000	1	4,650,000
4,930,001	4,935,000	1	4,930,707
5,180,001	5,185,000	1	5,180,900
5,650,001	5,655,000	1	5,655,000
5,995,001	6,000,000	1	6,000,000
6,375,001	6,380,000	1	6,376,000
6,685,001	6,690,000	1	6,688,300
6,810,001	6,815,000	1	6,814,797
6,915,001	6,920,000	1	6,916,500
7,625,001	7,630,000	1	7,627,500
7,725,001	7,730,000	1	7,725,467
8,475,001	8,480,000	1	8,478,263
8,570,001	8,575,000	1	8,570,135
9,230,001	9,235,000	1	9,232,450
9,940,001	9,945,000	1	9,942,000
9,995,001	10,000,000	2	20,000,000
10,025,001	10,030,000	1	10,025,250
10,890,001	10,895,000	1	10,890,500
11,460,001	11,465,000	1	11,462,297
11,485,001	11,490,000	1	11,486,466
12,270,001	12,275,000	1	12,273,500
13,310,001	13,315,000	1	13,312,444
15,365,001	15,370,000	1	15,367,500
18,740,001	18,745,000	1	18,741,914
19,545,001	19,550,000	1	19,549,716
20,430,001	20,435,000	1	20,432,459
23,780,001	23,785,000	1	23,781,741
25,330,001	25,335,000	1	25,331,982
38,185,001	38,190,000	1	38,189,500
39,705,001	39,710,000	1	39,707,000
57,735,001	57,740,000	1	57,740,000
98,390,001	98,395,000	1	98,391,000
111,995,001	112,000,000	1	112,000,000
125,135,001	125,140,000	1	125,140,000
	TOTAL	13,670	1,157,154,387

Categories of Shareholdings

As on June 30, 2014

Categories	No. of Shareholders	No. of Shares Held	Percentage
Individuals			
Local	12,720	192,990,459	16.67
Foreign	374	1,717,846	0.15
Joint Stock Companies	157	52,667,413	4.55
Financial Institutions	80	375,787,665	32.48
Investment Companies	28	37,826,156	3.27
Insurance Companies	22	53,933,594	4.66
Associated Companies	8	277,452,000	23.98
Modarabas/Mutual Fund & Leasing Companies	62	57,703,623	4.99
OTHERS			
Government of Balochistan	1	358,607	0.03
GDR Depository	1	11,486,466	0.99
Charitable Trusts	38	13,568,607	1.17
Cooperative Societies	15	4,712,500	0.41
Provident/Pension/Gratuity Fund	163	73,291,876	6.33
Employee's Old Age Benefits Inst.	1	3,657,575	0.32
	13,670	1,157,154,387	100

Key Shareholdings

As on June 30, 2014

Information of Shareholdings required under the reporting framework is as follows:

Associated Companies, Undertakings and Related Parties:	No. of Shares
Adamjee Insurance Company Limited	115,500
Cyan Limited	10,000,000
Committee of Admin. Fauji Foundation	98,391,000
Dawood Foundation	350,000
Dawood Hercules Corporation Limited	39,707,000
DH Fertilizers Limited	125,140,000
Patek (Pvt) Limited	3,548,500
Trustee MCB Employees Foundation	200,000
	277,452,000

MODARABA/MUTUAL FUND AND LEASING COMPANIES

B.F.modaraba	110,000
BRR. Guardian Modaraba	5,100
CDC - Trustee Abl Stock Fund	928,300
CDC - Trustee Akd Index Tracker Fund	209,441
CDC - Trustee Al Meezan Mutual Fund	4,454,500
CDC - Trustee Al-ameen Shariah Stock Fund	1,425,000
CDC - Trustee Alfalah GHP Alpha Fund	154,500
CDC - Trustee Alfalah GHP Islamic Fund	345,000
CDC - Trustee Alfalah GHP Value Fund	185,000
CDC - Trustee Apf-equity Sub Fund	215,000
CDC - Trustee Apif - Equity Sub Fund	300,000
CDC - Trustee Atlas Income Fund - Mt	873,000
CDC - Trustee Atlas Islamic Stock Fund	1,235,000
CDC - Trustee Atlas Stock Market Fund	1,300,000
CDC - Trustee Faysal Savings Growth Fund - Mt	27,000
CDC - Trustee First Capital Mutual Fund	241,000
CDC - Trustee First Habib Stock Fund	35,000
CDC - Trustee HBL IPF Equity Sub Fund	82,133
CDC - Trustee IGI Income Fund - Mt	151,700
CDC - Trustee IGI Stock Fund	330,000
CDC - Trustee KASB Asset Allocation Fund	23,500
CDC - Trustee KASB Income Opportunity Fund - Mt	229,000
CDC - Trustee KSE Meezan Index Fund	1,161,462
CDC - Trustee Lakson Equity Fund	545,000
CDC - Trustee MCB Dynamic Allocation Fund	175,000
CDC - Trustee Meezan Balanced Fund	1,558,147
CDC - Trustee Meezan Islamic Fund	19,549,716
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1,735,745
CDC - Trustee NAFA Islamic Asset Allocation Fund	252,260
CDC - Trustee NAFA Islamic Principal Protected Fund - I	1,021,500

Key Shareholdings

As on June 30, 2014

MODARABA/MUTUAL FUND AND LEASING COMPANIES

CDC - Trustee Nafa Multi Asset Fund	192,348
CDC - Trustee Nafa Stock Fund	974,066
CDC - Trustee National Investment (unit) Trust	6,814,797
CDC - Trustee Nit Income Fund - Mt	248,500
CDC - Trustee Nit-equity Market Opportunity Fund	372,400
CDC - Trustee Pak Strategic Alloc. Fund	555,371
CDC - Trustee Pakistan Capital Market Fund	264,013
CDC - Trustee Pakistan Stock Market Fund	3,841,924
CDC - Trustee Picic Income Fund - Mt	100,500
CDC - Trustee First Habib Islamic Balanced Fund	122,500
CDC - Trustee Meezan Capital Protected Fund-ii	74,870
CDC - Trustee Nafa Asset Allocation Fund	626,500
CDC - Trustee Nafa Savings Plus Fund - Mt	537,000
CDC - Trustee Pak. Int. Element Islamic Asset Allocation Fund	332,744
Famandsforeningen Laerernes Pension Invest [1547-5]	335,500
First Alnoor Modaraba	2,500
First Elite Capital Modaraba	9,000
First Habib Bank Modaraba	225,000
First Pak Modaraba	32,500
First Prudential Modaraba	183,000
Intereffekt Investment Funds N.v.	350,000
Invest Capital Investment Bank Limited	50,000
MCBFSL - Trustee Js Kse-30 Index Fund	38,586
MCBFSL - Trustee Abl Islamic Stock Fund	2,549,000
Nationwide Modarba (pvt) Ltd	3,000
Prudential Capital Management Ltd (01087)	10,000
TOTAL:=	57,703,623

Key Shareholdings

As on June 30, 2014

DIRECTORS AND THEIR SPOUSES

As on June 30, 2014

Name of the Directors / CEO	No. of Shares
DIRECTORS	
Hussain Dawood	10,890,500
Abdul samad Dawood	297,000
Ali Munir	1,000
Iqbal Alimohamed	1,267,195
Inamur Rahman	4,000
Qaiser Javed	5,000
Ruhail Muhammad	500
Syed Khalid Siraj Subhani	1,000
CEO	
Khalid Mansoor	172,325
	12,638,520

SPOUSES

Mrs. Kulsum Dawood (W/o. Hussain Dawood)	432,105
Mrs. Ayesha Dawood (W/o. Abdul Samad Dawood)	200,000

EXECUTIVES	368,500

PUBLIC SECTOR COMPANIES & CORRPORATION	29,671,646
Banks, Development Financial Institutions, Non-Banking	
Financial Institutions, Insurance Companies and	
Investment Companies	467,547,415

Shareholders holding five percent or more voting interest in Listed Companies (Namewise details)

DH Fertilizers Limited	125,140,000	10.81%
Allied Bank Limited	112,000,000	9.68%
Fauji Foundation	98,391,000	8.50%
National Bank of Pakistan	57,740,000	5.00%

Details of trading in the shares by the Directors, Chief Financial Officer, Company Secretary, and their spouses and minor children

Name	Date	Purchased	Sold	Rate/ per share
Mr. Khalid Mansoor (CEO)	09.09.2013	102,325		73.28
Mrs. Kulsum Dawood W/o. Hussain Dawood	25.10.2013	5,000		62.65
Mr. Khalid Mansoor (CEO)	11.03.2014	70,000		57.17
Mr. Iqbal Alimohamed (Director)	11.03.2014		3,441,000	56.54
Mr. Iqbal Alimohamed (Director)	12.03.2014		371,000	55.49
Mr. Iqbal Alimohamed (Director)	01.04.2014		1,600,000	53.20

Shareholders' Information

Shareholders' Enquiries

General enquiries relating to the Company should be addressed to:

The Company Secretary,
The Hub Power Company Limited,
3rd Floor, Islamic Chamber Building,
ST-2/A, Block 9, Clifton,
P. O .Box No. 13841, Karachi.

Enquiries relating to Shares should be addressed to:

Famco Associates (Pvt) Limited,
8F, Nursery, Next to Faran Hotel,
Block 6, PECHS, Shahrah-e-Faisal, Karachi

Enquiries relating to GDRs should be addressed to either:-

(1) Bank of New York,
ADR Division,
101 Barclay Street,
22, West New York,
NY 12086, U. S. A.

(2) Standard Chartered Bank (Pakistan) Limited,
I. I. Chundrigar Road, Karachi

Glossary

Annual General Meeting (AGM)
Annual General Meeting of shareholders of the Company.

BAC
Board Audit Committee

BCC
Board Compensation Committee

BCP
Business Continuity Planning

BIC
Board Investment Committee

BTC
Board Technical Committee

Capacity (installed)
Generator capacity (measured in megawatts (MW)), measured at the power station boundary after the deduction of works power.

CDM
Clean Development Mechanism

CEO
Chief Executive Officer.

CER
Certified Emission Reductions

CFO
Chief Financial Officer.

COD
Commercial Operations Date

CPP
Capacity Purchase Price means the fixed element of the Tariff under the Power Purchase Agreement.

The Company
The Hub Power Company Ltd.

Companies Ordinance
The Companies Ordnance, 1984.

CSR
Corporate Social Responsibility.

CTO
Chief Technical Officer.

DOE
Designated Operational Entity

EPC contract
Engineering, Procurement and Construction contract, used principally for the building of power stations by a turnkey contractor.

Earnings per share (EPS)
Calculated by dividing the profit after interest, tax and non-controlling interests by the weighted average number of Ordinary Shares in issue.

FBR
Federal Board of Revenue.

GOP
Government of Pakistan.

GW
Gigawatt, one thousand million watts.

Gigawatt-hour (GWh)
A watt hour is the amount of energy used by a one-watt load drawing power for one hour. A gigawatt-hour (GWh) is 1,000,000 times larger than the kilowatt-hour (kWh) and is used for measuring the energy output of large power plants.

HR
Human Resource

HSE
Health, Safety, Environment.

IA
Implementation Agreement – an agreement between the Company and the Government which sets out the fundamental obligations of the Company and the Government relating to the Projects.

IASB
International Accounting Standards Board.

IFRS
International Financial Reporting Standard.

IFRSC
International Financial Reporting Standard Committee.

IPP
Independent Power Producer.

ISO 14001
A standard for the management of environmental matters that is widely used in various parts of the world..

KSE
Karachi Stock Exchange

KW
Kilowatt – 1,000 watts.

Kilowatt-hour (kWh)
A watt hour is the amount of energy used by a one-watt load drawing power for one hour. A kilowatt-hour (kWh) is 1,000 times larger than a watt-hour and is a useful size for measuring the energy use of households and small businesses and also for the production of

Glossary

energy by small power plants. A typical household uses several hundred kilowatt-hours per month.

Kyoto Protocol
A protocol to the International Framework Convention on Climate Change with the objective of reducing greenhouse gases in an effort to prevent climate change.

Load Factor
The proportion of electricity actually generated compared with the maximum possible generation at maximum net capacity.

MW
Megawatt; one MW equals 1,000 kilowatts or one million watts.

Megawatt-hour (MWh)
A watt hour is the amount of energy used by a one-watt load drawing power for one hour. A megawatt-hour (MWh) is 1,000 times larger than the kilowatt-hour and is used for measuring the energy output of large power plants.

NBP
National Bank of Pakistan

NEPRA
National Electrical Power Regulatory Authority.

NOx
Oxides of nitrogen.

NTDC
National Transmission and Despatch Company Limited.

O&M
Operation and Maintenance; usually used in the context of operating and maintaining a power station.

OHSAS 18001
Occupational Health and Safety Assessment Series 18001. A management system specification developed by British Standards Institute which is now an accepted international standard, for health and safety and is compatible with ISO 9001:1994 (Quality) and ISO 14001:1996 (Environmental) management.

Outage
When a generating unit is removed from service to perform maintenance work. This can either be planned or unplanned.

PACRA
The Pakistan Credit Rating Agency Limited

Peak load
The maximum demand for electricity during a specified high demand period.

Power Purchase Agreement (PPA)
A PPA is generally a long-term contract between an electricity generator and a purchaser of energy or capacity (power or ancillary services).

PSO
Pakistan State oil Company Limited

PSM
Personnel Safety Management

PSRM
Process Safety Risk Management

RIFR
Recordable Injury Frequency Rate

ROSPA
Royal Society for the Prevention of Accident

SECP
Securities and Exchange Commission of Pakistan.

SMART
Self Monitoring And Reporting Technique

SO2
Sulphur dioxide.

SOx
Oxides of sulphur.

TRIR
Total Recordable Injury Rate

UNFCCC
United Nations Framework Convention on Climate Change

Watt
Unit of power, which is the rate at which energy is delivered (i.e. work is done at a rate of one watt when one ampere flows through a potential difference of one volt).

WAPDA
Water and Power Development Authority.

WWF
Workers' Welfare Fund.

Notice of the 23rd Annual General Meeting

Notice is hereby given that the 23rd Annual General Meeting of the Company will be held at the Crystal Ball Room, Marriott Hotel, Karachi on Tuesday, October 14, 2014 at 10.30 a.m. to transact the following business:

1. To confirm the Minutes of the 22nd Annual General Meeting of the Company held on September 30, 2013.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2014 together with the Directors' & Auditors Reports thereon.
3. To approve and declare a final dividend of Rs. 4.00 (40%) per share as recommended by the Board of Directors on August 19, 2014. Along with an interim dividend of Rs. 2.50 (25%) per share, which was paid on April 9, 2014, the total dividend for the year ended June 30, 2014 will amount to Rs.6.50 (65%) per share.
4. To appoint Auditors and to fix their remuneration for the ensuing year.

By order of the Board,

August 19, 2014

Shamsul Islam
Company Secretary

Notes:

1. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from September 30, 2014 to October 14, 2014 (both days inclusive). Transfers received in order at the office of the Company's Registrars, Messrs FAMCO ASSOCIATES (PVT) LTD, 8F, Block 6, PECHS, Nursery, Next to Hotel Faran, Shahrah-e-Faisal, Karachi by close of business on September 29, 2014, will be treated in time for payment of the final dividend to the transferees.

2. Participation in the Annual General Meeting:

All members, entitled to attend and vote at the Meeting, are entitled to appoint another person in writing as their proxy to attend and vote on their behalf. A proxy need not be a member of the Company. A corporate entity, being a member, may appoint any person, regardless whether they are a member or not, as its proxy. In case of corporate entities, a resolution of the Board of Directors / Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted to the Company along with a completed proxy form. The proxy holders are required to produce their original CNICs or original passports at the time of the Meeting.

In order to be effective, duly completed and signed proxy forms must be received at the Company's Head Office at least 48 hours before the time of the Meeting.

3. Notice to shareholders who have not provided their CNICs:

As directed by the SECP through its Circular No. EMD/D-II/Misc./2009-1342 of April 4, 2013, dividend warrants cannot be issued without valid CNICs. Through the Company's letters of October 25, 2012, March 14, 2013, and March 26, 2013 and advertisements in newspapers dated April 25, 2013, all shareholders were advised to submit copies of their valid CNICs. In the absence of a shareholder's valid CNIC, the Company will be constrained to withhold dispatch of dividend to such shareholders. Those shareholders who have not yet submitted their valid CNICs are once again advised to provide attested copies of their valid CNICs with their folio numbers to the Company's Share Registrar if they hold physical shares, to ensure timely disbursement of dividend.

Notice of the 23rd Annual General Meeting

4. Payment of dividend electronically (e-mandate):

In order to enable a more efficient method of cash dividend, through its Circular No. 8(4) SM/CDC 2008 of April 5, 2013, the SECP has announced an e-dividend mechanism where shareholders can get their dividend credited directly into their respective bank accounts electronically by authorizing the Company to electronically credit their dividend to their accounts. Accordingly, all non CDC shareholders are requested to send their bank account details to the Company's Registrar. Shareholders who hold shares with CDC or Participants/ Stock Brokers, are advised to provide the mandate to CDC or their Participants/ Stock Brokers.

5. Change of Address and Non-Deduction of Zakat Declaration Form:

Physical shareholders are requested to notify any change in their addresses immediately and if applicable provide their non-deduction of Zakat Declaration Form to the Company's Shares Registrar, Messrs Famco Associates. Furthermore, if not provided earlier, members holding shares in CDC/Participants accounts are also requested to update their addresses and if applicable, to provide their non-deduction of Zakat Declaration Form to CDC or their Participants/Stock Brokers.

6. Audited Financial Statements Through e-mail:

SECP through its Notification SRO 787 (I)/2014 dated September 8, 2014 has allowed the circulation of Audited Financial Statements along with Notice of Annual General Meeting to the members of the Company through e-mail. Therefore, all members of the Company who which to receive soft copy of Annual Report are requested to send their e-mail addresses. The consent form for electronic transmission could be downloaded from the Company's website: www.hubpower.com.

The Company shall, however, provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

7. Further guidelines for CDC Account Holders:

CDC account holders will have to follow the guidelines issued by the Securities and Exchange Commission Pakistan (SECP) through its Circular 1 of January 26, 2000, stated herein below:

A For Attending the Meeting:

(i) In case of individuals, the account holders or sub account holders whose registration details are uploaded as per the Regulations, shall authenticate his/her original CNIC or original passport at the time of attending the Meeting.

(ii) In case of corporate entity, a resolution of the Board of Directors / Power of Attorney with specimen signature of the nominee shall be produced (unless the same has been provided to the Company earlier) at the time of the Meeting.

B For appointing Proxies:

(i) In case of individuals, the account holder or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.

(ii) The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be stated on the proxy form.

(iii) Attested copies of CNICs or passports of the beneficiary owner and the proxy shall be attached with the proxy form.

(iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

(v) In case of corporate entity, a resolution of the Board of Directors/ Power of Attorney with specimen signature should be submitted along with the proxy form to the Company.

Proxy Form

The Company Secretary,
The Hub Power Company Limited,
Clifton, Block 9, Karachi,

I/We ____ of ___________ being a member of THE HUB POWER COMPANY LIMITED and holder of _______________ Ordinary Shares as per the Share Register Folio No .__________________ and/or CDC Participant ID No. ___________ and Account / Sub-Account No.______________ hereby appoint ______________________ ____________________ of ____________ or failing him/her ______________________ as my/our proxy to vote for me & on my/our behalf at the 23rd Annual General Meeting of the Company to be held at Marriott Hotel, Karachi on October 14, 2014 at 10.30 am and at any adjournment thereof.

____
Signature of Shareholder
Folio / CDC No.

Signature on Revenue Stamp of Rs. 5/.

Witnesses:

(1) Signature ______________________	(2) Signature ______________________
Name ______________________	Name ______________________
Address ______________________	Address ______________________
CNIC / Passport No.______________	CNIC / Passport No.______________

Notes:

- A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.

- If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, The Hub Power Company Limited, Head Office at 3rd Floor, Islamic Chamber Building, ST-2/A, Block 9, Clifton Karachi 75600 so as to reach not less than 48 hours before the time appointed for holding the Meeting.

- For CDC Account Holders / Corporate Entities

  In addition to the above the following requirements have to be met.

(i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.

(ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

(iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature hall be submitted (unless it has been provided earlier) along with proxy form to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary
The Hub Power Company Limited
3rd Floor, Islamic Chamber of Commerce Building,
ST-2/A, Block-9, Clifton, P.O. Box No. 13841,
Karachi-75600.

HUBCO
growth through energy

The Hub Power Company Limited
3rd Floor, Islamic Chamber of Commerce Building,
ST-2/A, Block-9, Clifton, P.O. Box No. 13841,
Karachi-75600.