

growth through energy



The Hub Power Company Limited

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***“God has given us a grand
opportunity to show our worth
as architects of a new State;
let it not be said that we did not
prove equal to the task”***

Quaid-e-Azam Mohammad Ali Jinnah



growth through energy

Vision

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

Mission Statement

To be a dynamic and growth orientated 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.

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Company Information

HEAD OFFICE

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

REGISTERED OFFICE

C/o. Ferguson Associates (Pvt) Limited,
27, Capital Shopping Centre,
First Floor, G-11 Markaz,
Islamabad

ISLAMABAD OFFICE

Sardar M. Yusuf Khan, Corporate Affairs Advisor
250-B, Street No. 23, Sector E-7, Islamabad

MANAGEMENT

Javed Mahmood	Chief Executive
Syed Khalid Masood	Finance Director
Huma Pasha	Chief Internal Auditor
Arshad A. Hashmi	Company Secretary
Wasif Mustafa Khan	Sr. Manager Projects
Syed Hasnain Haider	Treasurer
Lesley A. Middlecoat	Sr. Manager HR & PR
Abdul Wakil	Manager Operations

PRINCIPAL BANKERS

Account Banks:

National Bank of Pakistan, Karachi.
Citibank N.A., Karachi.
Standard Chartered Bank Ltd., Karachi.
The Bank of Tokyo-Mitsubishi Ltd., London.
Sumitomo Mitsui Banking Corporation Europe Ltd., London.
Credem International (Lux) S.A., Luxembourg.

INTER-CREDITOR AGENT

National Bank of Pakistan, Karachi

LEGAL ADVISORS

Rizvi, Isa, Afridi & Angell, Karachi
Kabraji & Talibuddin, Karachi
Linklaters & Alliance, London

AUDITORS

M. Yousuf Adil Saleem & Co.,

REGISTRAR

Ferguson Associates (Pvt) Limited

Notice of the 15th Annual General Meeting

Notice is hereby given that the 15th Annual General Meeting of the Company will be held on Wednesday, September 20, 2006 at 11.00 am at Marriott Hotel, Islamabad to transact the following business.

- 1- To confirm the Minutes of the 14th Annual General Meeting of the Company held on October 19, 2005.
- 2- To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2006 together with the Directors' & Auditors Reports thereon.
- 3- To approve and declare the final dividend of 18.5% (Rs.1.85 per share) as recommended by the Board of Directors and the 12.50% (Rs.1.25 per share) interim dividend already announced and paid on April 6, 2006 making a total dividend of 31% (Rs.3.10 per share) for the year ended June 30, 2006.
- 4- To appoint Auditors and to fix their remuneration.
- 5- To elect 12 (twelve) Directors in accordance with the provisions of Section 178 of the Companies Ordinance 1984 for a term of three years commencing from the date of holding of AGM i.e. September 20, 2006.

As fixed by the Board of Directors at its April, 2006 meeting the number of Directors to be elected will be twelve (12).

The names of the retiring Directors are:

- 1- Mr. Mohamed Ahmed Alireza, HI
- 2- Mr. Robin Anthony Bramley
- 3- Mr. Philip Gotsall Cox
- 4- Mr. Malcolm Clampin
- 5- Mr. Najam ul Hassan Farooqi
- 6- Mr. Taufique Habib
- 7- Mr. Vincent R. Harris
- 8- Mr. S. Khalid Masood
- 9- Mr. Seiki Ogura
- 10- Mr. S. Nizam Ahmed Shah
- 11- Mr. Mohammad Ashraf Tumbi
- 12- Mr. Mark Willamson

By Order of the Board

Arshad A. Hashmi
Company Secretary

Karachi: August 10, 2006

Notice of the 15th Annual General Meeting

Notes:

- (i) The Share Transfer Books of the Company will remain closed from September 4, 2006 to September 20, 2006 (both days included).
- (ii) 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.
- (iii) Duly completed forms of proxy must be deposited with the Company Secretary at the Head Office of the Company not later than 48 hours before the time appointed for the meeting.
- (iv) Every candidate for election as a Director whether he is a retiring Director or otherwise shall file with the Company not later than fourteen (14) clear days before the date of Annual General Meeting a notice of his intention to offer himself for election as a Director alongwith the consent to serve as a Director in the prescribed Form-28 to his appointment as a Director of the Company.
- (v) Shareholders are requested to notify any change in their address immediately.
- (vi) Members who have not yet submitted photocopy of their computerized national identity card to the company are requested to send the same at the earliest



CDC account holders will further have to follow the under-mentioned guidelines as laid down in Circular I dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A For Attending the Meeting:

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate identity by showing his/her original National Identity Card (NIC) or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B For appointing Proxies

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- (ii) Attested copies of NIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy Form.
- (iii) The proxy shall produce his/her original NIC or original passport at the time of the meeting.
- (iv) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the authorized person shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

Board of Directors

Mr. Mohamed A. Alireza, H. I.

Chairman
Other Directorships
Xenel Industries Limited,
& other Xenel Group Companies
Xenel International Limited

Mr. Philip G. Cox

Vice Chairman
Other Directorships
International Power plc
Wincanton plc

Mr. Javed Mahmood

Chief Executive

Mr. Robin A. Bramley

Other Directorships
IPM Operation & Maintenance
Services Pte Ltd.

Mr. Malcolm P. Clampin

Kot Addu Power Co., Ltd

Mr. Najam Farooqi

Mr. Taufique Habib

Other Directorships
Golden Arrow Selected Stocks
Mutual Fund

Mr. Vince R. Harris

Other Directorships
Kot Addu Power Co., Ltd
Island Capital S.a.r.l
Malakoff Berhad, Malaysia
Edison Mission Energy Power
IPM delcaribe Holding GmbH,
IPR Central Services (No.1,2,3,4) Ltd
International Power (Uch) Limited
PT IPM Operation and Maintenance Indonesia
IPM Asia Pacific Pte Limited
IPM Asia Pte Limited
IPM Operation & Maintenance Services Pte Ltd
IPM Fuel Company Pte Limited
PT Paiton Energy
IPM Energy Taupo Limited

Mr. S. Khalid Masood

Finance Director

Mr. Ghulam Sarwar Mengal

Nominee of Government of
Balochistan

Mr. Seiki Ogura

Other Directorships
Hub Power Japan Corporation

Mr. S. Ali Raza

Nominee of National Bank of
Pakistan

Mr. S. Nizam A. Shah

Other Directorships
Jahangir Siddiqui & Co., Ltd
Pakistan International Container Terminal Ltd
Hascombe Storage (Pvt) Limited
Telecard Limited
Public Procurement Regulatory Authority
(Govt. of Pakistan) – Member Board

Mr. M. Ashraf Tumbi

General Manager Finance,
Xenel

Mr. Mark D. Williamson

Other Directorships
International Power plc

Audit Committee

Mr. M. Ashraf Tumbi	(Chairman)
Mr. Philip G. Cox	(Member)
Mr. Malcolm P. Clampin	(Member)
Mr. Najam Farooqi	(Member)
Mr. Taufique Habib	(Member)

Chairman's Review

In the name of God the Most Merciful and the Most Benevolent.

*It gives me a great pleasure to present the Annual Report of
The Hub Power Company Limited for fiscal year ended June 30, 2006.*

It gives me great pleasure to present the Annual Report of The Hub Power Company Limited for our fiscal year ended June 30, 2006.

I am very pleased to inform you of Hubco's continued progress and contribution to the economy of Pakistan. This is demonstrated by a substantial increase in the energy output from our power plant compared with the previous year which has been achieved by continuing to operate and maintain our plant to best international standards.

The Company is looking forward to participation in the competitive bidding for the three power projects launched by the Government last year for which we are already pre-qualified; further in association with other international companies we have submitted documents for pre-qualification in the forthcoming privatization of the Sui Southern Gas Company.

We continue to make contributions to the education and healthcare needs of the surrounding areas, through our very successful Social Action Programme (SAP). Our funded Primary/Secondary School has proved to be a major success in providing quality education to local children. In addition to the Social Action Programme we have contributed Rs. 50 million to the President's Earthquake Relief Fund.

The Company appointed Mr. Javed Mahmood as Chief Executive on March 1, 2006. He brings with him considerable international and domestic banking experience. I would also like to take this opportunity to thank the outgoing CEO Mr. M. Ashraf Tumbi who continues as a Director.

On behalf of all the shareholders, I would like to thank our customer WAPDA, our employees, our operator, International Power for making this another successful year.

Mohamed A. Alireza
Chairman

Report of the Directors

The Directors have pleasure in presenting the Annual Report and the Financial Statements of the Company for the year ended June 30, 2006.

General

The principal activities of the Company are to own, operate and maintain an oil-fired power station with a net capacity of 1,200 MW located at the Hub River estuary in Balochistan.

The Company remains committed to providing reliable energy to the Country and accordingly we have now adopted "Growth through Energy" as the slogan of the Company. We are pleased to report that the Company has been unconditionally pre-qualified for participation in the International Competitive Bidding for three Combined Cycle power generation projects launched by the Private Power & Infrastructure Board (PPIB). Future developments on this and other such initiatives including Sui Southern Gas Company will be reported during the year.

Hubco continues to maintain an excellent relationship with WAPDA, its sole customer. The power station is being operated and maintained to the best international standards by our O&M Operator alongwith our commitment to Health, Safety and Environment.

Finance

The Company's turnover for the year under review was Rs. 27,911 million (2005: Rs. 16,978 million) whereas operating costs were Rs. 23,553 million (2005: Rs. 9,821 million). Both turnover and operating costs registered an increase in the current year mainly due to higher load factor of 37% (2005: 19%) and higher fuel oil prices. The Company earned a net profit of Rs. 2,768 million, resulting in earnings of Rs. 2.39 per share, compared to a net profit of Rs. 5,385 million last year. The lower net profit in the current fiscal year is mainly due to reduction in tariff after the full repayment of senior debt in July 2005.

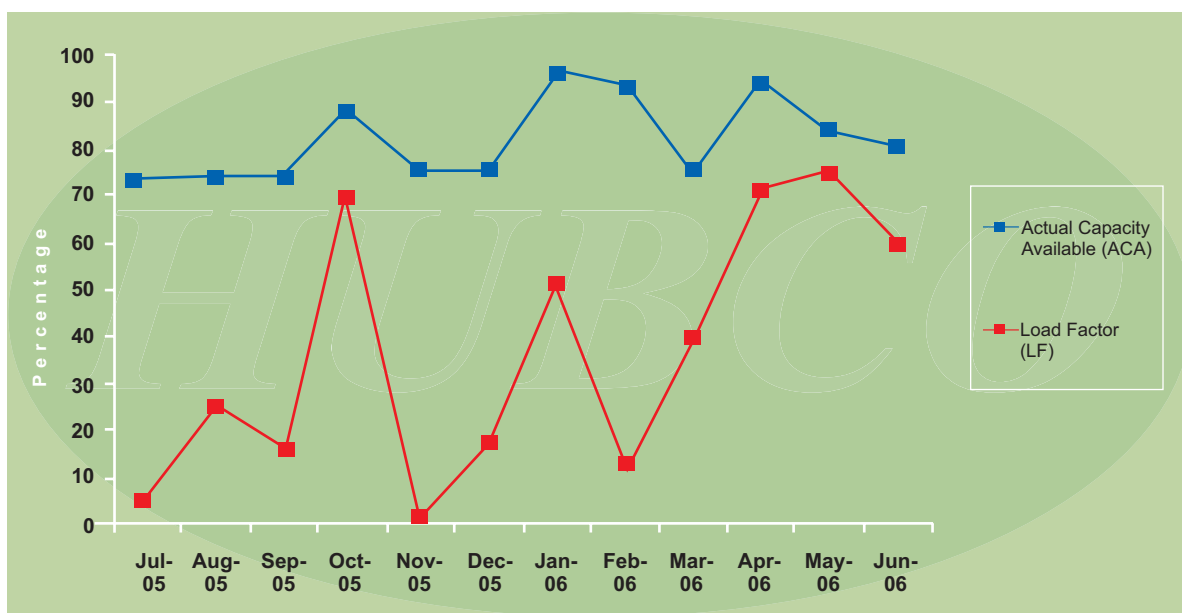
The Company has obtained a running finance facility of Rs. 1 billion each from National Bank of Pakistan and United Bank Limited.

Operations

During the year the plant continued to operate at high efficiency and dispatched 3,930 GWhs of electricity corresponding to a load factor of 37%. The power station maintained high availability of 82% for the full year.



Report of the Directors



In order to maintain high efficiency and availability, the Company continues to allocate funds on various capital expenditure projects. The Company is maintaining the plant as per the best utility practices and manufacturers recommendations. Major overhaul of two units has been successfully completed and third unit is planned during October / November this year.

Health, Safety & Environment (HSE)

This year the high standard of health and safety performance at the power station has been recognized by the presentation of the highest level award from the Royal Society for Prevention of Accidents (RoSPA). This reflects credit on employees of the Company and the Operator.

The strong commitment to HSE management is reflected by the continual improvement in the activities and procedures. This year the environmental management system was successfully accredited against the new ISO 14001: 2004 standard.

Corporate and Financial Reporting Framework

As required by the Code of Corporate Governance, the directors are pleased to report the following:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

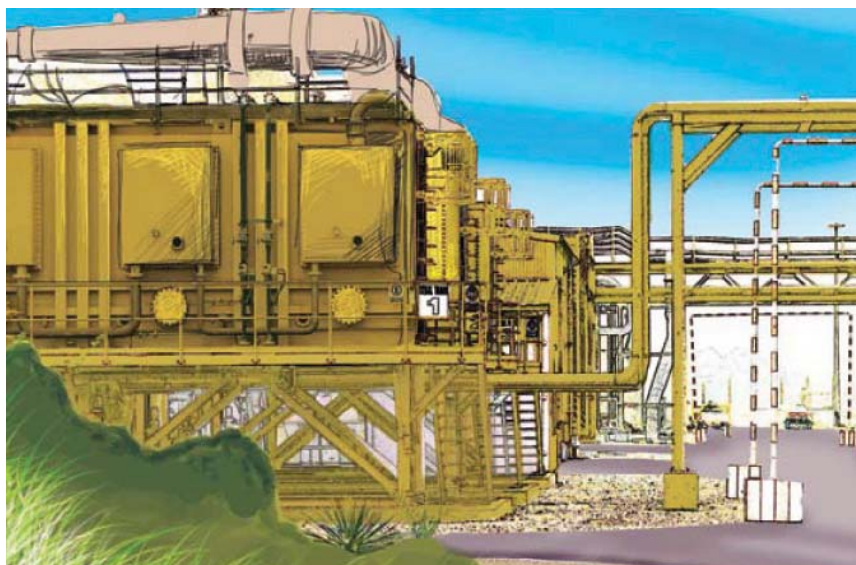
Key operating and financial data of last six years is as follows:							
Fiscal year ending June		2005	2004	2003	2002	2001	2000
Turnover	Rs. in million	16,978	16,003	19,514	21,367	29,086	25,601
Net Profit / (Loss)	“	5,385	5,463	6,102	7,286	10,859	(6,985)
Assets	“	46,636	51,781	55,546	63,565	65,183	57,685
Dividend	“	3,355	4,281	7,985	7,175	1,967	-
Generation	(GWh)	1,975	1,647	2,727	3,630	7,165	6,404
Load Factor	%	19	16	26	35	68	61

Value of investments of provident fund and gratuity scheme based on their respective audited accounts as at June 30, 2005 are as follows:

	Rs. in million
Provident Fund	42.775
Gratuity	23.000

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

1.	Mr. M.A. Alireza, HI	3
2.	Mr. R.A. Bramley	3
3.	Mr. P. G. Cox	2
4.	Mr. M. Clampin	4
5.	Mr. N. Farooqi	4
6.	Mr. Taufique Habib	4
7.	Mr. V. R. Harris	2
8.	Mr. Javed Mahmood	1
9.	Mr. S. K. Masood	4
10.	Mr. G.S. Mengal	2
11.	Mr. S. Ogura	3
12.	Mr. S. A. Raza	3
13.	Mr. S. N. A. Shah	4
14.	Mr. M.A. Tumbi	4
15.	Mr. Mark Willamson	1



The pattern of shareholding as required by the SECP Code of Corporate Governance is attached with this report.

Appropriations

The Directors have pleasure in recommending a final dividend of Rs. 1.85 per share. This will be paid to the shareholders on the Company's register on September 3, 2006. An interim dividend of Rs. 1.25 per share which was declared on February 16, 2006 has already been paid in April 2006. The total dividend to be approved by the shareholders at the Annual General Meeting on September 20, 2006 will be Rs. 3.10 per share.

Report of the Directors

Movement in unappropriated profit is as follows:

	Rs. in millions
NET PROFIT FOR THE YEAR	2,768
Unappropriated profit at the beginning of the year	20,101
Profit available for appropriations	<u>22,869</u>
APPROPRIATIONS	
Final dividend for the fiscal year 2004-2005 @ Rs.2.60 per share	<u>(3,009)</u>
Interim dividend for the fiscal year 2005-2006 @ Rs.1.25 per share	<u>(1,446)</u>
	<u>(4,455)</u>
Unappropriated profit at the end of the year	<u><u>18,414</u></u>
Basic and diluted earnings per share (rupees)	<u><u>2.39</u></u>

The directors would like to draw your attention to the last paragraph of the Auditors' Report relating to note 18.6 to the financial statements.

Board of Directors

The current members of the Board are listed on Page 7. During the year the changes were as follows:

1. Mr. M.Ashraf Tumbi – Resigned as Chief Executive w.e.f. March 1, 2006 – He continues as a Director of the Company.
2. Mr. Javed Mahmood – Appointed as Chief Executive w.e.f. March 1, 2006.

Auditors

The retiring auditors Messrs M.Yousuf Adil Saleem & Company, Chartered Accountants being eligible offer themselves for reappointment.

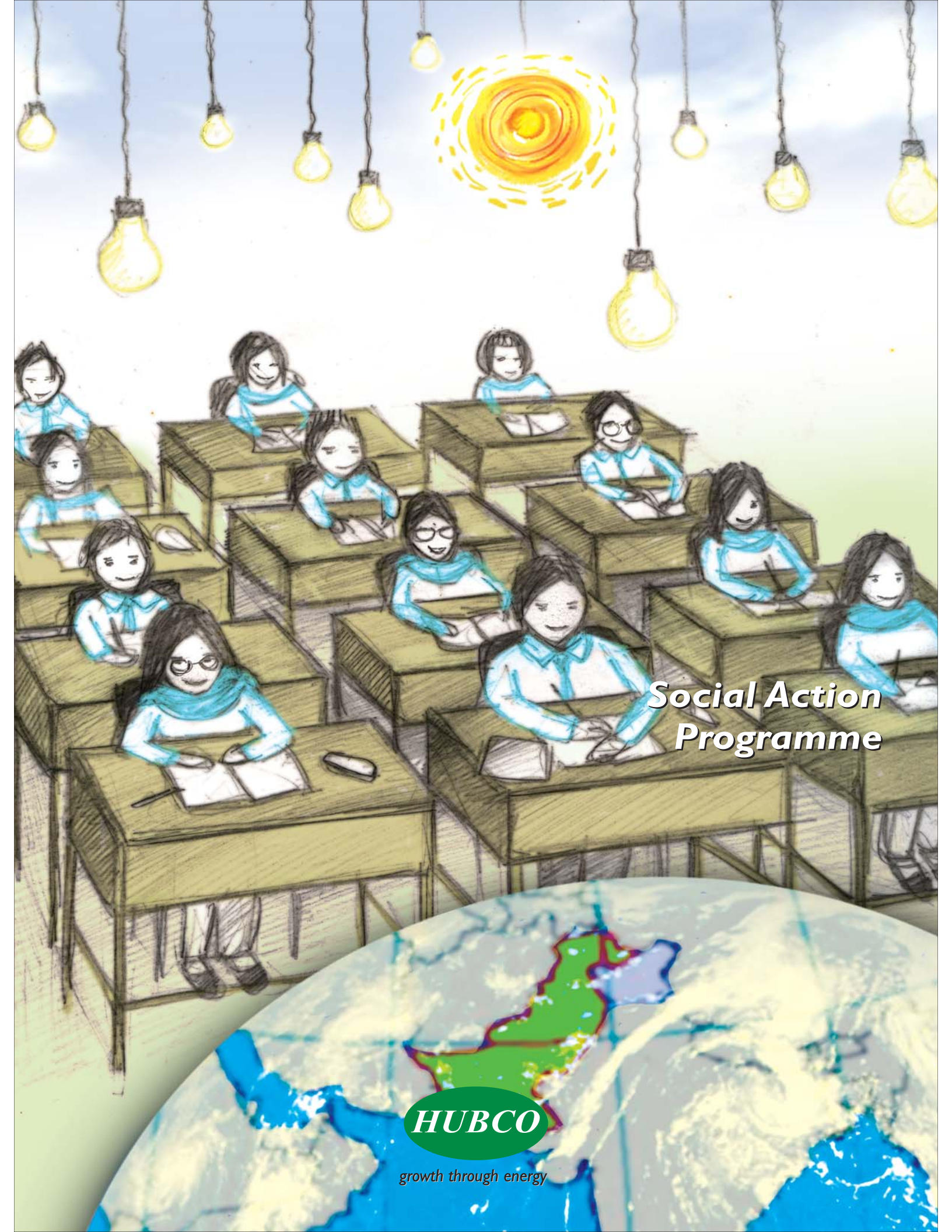
Shareholding Pattern

A statement reflecting the distribution of shareholding is attached with this report.

By Order of the Board

Karachi – August 10, 2006.

Javed Mahmood
Chief Executive



**Social Action
Programme**



growth through energy

Hubco's Social Action Programme - Towards Sustainable Development

Hubco takes a broad-based approach to community welfare and development and undertakes projects that achieve sustainable development for the communities it operates within.

The focus of the Social Action Programme remains education and health. In the three years since the TCF School Hubco-IPGD Campus was first started, it has grown from strength to strength. The ground-breaking took place in 2003; the school was opened in 2004 with 179 children; two new classrooms were added in 2005 and by June 2006 the student strength had increased to 283 children, of whom 158 were boys and 125 were girls. During this year the faculty strength was also enhanced suitably. The School is now firmly established as an institution that is grooming the youth of the area to become valuable members of society.

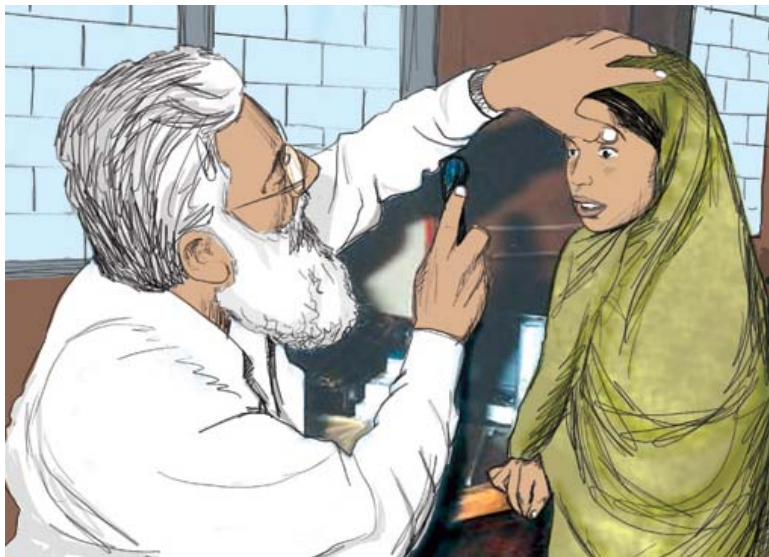


were carried out in November 2005 and in April 2006. Over 2,171 people were provided treatment and 220 surgeries were carried out. The importance of the eye clinics is recognized not only in terms of purely healthcare or medical benefits that they provide, but also in restoring enhanced earning ability that results from the improved eyesight that the patients acquire.

Other healthcare activities included the distribution of free medicines to the local hospital and dispensaries and the holding of free medical camps. The medical camps have proved to be of special benefit to the local women, who are examined and provided treatment by female doctors, not normally available in the area. The alternative for local women would be to travel to Karachi to consult a female doctor, entailing both significant cost and inconvenience.

The Social Action Programme of Hubco is a fine example of the direction corporate social responsibility should take. It has progressed to a highly interactive partnership between the company and the local communities.

Hubco's Social Action Programme is coordinated with its O&M contractor, IPGDL, whose initiatives in the fields of education and healthcare have enabled the two companies to provide unique and effective programmes to the benefit of the local communities.



Hubco also continued its support to students pursuing higher education and during the year sponsored 14 students from Balochistan to attend the 6 days residential Young Leaders Conference in Islamabad. Additionally, twenty female students of Balochistan were given full scholarships to pursue higher education at the Sardar Bahadur Khan University.

In the health sector, Hubco continued to sponsor eye clinics in partnership with Al Ibrahim Eye Hospital which



**Statements of
Compliance**

HUBCO

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Statement of Compliance with the Best Practice of Code of Corporate Governance for the year ended June 30, 2006

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.37 (xlv) of listing regulations of The Karachi Stock Exchange 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 Hubco Power Company Limited 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 already approved the Company's own Code of Corporate Governance on June 24, 1994 before the Company issued its shares to the public in October, 1994. This code has been 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.

The Board at its meeting on September 4, 2002 (the first meeting after May 2002) has amended Hubco's Code of Corporate Governance of June 1994 which, after the incorporation of the SECP Code in the Stock Exchange Listing Rules, now includes the following:

- a) Primary and Secondary Delegations – 1997,
 - b) Karachi Stock Exchange circular dated May 9, 2002 incorporating the SECP Code of Corporate Governance dated March 28, 2002 in its Listing Rules,
 - c) Hubco's Code of Business Ethics – dated June 10, 2002,
 - d) Dealing by Directors and Employees in Shares of Hubco.
 - e) Role & Responsibilities of the Chairman – dated September 2, 2004
3. The Board had also adopted a Vision and Mission Statements at its meeting on September 4, 2002. These have been amended and updated Vision & Mission Statements have been adopted at the Board Meeting on August 10, 2006.
 4. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes at least one independent non-executive director and one director representing minority shareholders.
 5. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

6. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
7. Casual vacancies occurring in the Board were filled up by the directors within 30 days thereof.
8. The Board has developed overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has 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 Chief Executive and other executive directors, have been taken by the Board.
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, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
11. Board Members were offered orientation courses on their duties and responsibilities during the year.
12. The Board had approved appointment of the Finance Director, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment, as determined by the Chief Executive.
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 Chief Executive and the Finance Director (CFO) before approval of 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 5 members; all 5 are non-executive directors including the chairman of the committee.
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 and 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 the following functioning Committees with their Terms of Reference, these are composed of non-executive Directors:
 - a) Audit Committee also ensures the independence of the internal audit function and the independence and objectivity of the External Auditors.
 - b) Compensation Committee also monitors the remuneration and appointments of Senior Management as well as the personnel policies and its implementation.
 - c) Technical Committee also monitors the operation of the plant as well as all O&M Contractor related issues.
 - d) Corporate Communications Committee also monitors the social action programmes and public relations.

These committees meet regularly before Board meetings and each committee report is presented to the full Board meetings.

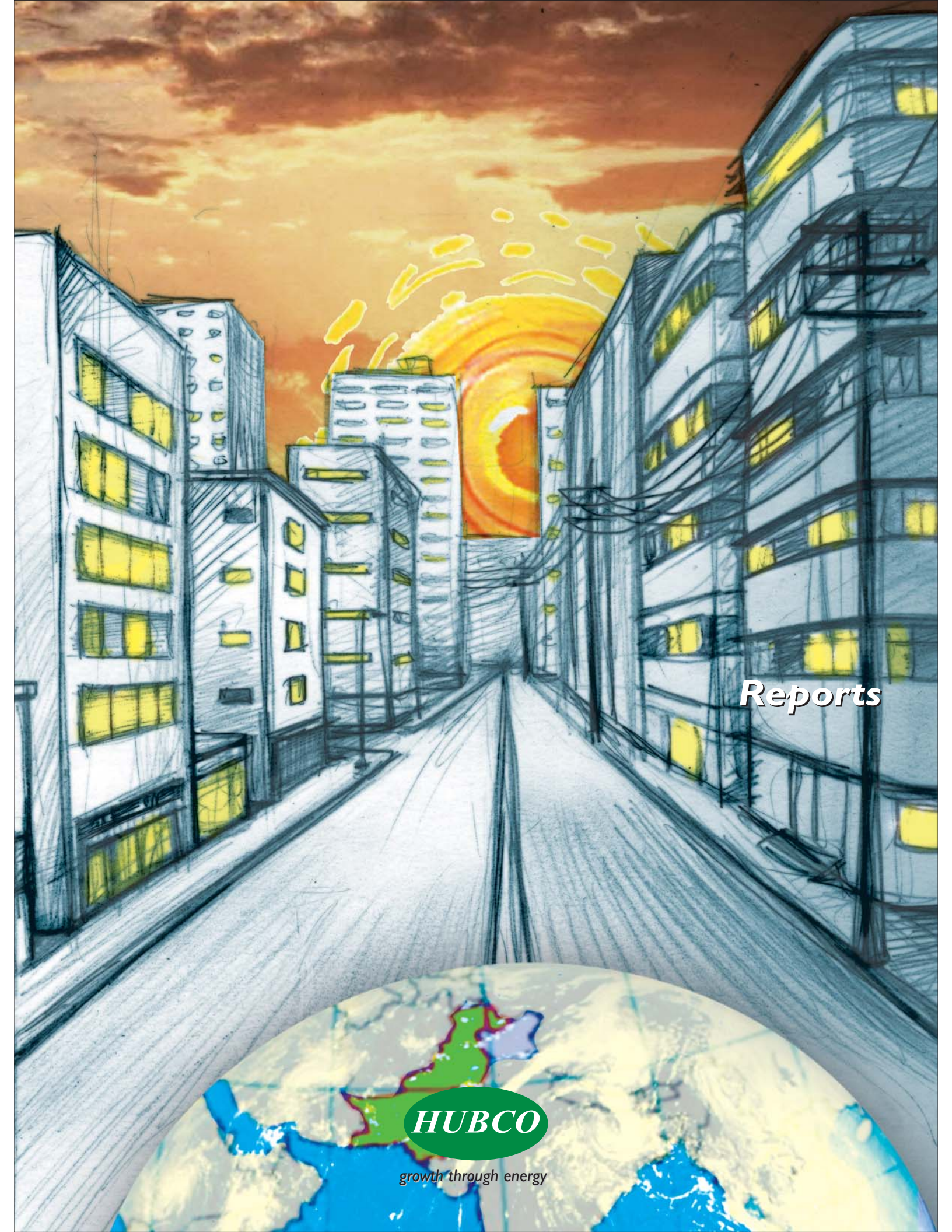
20. The Board of Directors has implemented an organizational structure for the Company and has appointed the Chief Executive, the Finance Director and the Company Secretary to manage the affairs in accordance with the Code of Corporate Governance of the Company as amended from time to time.
21. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.
22. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.
23. 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.
24. We confirm that all other material principles contained in the Code have been complied with.



By order of the Board

Karachi – August 10, 2006

Javed Mahmood
Chief Executive



Reports



HUBCO

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of The Hub Power Company Limited to comply with the Listing Regulation No.37 of Karachi Stock Exchange, Chapter XIII of the Listing Regulations of the Lahore Stock Exchange and Chapter XI of the Listing Regulations of the Islamabad Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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 of Corporate Governance, as applicable to the Company for the year ended June 30, 2006.

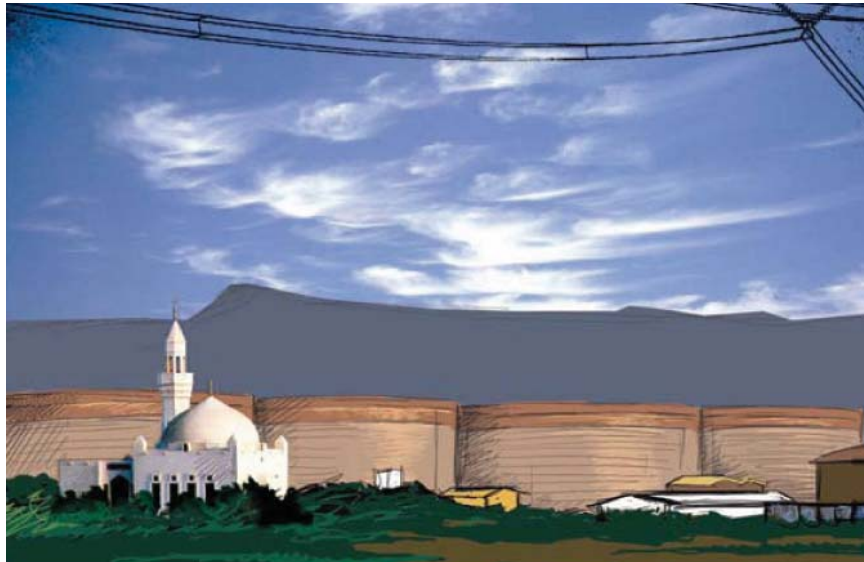
Karachi – August 10, 2006

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Auditors' Report to the Members

We have audited the annexed balance sheet of The Hub Power Company Limited (the Company) as at June 30, 2006 and the related profit and loss account, 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.

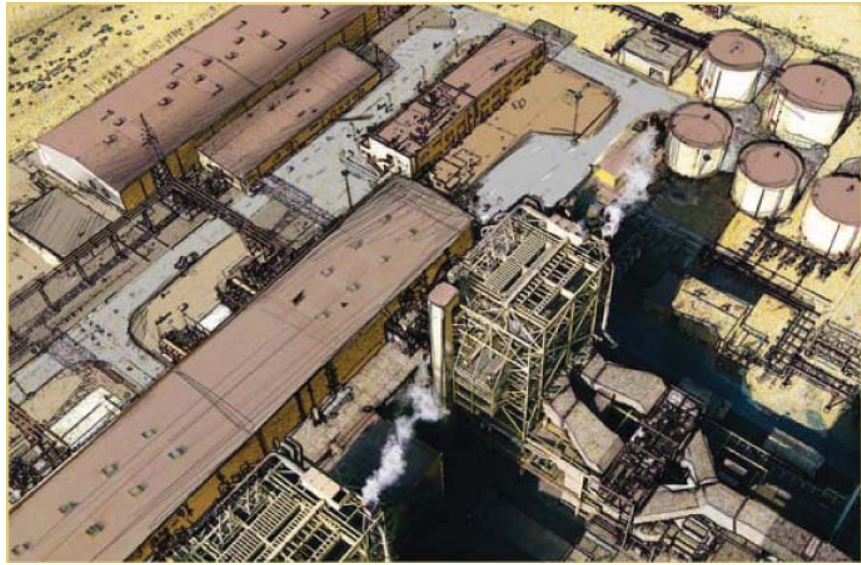


We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, 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;
 - 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;

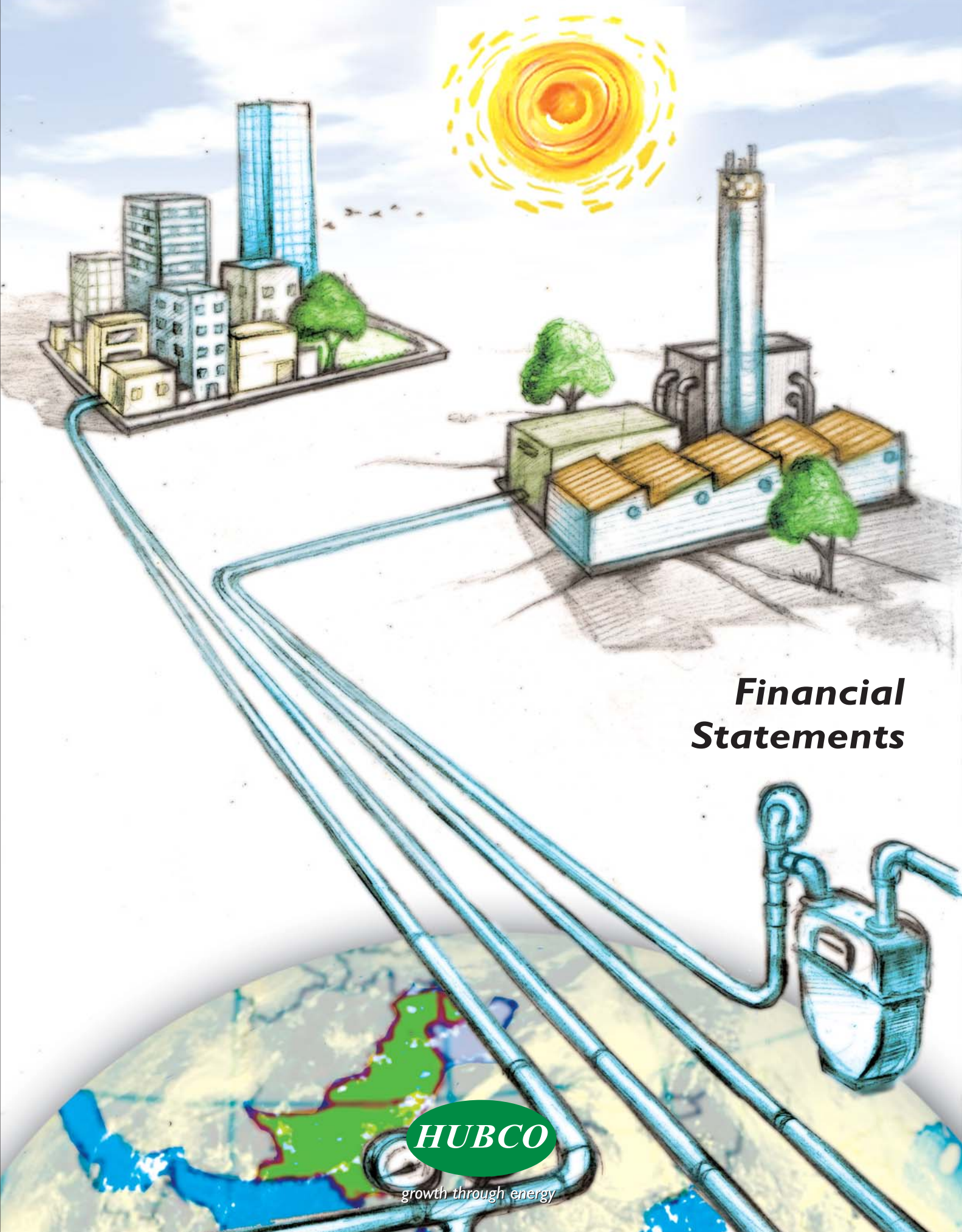
Auditors' Report to the Members

- 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, 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 June 30, 2006 and of the profit, its cash flows and changes in equity for the year then ended;
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance; and
- e) without qualifying our opinion, we draw attention to the matter described in note 18.6 to the financial statements. The ultimate outcome of this contingency cannot presently be determined and accordingly, no provision for any liability that may result has been made in the financial statements.



Karachi – August 10, 2006

M. Yousuf Adil Saleem & Co.
Chartered Accountants



Financial Statements

HUBCO

growth through energy

Profit and Loss Account

for the year ended June 30, 2006

	Note	2006 (Rs. '000s)	2005 (Rs. '000s)
Turnover	3	27,911,386	16,978,466
Operating costs	4	(23,553,045)	(9,821,498)
GROSS PROFIT		4,358,341	7,156,968
Other income	5	268,321	230,967
General and administration expenses	6	(280,729)	(194,244)
Financing costs	7	(1,577,496)	(1,808,242)
NET PROFIT FOR THE YEAR		2,768,437	5,385,449
Basic and diluted earnings per share (rupees)	24	2.39	4.65

The annexed notes from 1 to 29 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Seiki Ogura
Director

Balance Sheet

as at June 30, 2006

	Note	2006 (Rs. '000s)	2005 (Rs. '000s)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	8	33,319,208	34,931,885
Intangibles	9	5,472	7,622
Stores and spares		592,486	562,680
Long term deposits and prepayments	10	4,311	162,316
CURRENT ASSETS			
Current portion of derivative financial asset - (FERI) contract		-	856,055
Inventory of fuel oil		1,890,864	1,251,045
Trade debts	11	2,938,436	1,444,237
Advances, deposits, prepayments and other receivables	12	1,401,309	1,381,759
Cash and bank balances	13	3,363,306	6,038,136
		9,593,915	10,971,232
TOTAL ASSETS		43,515,392	46,635,735
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised	14	12,000,000	12,000,000
Issued, subscribed and paid-up	14	11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		18,413,661	20,100,268
		29,985,205	31,671,812
NON-CURRENT LIABILITIES			
Long term loans	15	9,250,221	10,229,283
Deferred liability	16	14,986	4,910
CURRENT LIABILITIES			
Current maturity of long term loans	15	979,062	3,037,544
Trade and other payables	17	2,590,852	976,286
Interest / mark-up accrued on long term loans		695,066	715,900
		4,264,980	4,729,730
COMMITMENTS AND CONTINGENCIES	18	-	-
TOTAL EQUITY AND LIABILITIES		43,515,392	46,635,735

The annexed notes from 1 to 29 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Seiki Ogura
Director

Cash Flow Statement

for the year ended June 30, 2006

	Note	2006 (Rs. '000s)	2005 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		2,768,437	5,385,449
Adjustments for:			
Depreciation		1,652,669	1,647,753
Amortisation		6,825	4,536
Gain on disposal of fixed assets		(391)	(2,438)
Staff gratuity		10,424	6,616
Interest income		(266,296)	(191,507)
Interest / mark-up on long term loans		1,514,740	1,556,330
Operating profit before working capital changes		5,686,408	8,406,739
Working capital changes	23	(579,587)	(482,116)
Cash generated from operations		5,106,821	7,924,623
Interest received		294,877	173,413
Interest / mark-up paid on long term loans		(1,512,529)	(1,724,561)
Staff gratuity paid		(348)	(15,020)
Net cash from operating activities		3,888,821	6,358,455
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure - net		(45,374)	(160,050)
Proceeds from disposal of fixed assets		1,098	2,914
Stores and spares		(29,806)	(18,898)
Long term deposits and prepayments		158,005	1,372,465
Net cash from investing activities		83,923	1,196,431
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(2,204,534)	(3,968,025)
Dividends paid		(4,443,040)	(3,352,475)
Net cash used in financing activities		(6,647,574)	(7,320,500)
Net (decrease) / increase in cash and bank balances		(2,674,830)	234,386
Cash and bank balances at the beginning of the year		6,038,136	5,803,750
Cash and bank balances at the end of the year	13	3,363,306	6,038,136

The annexed notes from 1 to 29 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Seiki Ogura
Director

Statement of Changes in Equity

for the year ended June 30, 2006

	Note	2006 (Rs. '000s)	2005 (Rs. '000s)
Issued capital			
Balance at the beginning of the year		11,571,544	11,571,544
Balance at the end of the year	14	11,571,544	11,571,544
Unappropriated profit			
Balance at the beginning of the year		20,100,268	18,070,567
Net profit for the year		2,768,437	5,385,449
Total recognised income and expenses for the year		2,768,437	5,385,449
Final dividend for the fiscal year 2004-2005 @ Rs. 2.60 (2003-2004: @ Rs. 1.60) per share		(3,008,601)	(1,851,447)
Interim dividend for the fiscal year 2005-2006 @ Rs. 1.25 (2004-2005: @ Rs. 1.30) per share		(1,446,443)	(1,504,301)
Balance at the end of the year		18,413,661	20,100,268
Total equity		29,985,205	31,671,812

The annexed notes from 1 to 29 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Seiki Ogura
Director

Notes to the Financial Statements

for the year ended June 30, 2006

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 own, operate and maintain an oil-fired power-station with four generating units with an installed net capacity of 1,200 MW in Tehsil Hub, District Lasbella, Balochistan.

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 and the requirements of the Ordinance. Approved accounting standards comprise of such International Accounting Standards (IASs') as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan (the "SECP") differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except for the measurement at fair value of derivative financial instrument and 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 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 8.1 to the financial statements. Depreciation on additions is charged for the full month in which an asset is put to use and on disposals up to the month immediately preceding the disposals.

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

Gains and losses on disposals are taken to the profit and loss account.

(b) Capital work-in-progress

Capital work-in-progress is stated at cost.

2.4 Intangible assets and amortisation

These are stated at cost less accumulated amortisation. Amortisation is computed using the straight-line method over the estimated useful lives of the assets at the rate shown in note 9.1 to the financial statements.

2.5 Stores and spares

These are stated at cost. The Operation and Maintenance Contractor is responsible to maintain and replenish stores and spares as they are used.

2.6 Impairment of assets

The carrying amounts of operating property, plant and equipment, intangible assets and stores and spares are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed these estimated recoverable amounts, assets are written down to their recoverable amounts. Impairment losses are recognised as expense in the profit and loss account.

2.7 Inventory of fuel oil

This is 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.

2.8 Revenue recognition

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

2.9 Interest income

Interest income is recorded on accrual basis.

2.10 Staff retirement benefits

The Company operates a partially funded defined benefit gratuity plan covering eligible employees whose period of service with the company is at least five years.

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.

2.11 Related party transactions and transfer pricing

All transactions with related parties and associated undertakings are entered into at an arm's length price using permissible valuation method. However, payments under The Operation & Maintenance Agreement, The Support Services Agreement and The Project Co-ordination Agreement are made at contracted rates because the Company had entered into these agreements before the incorporation of transfer pricing requirements in the Fourth Schedule to the Ordinance.

2.12 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees 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 translations are included in profit and loss account.

2.13 Taxation

Under the Implementation Agreement (IA) signed with the Government of Pakistan, the Company is not liable to taxation in Pakistan.

2.14 Dividend

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

2.15 Financial instruments

(a) Cash and bank balances

Cash in hand and in banks and short-term deposits which are held to maturity are carried at cost.

Cash and bank balances are defined as cash in hand, demand deposits and short-term placements readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(b) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Other receivables and receivable from related parties are recognised and carried at cost.

(c) Long term loans and accrued interest

All loans are initially recognised at cost.

After initial recognition, all foreign currency loans and accrued interest thereon are subsequently measured at fair value and any gain or loss arising from a change in fair value is included in the profit and loss account in the period in which it arises.

(d) Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services.

	Note	2006 (Rs. '000s)	2005 (Rs. '000s)
3. TURNOVER			
Turnover		30,915,687	17,909,463
Less: Sales Tax		(3,004,301)	(930,997)
		<u>27,911,386</u>	<u>16,978,466</u>
4. OPERATING COSTS			
Residual Fuel Oil		20,096,147	6,377,081
Operation and Maintenance - relating to an associated company	18.1	1,253,267	1,084,056
Insurance		413,291	482,306
Depreciation	8.3	1,642,078	1,637,851
Amortisation	9.1	6,681	4,379
Miscellaneous		141,581	235,825
		<u>23,553,045</u>	<u>9,821,498</u>

	Note	2006 (Rs. '000s)	2005 (Rs. '000s)
5. OTHER INCOME			
Interest income		266,296	191,507
Gain on disposal of fixed assets		391	2,438
Exchange gain		1,634	37,022
		<u>268,321</u>	<u>230,967</u>

6. GENERAL AND ADMINISTRATION EXPENSES

Salaries, benefits and other allowances	6.1	122,602	88,332
Fuel and power		1,517	1,642
Property, vehicles and equipment rentals		6,085	5,506
Repairs and maintenance		3,856	3,412
Legal and professional		21,777	17,291
Insurance		7,682	12,077
Auditors' remuneration	6.2	1,494	1,269
Depreciation	8.3	10,591	9,902
Amortisation	9.1	144	157
Miscellaneous	6.3	104,981	54,656
		<u>280,729</u>	<u>194,244</u>

6.1 These include Rs. 16.548 million (2005: Rs. 10.503 million) in respect of staff retirement benefits.

6.2 Auditors' remuneration

Statutory audit	900	750
Half yearly review	300	220
Other services	186	144
Out-of-pocket expenses	108	155
	<u>1,494</u>	<u>1,269</u>

6.3 Includes donation of Rs. 59.846 million (2005: Rs. 7.947 million). No directors or their spouses had any interest in any donee to which donations were made.

7. FINANCING COSTS

Interest / mark-up on long term loans		1,514,740	1,556,330
Foreign Exchange Risk Insurance (FERI)			
Premium to the State Bank of Pakistan	7.1	2,593	159,611
FERI Premium from WAPDA		(2,593)	(159,611)
Unrealised loss on remeasurement of long term loans and interest		-	59,211
Unrealised gain on remeasurement of FERI contract		-	(59,211)
Miscellaneous financing costs		62,625	251,895
Bank charges		131	17
		<u>1,577,496</u>	<u>1,808,242</u>

7.1 Foreign Exchange Risk Insurance (FERI) Scheme is provided by the State Bank of Pakistan (SBP). Under this scheme the Company is allowed to buy foreign exchange from SBP for repayment of its foreign currency loans and accrued interest at contracted rates.

	Note	2006 (Rs. '000s)	2005 (Rs. '000s)
8. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	8.1	33,283,583	34,905,346
Capital work-in-progress	8.4	35,625	26,539
		<u>33,319,208</u>	<u>34,931,885</u>

8.1 Operating property, plant and equipment

	Freehold land	Freehold building	Leasehold property	Plant & machinery (Rs. '000s)	Furniture & fixtures	Vehicles	Office equipment	Total
Cost:								
As at July 1, 2005	18,890	186,495	862	48,383,502	25,274	56,595	6,705	48,678,323
Additions	-	-	-	20,019	671	10,453	470	31,613
Disposals	-	-	-	(1,847)	(143)	(9,101)	(1,447)	(12,538)
As at June 30, 2006	18,890	186,495	862	48,401,674	25,802	57,947	5,728	48,697,398
Depreciation:								
Rate (%)	-	3.33, 10 & 20	3.33	3.33 to 33.33	20	25	20	-
As at July 1, 2005	-	64,205	308	13,651,333	20,458	31,151	5,522	13,772,977
Charge for the year	-	5,920	29	1,637,456	1,248	7,427	589	1,652,669
Disposals	-	-	-	(1,847)	(117)	(8,420)	(1,447)	(11,831)
As at June 30, 2006	-	70,125	337	15,286,942	21,589	30,158	4,664	15,413,815
Net book value as at June 30, 2006	18,890	116,370	525	33,114,732	4,213	27,789	1,064	33,283,583
Net book value as at June 30, 2005	18,890	122,290	554	34,732,169	4,816	25,444	1,183	34,905,346
Cost of fully depreciated assets as at June 30, 2006	-	16,972	-	93,307	19,846	18,360	2,002	150,487
Cost of fully depreciated assets as at June 30, 2005	-	16,972	-	87,139	19,808	16,223	2,504	142,646

8.2 Disposal of property, plant and equipment

Assets	Cost	Accumulated depreciation	Net book value	Sale price	Mode of disposal	Particulars of buyer
Vehicle	618	155	463	473	Negotiation	Zeeshan Akhtar - Ex-employee
Vehicle	613	395	218	228	Negotiation	Asim Rafat Khan - Ex-employee
Items having a net book value not exceeding Rs.50,000 each						
Vehicles	7,870	7,870	-	341	Various	Various
Computers	1,847	1,847	-	2	Various	Various
Equipments	1,447	1,447	-	28	Various	Various
Furniture & fixtures	143	117	26	26	Various	Various
Total - June 30, 2006	12,538	11,831	707	1,098		
Total - June 30, 2005	15,047	14,571	476	2,914		

	Note	2006 (Rs. '000s)	2005 (Rs. '000s)
8.3 Depreciation charge for the year has been allocated as follows:			
Operating costs	4	1,642,078	1,637,851
General and administration expenses	6	10,591	9,902
		<u>1,652,669</u>	<u>1,647,753</u>

8.4 Capital work-in-progress - Plant Betterment

Opening balance	26,539	17,210
Additions during the year	20,562	9,930
Transfers during the year	(11,476)	(601)
	<u>35,625</u>	<u>26,539</u>

9. Intangibles

	Cost as at July 1, 2005	Additions	Disposals	Cost as at June 30, 2006	Accumulated amortisation as at July 1, 2005	Charge for the year	Disposals	Accumulated amortisation as at June 30, 2006	Net Book Value as at June 30, 2006	Net Book Value as at June 30, 2005
Computer Softwares	17,391	4,675	-	22,066	9,769	6,825	-	16,594	5,472	7,622

	Note	2006 (Rs. '000s)	2005 (Rs. '000s)
9.1 Amortisation charge for the year at 33.33% has been allocated as follows:			
Operating costs	4	6,681	4,379
General and administration expenses	6	144	157
		<u>6,825</u>	<u>4,536</u>

9.2 Disposal of intangible assets

Assets	Cost	Accumulated amortisation (Rs. '000s)	Net book value	Sale price	Mode of disposal	Particulars of buyer
Computer Softwares - 2006	-	-	-	-	Not Applicable	Not Applicable
Computer Softwares - 2005	1,372	1,372	-	-	Write off	Not Applicable

	Note	2006 (Rs. '000s)	2005 (Rs. '000s)
10. LONG TERM DEPOSITS AND PREPAYMENTS			
Deposits		1,564	1,584
Cash on deposit - restricted		-	157,911
Prepayments		2,747	2,821
		<u>4,311</u>	<u>162,316</u>
11. TRADE DEBTS - Secured			
Considered good	11.1	<u>2,938,436</u>	<u>1,444,237</u>
11.1 This includes Rs. 471 million relating to contractors' tax (See note 18.7).			
12. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
Executives		36	232
Employees		42	163
Suppliers		497,521	248,878
		<u>497,599</u>	<u>249,273</u>
Deposits		-	64,077
Prepayments			
Guarantee fees and other loan related costs		990	1,458
Insurance		-	30,380
Miscellaneous		4,600	6,113
		<u>5,590</u>	<u>37,951</u>
Other receivables			
Interest accrued		11,187	39,768
Insurers		-	408,379
Income tax	18.6	296,872	296,872
Sales tax	19	589,563	272,108
Receivable from an associated company		99	10,597
Miscellaneous		399	2,734
		<u>898,120</u>	<u>1,030,458</u>
		<u>1,401,309</u>	<u>1,381,759</u>

	2006 (Rs. '000s)	2005 (Rs. '000s)
13. CASH AND BANK BALANCES		
Saving checking accounts	299,810	349,167
Call and term deposits	3,063,440	5,688,913
In hand	56	56
	<u>3,363,306</u>	<u>6,038,136</u>

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

2006 (No. of Shares)	2005 (No. of Shares)		2006 (Rs. '000s)	2005 (Rs. '000s)
		Authorised :		
<u>1,200,000,000</u>	<u>1,200,000,000</u>	Ordinary shares of Rs.10/- each	<u>12,000,000</u>	<u>12,000,000</u>
		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
338,022,463	338,022,463	For consideration other than cash	3,380,225	3,380,225
358,607	358,607	- against project development cost	3,586	3,586
<u>338,381,070</u>	<u>338,381,070</u>	- against land	<u>3,383,811</u>	<u>3,383,811</u>
<u>1,157,154,387</u>	<u>1,157,154,387</u>		<u>11,571,544</u>	<u>11,571,544</u>

14.1 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 debt facilities are satisfied.

14.2 Associated companies held 332,084,142 (2005: 346,474,928) shares in the Company as at year end.

	Note	2006 (Rs. '000s)	2005 (Rs. '000s)
15. LONG TERM LOANS - Secured			
From Banks			
Under the Private Sector Energy Development Fund's (PSEDF) 1 Facility	15.1 & 15.2	7,544,607	8,266,713
Under the Private Sector Energy Development Fund's (PSEDF) 2 Facility	15.1 & 15.3	2,684,676	2,941,632
Senior Rupee Facility (SRF)		-	114,554
From Others		-	1,943,928
		<u>10,229,283</u>	<u>13,266,827</u>
Less: Current maturity of long term loans		<u>(979,062)</u>	<u>(3,037,544)</u>
		<u>9,250,221</u>	<u>10,229,283</u>

15.1 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 its debt 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.

(b) a floating charge on the whole of the Company's undertaking and assets, present and future, other than any assets for the time being effectively charged by way of fixed charge.

(c) an assignment of all rights, title and interest, present and future, in and to the insurances and all rights of the Company to make recovery under the insurances and all proceeds of the insurances receivable by the Company.

(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.

15.2 Interest is payable @ 14% per annum.

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

	Note	2006 (Rs. '000s)	2005 (Rs. '000s)
16. DEFERRED LIABILITY			
Staff Gratuity		14,986	4,910

Actuarial valuation was carried out as on June 30, 2006. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost method. The previous actuarial valuation was carried out on June 30, 2004.

Reconciliation of the liability recognised in the balance sheet

Present value of defined benefit obligation		59,165	45,987
Fair value of plan assets		(33,531)	(31,917)
Unrecognised past service cost		-	(206)
Net actuarial losses not recognised		(10,648)	(8,954)
Net liability recognised in the balance sheet		14,986	4,910

Reconciliation of the movements during the period in the net liability recognised in the balance sheet

Opening net liability		4,910	13,314
Expense recognised	16.1	10,424	6,616
Contributions to the fund made during the year		(348)	(15,020)
Closing net liability		14,986	4,910

Expense recognised in the profit and loss account

Current service cost		4,418	4,188
Interest cost		3,679	3,073
Expected return on plan assets		(2,234)	(1,169)
Past service cost to be recognised		206	206
Actuarial loss to be recognised		4,355	318
Expense recognised in the profit and loss account		10,424	6,616

16.1 The total expense recognised is included in general and administration expenses.

Actual return on plan assets

Expected return on plan assets		2,234	1,169
Actuarial loss on plan assets		(621)	(979)
Actual return on plan assets		1,613	190

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

- Interest rate 10% per annum
- Discount factor 10% per annum
- Expected rate of increase in salary level 10% per annum

	Note	2006 (Rs. '000s)	2005 (Rs. '000s)
17. TRADE AND OTHER PAYABLES			
Creditor	17.1	1,771,248	-
Accrued liabilities			
Due to operation and maintenance contractor	17.2	76,419	16,779
Foreign Exchange Risk Insurance Fee (FERI)		-	44,075
Miscellaneous financing costs		16,343	26,486
Miscellaneous	17.3	105,601	211,917
		198,363	299,257
Advance payment	17.4	561,629	616,232
Unclaimed dividend		49,937	37,933
Other payables			
Income-tax deducted at source		25	1,609
Retention money		9,650	21,255
		9,675	22,864
		<u>2,590,852</u>	<u>976,286</u>

17.1 This represents accounts payable to Pakistan State Oil.

17.2 This represents amount payable in respect of services rendered by an associated company.

17.3 This includes a sum of Rs. 87.021 million (2005: Rs. 103.494 million) in respect of services rendered by an associated company.

17.4 This represents Capacity Purchase Price invoiced for the succeeding month under the terms of Power Purchase Agreement (PPA).

18. COMMITMENTS AND CONTINGENCIES

18.1 The Company has entered into an Operation and Maintenance Agreement under which it is committed to pay certain fee to the Operator of the Plant. These are payable in fixed and variable portions. The fixed portion is being paid in specified amounts for each month of the operating year whereas the variable portion is payable at the agreed rate for the actual power generated per month.

18.2 The Company has entered into a Fuel Supply Agreement (FSA) under which it is committed to purchase a certain quantity of oil from Pakistan State Oil (PSO) every year.

18.3 Counter guarantees, to meet the requirements under the FSA, issued to various banks which are secured pari passu with long term loans amount to Rs. 3,000 million (2005: Rs.2,200 million).

18.4 Commitments in respect of capital and revenue expenditure amount to Rs. 390.218 million (2005: Rs.190.958 million).

- 18.5 The Company has entered into running finance facilities on mark-up basis with National Bank of Pakistan (NBP) and United Bank Limited (UBL) for an amount of Rs. 1,000 million each at a mark-up of 1 month KIBOR plus 0.40% per annum. The mark-up on the facility with NBP is to be paid monthly in arrears while that with UBL is to be paid quarterly in arrears. Both the facilities will expire on June 30, 2007. These facilities are secured by way of charge over the trade debts and stocks of the Company pari passu with the existing charge. Any late payment by the Company is subject to an additional payment of 3% per annum above the normal mark-up rate.

These facilities were not utilised as at June 30, 2006.

- 18.6 (i) The Deputy Commissioner of Income Tax (DCIT) made assessments (under section 52/86 of the Income Tax Ordinance, 1979 [ITO,79]) amounting to Rs. 1,895.666 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 tax amounting to Rs. 296.872 million against the above assessments in accordance with the departmental procedures. Appeals filed by the Company before the Commissioner of Income Tax (Appeals) [the "CIT(A)"] and thereafter with the Income Tax Appellate Tribunal (the "ITAT") were decided against the Company. Against the decision of the ITAT the Company filed appeals before the Lahore High Court (the "LHC") which are pending adjudication. The LHC granted a stay of demand for the outstanding tax liability which according to the provisions of section 136 of the ITO,79 expired on August 2, 1999. However, the LHC directed the DCIT not to institute recovery measures without its permission.

Without prejudice to the appeals before the LHC, the Company filed an application for the resolution of the matter under the Alternate Dispute Resolution (ADR) provided under section 134A of the Income Tax Ordinance, 2001 with the Central Board of Revenue (CBR). The Alternate Dispute Resolution Committee (ADRC) appointed by the CBR heard the case; a total five hearings took place in Islamabad during January to April 2006. The ADRC made certain recommendations to the CBR which required the Company to pay a total of Rs. 380 million. However, the Company informed the CBR that the recommendation of the ADRC was not maintainable under the law because ADRC had gone beyond their mandate. The CBR after reviewing the recommendations of the ADRC and Company's letter decided not to agree with the recommendation of the ADRC and let the dispute be decided by the LHC before which the appeal is pending.

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 will be in favour of the Company.

- (ii) On the unpaid tax demands referred in (i) above, further assessment orders were issued for Rs. 49.571 million (Rs. 28.399 million being additional tax and Rs. 21.172 million being penalty). Against these orders, the Company filed appeals before the CIT(A), who has deleted the amount of additional tax levied of Rs. 28.399 million and reduced the penalty of Rs. 21.172 million by Rs. 6.351 million. Against the decision of the CIT(A), the Company and Income Tax Department filed further appeals before the ITAT which had upheld the decision of the CIT(A). Against this, the Company moved reference application to the ITAT to refer the issue to the LHC, which stands rejected by the ITAT. The management and their tax advisors are of the opinion that if the LHC decides the appeals against assessments made under section 52/86 of the ITO,79 in favour of the Company, the penalty would also be deleted.

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

- 18.7 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 Power Purchase Agreement (PPA), 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 during the construction phase, the Central Board of Revenue (CBR) contended that Company was liable to pay tax @ 8% instead at 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 CBR appeals were filed by the Contractors and Sub-Contractors which were decided in their favour. The CBR has filed appeals before the courts which are pending adjudication.

On Hubco's and other Independent Power Producers' (IPPs) representation, Economic Coordination Committee (ECC) of the Federal Cabinet of the GOP directed the CBR to refund the tax recovered by it over and above 4%. The CBR refunded Rs. 495 million but withheld Rs. 471 million on the pretext that ECC decision was not applicable on "tax on tax" which was payable at corporate rates and also because CBR has filed appeals before the courts which are pending adjudication.

The management and their tax advisors are of the opinion that the position of the Contractor / Sub-Contractor / Company is strong on the basis of ECC decision as well as on legal grounds and the eventual outcome will be in favour of the Contractor / Sub-Contractor / Company and the tax of Rs. 471 million will be refunded.

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

- 18.8 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 persons who fall within the definition of the term "Worker" as it has been defined in the Act.

The petition was filed subsequent to the Company's receipt of the Labour, Manpower and Overseas Pakistanis' Division's letter dated March 14, 2000 directing the Company to allocate 5% of its net profit (since its establishment) 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 Power Purchase Agreement (PPA), against the Water and Power Development Authority (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 have agreed that this petition should proceed and a judgment obtained on merits. No provision has been made in these financial statements as any payment made by the Company is a pass through item under the PPA.

In the Finance Act, 2006 amendments have been made which will come into effect from July 1, 2006. These changes entail that the Company may be required to pay 5% of its profits to the Fund commencing from the Fiscal Year ending June 30, 2007. However, such payment will not affect the Company's overall profitability because any payment made to the Fund by the Company is a pass through item under the PPA. These changes to the law will not affect the petition filed by the Company mentioned above.

19. EVENT AFTER THE BALANCE SHEET DATE

On July 3, 2006, a sales tax refund of Rs. 272 million has been received. This refund is subject to government audit.

20. 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	2006 (Rs. '000s)	2005 (Rs. '000s)
Chief Executive			
Managerial remuneration		21,576	4,228
Bonus		-	449
House Rent		1,103	-
Utilities		2,158	423
Retirement benefits		2,158	423
Other benefits		974	2,368
	20.1	<u>27,969</u>	<u>7,891</u>
Number of persons		1	1
Directors			
Managerial remuneration / Fees	20.2 & 20.3	12,729	7,798
Bonus		744	625
House Rent		2,451	2,162
Utilities		545	481
Retirement benefits		3,547	1,164
Other benefits		1,600	1,459
		<u>21,616</u>	<u>13,689</u>
Number of persons		4	4
Executives			
Managerial remuneration		27,499	23,224
Bonus		3,707	2,998
House rent		12,375	10,451
Utilities		2,750	2,322
Retirement benefits		9,060	7,291
Other benefits		5,421	4,718
		<u>60,812</u>	<u>51,004</u>
Number of persons		21	19
Total			
Managerial remuneration / Fees		61,804	35,250
Bonus		4,451	4,072
House rent		15,929	12,613
Utilities		5,453	3,226
Retirement benefits		14,765	8,878
Other benefits		7,995	8,545
		<u>110,397</u>	<u>72,584</u>
Number of persons		26	24

- 20.1 This includes an amount of Rs. 9.835 million for the period January 2005 to June 2005 relating to the former Chief Executive. The remuneration package for the former Chief Executive was finalised subsequent to June 30, 2005.
- 20.2 This includes fee of Rs. 1.500 million (2005: Rs. 1.500 million) to three (2005: three) independent directors.
- 20.3 This includes technical consultancy of Rs. 5.783 million (2005: Rs. 1.493 million) to one (2005: one) independent director.
- 20.4 The Chief Executive, a Director and certain Executives are provided with the use of Company maintained automobiles in accordance with the terms of their employment.
- 20.5 The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

	Note	2006 (Rs. '000s)	2005 (Rs. '000s)
21. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKINGS			
Amounts paid for services rendered	21.1	1,447,349	1,169,954
Reimbursement of expenses and others		1,697	1,538
Remuneration to key management personnel			
Salaries, benefits and other allowances		42,278	22,122
Retirement benefits		6,833	2,385
	20.1 & 21.2	49,111	24,507
Fees	20.2 & 20.3	7,283	2,993
Contribution to staff retirement benefits plans		16,548	10,503

- 21.1 These include transactions with principal shareholders of the Company under various service agreements.
- 21.2 Transactions with key management personnel are carried out under the terms of their employment. Key management personnel are also provided with the use of Company maintained automobiles.
- 21.3 The transactions with associated companies are made under normal commercial terms and conditions.

	2006	2005
22. PLANT CAPACITY AND PRODUCTION		
Theoretical Maximum Output	10,512 GWh	10,512 GWh
Total Output	3,930 GWh	1,975 GWh
Load Factor (Base Case 64.6%)	37.38%	18.79%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,216 GWh (2005: 9,216 GWh). Output produced by the plant is dependent on the load demanded by WAPDA and the plant availability.

	2006 (Rs. '000s)	2005 (Rs. '000s)
23. WORKING CAPITAL CHANGES		
Decrease / (Increase) in current assets		
Inventory of fuel oil	(639,819)	262,734
Trade debts	(1,494,199)	436,164
Advances, deposits, prepayments and other receivables	(48,131)	(112,794)
	<u>(2,182,149)</u>	<u>586,104</u>
Increase / (Decrease) in current liabilities		
Trade and other payables	1,602,562	(1,068,220)
	<u>(579,587)</u>	<u>(482,116)</u>

24. BASIC AND DILUTED EARNINGS PER SHARE

24.1 Basic

Net profit for the year (Rupees in thousand)		2,768,437	5,385,449
Number of shares in issue during the year	14	<u>1,157,154,387</u>	<u>1,157,154,387</u>
Basic earnings per share (Rupees)		<u>2.39</u>	<u>4.65</u>

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

25. APPLICABILITY OF IAS 17 - LEASES

The International Financial Reporting Interpretation Committee (IFRIC) has issued IFRIC - 4 "Determining Whether an Arrangement Contains a Lease" which will be applicable in Pakistan for annual periods beginning on or after January 1, 2006. Consequently, the Company will start applying this interpretation from the financial year beginning July 01, 2006.

After the application of the above interpretation, the Company will be required to account for a portion of its Power Purchase Agreement (PPA) as a lease under International Accounting Standard (IAS) – 17. There are likely to be significant changes on the Company's financial statements due to this, without affecting the overall cash flow position. The Company is in the process of estimating its impact. This accounting change will not affect the contractual rights and obligations of both Hubco and WAPDA under the PPA and therefore there will be no impact on the dividend stream.

26. PROPOSED FINAL DIVIDEND

The Board of Directors proposed a final dividend for the year ended June 30, 2006 of Rs. 1.85 per share, amounting to Rs. 2,140.736 million, at their meeting held on August 10, 2006, for approval of the members at the Annual General Meeting to be held on September 20, 2006. These financial statements do not reflect this dividend payable which will be accounted for in the period in which its declared.

27. FINANCIAL INSTRUMENTS

These comprise deposits, receivables, cash, loans and certain other assets and liabilities.

(a) Financial Assets

The financial assets of the Company amount to Rs. 6,314.991 million (2005: Rs. 9,023.478 million) of which Rs.3,363.250 million (2005: Rs. 6,260.068 million) are interest bearing and subject to interest rate risk.

	Interest Rate	Interest Bearing			Non Interest Bearing			Total
		Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
	%	(Rs. '000s)						
Year ended June 30, 2006								
Deposits		-	-	-	-	1,564	1,564	1,564
Trade debts		-	-	-	2,938,436	-	2,938,436	2,938,436
Other receivables		-	-	-	11,685	-	11,685	11,685
Cash and bank balances	2.0 - 9.50	3,363,250	-	3,363,250	56	-	56	3,363,306
Total		3,363,250	-	3,363,250	2,950,177	1,564	2,951,741	6,314,991
Year ended June 30, 2005								
Deposits	1.750	64,077	-	64,077	-	1,584	1,584	65,661
Cash on deposit - restricted	0.75 - 4.27	-	157,911	157,911	-	-	-	157,911
Trade debts		-	-	-	1,444,237	-	1,444,237	1,444,237
Other receivables		-	-	-	461,478	-	461,478	461,478
Fair value of Derivative Financial Asset - FERL contract		-	-	-	856,055	-	856,055	856,055
Cash and bank balances	0.001 - 7.800	6,038,080	-	6,038,080	56	-	56	6,038,136
Total		6,102,157	157,911	6,260,068	2,761,826	1,584	2,763,410	9,023,478

Currency Risk

Currency Risk is the risk that the value of a financial asset will fluctuate due to changes in foreign exchange rates.

Interest bearing financial assets of the Company include Rs. 603.597 million (2005: Rs. 848.015 million) in foreign currencies which are subject to currency risk exposure.

Credit Risk and Concentration of Credit Risk

Credit Risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk indicates relative sensitivity of a company's performance to developments affecting a particular industry.

The financial assets exposed to credit risks amount to Rs. 2,951.685 million (2005: Rs. 1,907.299 million) out of which trade debts in the amount of Rs. 2,938.436 million (2005: Rs. 1,444.237 million) are mitigated by a guarantee from the Government of Pakistan under the Implementation Agreement (IA).

(b) Financial Liabilities

The financial liabilities of the Company amount to Rs. 12,953.547 million (2005: Rs. 14,341.173 million) out of which Rs. 10,229.283 million (2005: Rs. 13,266.827 million) are interest bearing.

	Interest Bearing			Non Interest Bearing			Total
	Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
(Rs. '000s)							
Year ended June 30, 2006							
Long term loans	979,062	9,250,221	10,229,283	-	-	-	10,229,283
Trade and other payables	-	-	-	2,029,198	-	2,029,198	2,029,198
Interest / mark-up accrued on long term loans	-	-	-	695,066	-	695,066	695,066
Total	979,062	9,250,221	10,229,283	2,724,264	-	2,724,264	12,953,547
Year ended June 30, 2005							
Long term loans	3,037,544	10,229,283	13,266,827	-	-	-	13,266,827
Trade and other payables	-	-	-	358,446	-	358,446	358,446
Interest / mark-up accrued on long term loans	-	-	-	715,900	-	715,900	715,900
Total	3,037,544	10,229,283	13,266,827	1,074,346	-	1,074,346	14,341,173

Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

Interest / mark-up bearing financial liabilities of the Company include Rs. 7,544.607 million (2005: Rs. 9,585.052 million) subject to fixed interest rate and Rs. 2,684.676 million (2005: Rs. 3,681.775 million) subject to floating interest rates. The floating rate liabilities comprise bank borrowings bearing interest rate as disclosed in note 15.3 to the financial statements.

At June 30, 2006, the interest rates on interest bearing financial liabilities are disclosed in note 15.2 & 15.3 to the financial statements.

Currency Risk

Currency Risk is the risk that the value of financial liabilities will fluctuate due to changes in foreign exchange rates.

(c) Fair value of Financial Assets and Liabilities

The carrying amounts of the financial assets and liabilities approximate their fair values.

28. DATE OF AUTHORISATION

These financial statements were authorised for issue on August 10, 2006 in accordance with the resolution of the Board of Directors.

29. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Javed Mahmood
Chief Executive

Seiki Ogura
Director

Pattern of Shareholding

as on June 30, 2006

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
1	100	207	18,616
101	500	6,665	3,296,048
501	1000	2,259	2,179,944
1001	5000	3,794	11,678,096
5001	10000	1,393	11,579,310
10001	15000	569	7,418,768
15001	20000	382	7,078,693
20001	25000	261	6,141,800
25001	30000	214	6,123,734
30001	35000	102	3,418,341
35001	40000	106	4,075,630
40001	45000	66	2,860,700
45001	50000	148	7,319,633
50001	55000	57	3,015,100
55001	60000	56	3,315,008
60001	65000	49	3,111,200
65001	70000	32	2,211,800
70001	75000	32	2,363,600
75001	80000	23	1,814,600
80001	85000	18	1,508,100
85001	90000	16	1,416,700
90001	95000	11	1,027,092
95001	100000	87	8,690,178
100001	105000	17	1,750,800
105001	110000	23	2,503,500
110001	115000	9	1,015,500
115001	120000	9	1,069,000
120001	125000	16	1,974,433
125001	130000	11	1,415,671
130001	135000	6	803,700
135001	140000	8	1,104,000
140001	145000	5	722,500
145001	150000	27	4,033,600
150001	155000	5	771,500
155001	160000	9	1,428,700
160001	165000	7	1,147,500
165001	170000	3	506,000
170001	175000	8	1,389,700
175001	180000	10	1,786,500
180001	185000	10	1,828,100
185001	190000	2	376,000
190001	195000	5	964,400
195001	200000	37	7,391,000
200001	205000	2	402,500
205001	210000	4	832,174
210001	215000	6	1,276,500
215001	220000	3	658,000
220001	225000	8	1,789,600

Pattern of Shareholding as on June 30, 2006

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
225001	230000	3	690,000
235001	240000	6	1,437,500
240001	245000	5	1,221,200
245001	250000	9	2,246,000
250001	255000	2	506,500
255001	260000	3	776,000
260001	265000	3	788,500
265001	270000	5	1,345,000
270001	275000	6	1,646,500
275001	280000	5	1,395,500
280001	285000	5	1,415,500
285001	290000	1	287,500
290001	295000	1	291,000
295001	300000	13	3,898,000
300001	305000	2	601,000
305001	310000	1	310,000
310001	315000	3	935,036
315001	320000	1	317,000
320001	325000	4	1,288,094
330001	335000	2	670,000
335001	340000	1	340,000
340001	345000	1	345,000
345001	350000	8	2,792,500
350001	355000	1	355,000
355001	360000	2	718,607
360001	365000	4	1,449,329
365001	370000	1	370,000
370001	375000	3	1,122,000
375001	380000	2	751,100
385001	390000	5	1,947,500
390001	395000	2	789,500
395001	400000	8	3,199,500
400001	405000	2	810,000
405001	410000	1	406,000
410001	415000	3	1,237,500
415001	420000	1	416,000
420001	425000	2	848,000
425001	430000	4	1,712,500
430001	435000	1	430,200
435001	440000	1	440,000
445001	450000	1	450,000
450001	455000	2	906,000
455001	460000	1	458,000
465001	470000	1	470,000
470001	475000	3	1,420,500
485001	490000	1	490,000
495001	500000	10	4,994,200
515001	520000	2	1,037,000
530001	535000	3	1,598,326
535001	540000	1	540,000
540001	545000	1	542,000
545001	550000	2	1,100,000
560001	565000	2	1,125,500

Pattern of Shareholding as on June 30, 2006

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
565001	570000	1	568,000
570001	575000	2	1,145,500
575001	580000	1	580,000
590001	595000	3	1,777,500
595001	600000	4	2,399,000
600001	605000	1	601,000
605001	610000	1	610,000
620001	625000	1	625,000
630001	635000	1	633,500
640001	645000	1	641,000
665001	670000	1	667,500
680001	685000	1	684,000
685001	690000	1	690,000
695001	700000	2	1,400,000
745001	750000	4	3,000,000
790001	795000	2	1,582,500
795001	800000	5	4,000,000
820001	825000	1	825,000
835001	840000	1	839,000
860001	865000	1	860,500
910001	915000	1	912,000
995001	1000000	4	3,997,000
1025001	1030000	1	1,030,000
1035001	1040000	1	1,040,000
1040001	1045000	1	1,045,000
1085001	1090000	1	1,089,500
1125001	1130000	1	1,129,500
1190001	1195000	1	1,195,000
1200001	1205000	1	1,201,000
1205001	1210000	1	1,210,000
1220001	1225000	1	1,225,000
1285001	1290000	1	1,289,000
1345001	1350000	1	1,350,000
1395001	1400000	1	1,400,000
1495001	1500000	3	4,500,000
1510001	1515000	1	1,515,000
1550001	1555000	1	1,552,000
1570001	1575000	1	1,573,500
1575001	1580000	1	1,580,000
1595001	1600000	2	3,197,500
1750001	1755000	1	1,751,000
1765001	1770000	1	1,770,000
1770001	1775000	1	1,774,000
1900001	1905000	1	1,901,800
1930001	1935000	1	1,933,500
1935001	1940000	1	1,937,500
1950001	1955000	1	1,954,500
1995001	2000000	1	2,000,000
2015001	2020000	1	2,019,000
2020001	2025000	1	2,024,000
2075001	2080000	1	2,075,400
2145001	2150000	1	2,150,000
2175001	2180000	1	2,180,000

Pattern of Shareholding as on June 30, 2006

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
2205001	2210000	1	2,207,500
2395001	2400000	1	2,396,000
2415001	2420000	1	2,417,385
2470001	2475000	1	2,475,000
2595001	2600000	1	2,600,000
2605001	2610000	1	2,607,500
2845001	2850000	1	2,850,000
2895001	2900000	1	2,897,500
2995001	3000000	2	6,000,000
3075001	3080000	1	3,079,717
3080001	3085000	1	3,085,000
3130001	3135000	1	3,134,500
3145001	3150000	1	3,150,000
3295001	3300000	1	3,300,000
3470001	3475000	1	3,475,000
3560001	3565000	1	3,561,500
3680001	3685000	1	3,684,000
3750001	3755000	1	3,752,500
3830001	3835000	1	3,830,500
3915001	3920000	1	3,919,000
3925001	3930000	1	3,928,000
3970001	3975000	1	3,971,025
4345001	4350000	1	4,348,700
4705001	4710000	1	4,709,800
4845001	4850000	1	4,846,500
5495001	5500000	1	5,500,000
5940001	5945000	1	5,942,000
6045001	6050000	1	6,047,000
6245001	6250000	1	6,246,000
6365001	6370000	1	6,366,500
7175001	7180000	1	7,180,000
7365001	7370000	1	7,369,816
7680001	7685000	1	7,684,000
7825001	7830000	1	7,827,000
8765001	8770000	1	8,767,000
9390001	9395000	1	9,393,000
10125001	10130000	1	10,129,000
17020001	17025000	1	17,023,125
17030001	17035000	1	17,032,200
17655001	17660000	1	17,659,000
19645001	19650000	1	19,650,000
20430001	20435000	1	20,432,459
20925001	20930000	1	20,929,000
21245001	21250000	1	21,248,016
24690001	24695000	1	24,694,000
26765001	26770000	1	26,769,500
40650001	40655000	1	40,650,400
45080001	45085000	1	45,083,500
53015001	53020000	1	53,016,500
55420001	55425000	1	55,421,741
140280001	140285000	1	140,280,633
181670001	181675000	1	181,674,509
	Total	17,087	1,157,154,387

Categories of Shareholding

as on June 30, 2006

Sr. No.	Categories	No. of Shareholders	No. of Shares held	Percentage
1.	Individuals	16,593	207,312,762	17.92
2.	Joint Stock Companies	182	406,400,765	35.12
3.	Financial Institutions	69	263,124,612	22.74
4.	Investment Companies	38	41,487,900	3.58
5.	Insurance Companies	23	36,136,700	3.12
6.	Modaraba & Leasing Companies	29	9,044,100	0.78
	Others			
7.	Governor of Balochistan	1	358,607	0.03
	Employee'S Old-Age Benefits Institution	1	19,650,000	1.70
	GDR Depository	1	55,421,741	4.79
	Charitable Trusts	40	103,938,700	8.99
	Cooperative Societies	6	939,000	0.08
	Provident/Pension/Gratuity Fund etc.	104	13,339,500	1.15
		17,087	1,157,154,387	100.00

The above two statements include 10,438 shareholders holding 730,307,233 shares through the Central Depository Company of Pakistan Limited (CDC).

Details of Associated Companies, Undertakings and related parties are given below

Associated Companies, Undertakings and related parties (name wise details)

1. Xenel Industries Limited	140,280,633
2. National Power International Holdings BV	191,803,509

NIT & ICP

1 Investment Corporation of Pakistan	2,076,500
2 National Bank of Pakistan, Trustee Deptt.	43,650,400

Directors, CEO

1. Najam Ul Hassan Farooqi	12,000
2. S. Khalid Masood	29,600
3. Syed Nizam Shah	500
4. Taufique Habib	9,000

Executives

Huma Pasha	21,700
Syed Hasnain Haider	3,000
Mohammed Saleem Mahfooz Siddiqui	25,200
Mohammed Aamir Siddiqi	1,100
Muhammad Iqbal Shivani	5,000
Mohsin Maqsood	1,300
Mushrraf Hussain	2,000
Syed Raees Ahmed	2,400
Habibullah Khan	2,000

Banks, Development Financial Institutions, Non-banking Financial Institutions

Al Baraka Islamic Bank - Lahore Branch	200,000
Allied Bank Limited	3,300,000
Al-Meezan Investment Management Limited	1,500,000
Askari Commercial Bank Limited	997,000
Atlas Bank Limited	60,000
Atlas Investment Bank Limited	1,010,000
Bank Al Habib Limited	1,597,500
Bank Alfalah Limited	102,000
Bank Alfalah Limited-Islamic Division	1,289,000
BMA Capital Management Ltd.	549,500
Crescent Commercial Bank Limited	300,000
Crescent Leasing Corporation Ltd.	812,500
Crescent Standard Inv Bank (Sure Stock)	9,500
Crescent Standard Investment Bank Ltd.	500
Dawood Leasing Company Limited	30,000
Escorts Investment Bank Ltd.	982,500
Faysal Bank Limited	1,552,000
First Credit and Investment Bank Limited	458,000
First Dawood Investment Bank	665,500
First International Investment Bank Ltd.	128,000
Habib Bank Limited-Treasury Division	17,659,000
Indus Bank Limited	594,000
International Housing Finance Ltd.	60,000

Jahangir Siddiqui Investment Bank Ltd.	130,000
Kasb Bank Limited	3,475,000
Mcb Bank Limited - Treasury	26,769,500
Meezan Bank Limited	3,684,000
Metropolitan Bank Limited	800,000
National Asset Management Co. Ltd.	70,000
National Bank of Pakistan	12,478,000
National Dev. Finance Corp. (Investar)	1,500
National Development Finance	200
NIB Bank Limited	3,919,000
Orix Investment Bank Pakistan Limited	470,500
Pak Libya Holding Company (Pvt) Limited	3,150,000
Pakistan Industrial & Comm. Leasing Ltd.	45,000
PICIC	8,942,000
PICIC Commercial Bank Limited	7,180,000
Prime Commercial Bank Limited	719,500
Prudential Stocks Fund Limited	100
Saudi Pak Commercial Bank Ltd.	800,000
Saudi Pak Inv. Co.	9,567,000
Saudi Pak Leasing Company Limited	3,830,500
Security Leasing Corporation Limited	2,150,000
Sigma Leasing Corporation Limited	122,500
SME Bank Limited	107,000
Soneri Bank Limited - Ordinary Shares	839,000
The Bank of Punjab	103,500
Trust Leasing & Investment Bank Limited	188,000
Trust Leasing Corp. Ltd.-Cfs (Lhr)	1,000
Trustees of Crescent Leasing Corporation	10,000
United Bank Limited - Badla Portfolio	2,500
Universal Leasing Corp. Limited	542,000

Insurance Companies

Adamjee Insurance Company Limited	2,207,500
Askari General Insurance Co. Ltd.	60,000
Century Insurance Company Ltd.	399,500
East West Insurance Co. Ltd.	30,000
EFU General Insurance Limited	500,000
EFU Life Assurance Ltd.	2,180,000
Excel Insurance Co. Ltd.	355,000
Habib Insurance Co. Limited	667,500
International Gen. Ins Co. of Pak. Ltd-CF	18,000
International General Insurance Co Pak	300,000
National Insurance Company Limited	6,246,000
New Hampshire Insurance Co. [355-4]	225,000
New Jubilee Insurance Company Limited	2,475,000
New Jubilee Life Insurance Co. Ltd.	1,400,000
Pakistan Reinsurance Company Limited	400,000
PICIC Insurance Limited	261,500
Reliance Insurance Company Ltd.	100,000
Saudi Pak Insurance Company Ltd.	30,000
Security General Insurance Co. Ltd.	600,000
State Life Insurance Corp. of Pakistan	17,032,200
The Crescent Star Insurance Co. Ltd.	610,000
The Premier Insurance Co. of Pakistan Ltd.	33,000
The United Insurance Company of Pak. Ltd.	6,500
The Universal Insurance Co. Ltd.	40,000

Modaraba & Mutual Funds

Al Meezan Mutual Fund Limited	1,210,000
Al-Zamin Leasing Modaraba(010074)	3,500
Asian Stock Fund Limited	100,000
B.F. Modaraba	100,000
B.R.R. International Modaraba	10,000
CDC - Trustee Akd Index Tracker Fund	389,500
CDC - Trustee First Dawood Mutual Fund	47,500
CDC - Trustee Meezan Balanced Fund	3,752,500
CDC - Trustee Pakistan International Ele	1,573,500
CDC - Trustee Picic Growth Fund	3,561,500
CDC - Trustee Picic Investment Fund	7,827,000
CDC - Trustee Utp Income Fund	313,000
CDC - Trustee - Pakistan Income Fund	453,000
CDC - Trustee Picic Energy Fund	2,000,000
CDC - Trustee Kasb Liquid Fund	224,000
CDC - Trustee Meezan Islamic Fund	1,770,000
First Alnoor Modaraba	150,000
First Elite Capital Modaraba	10,000
First Elite Capital Modaraba	6,000
First Habib Bank Modaraba	250,000
First National Bank Modaraba	200,000
First Pak Modaraba	13,000
First Prudential Modaraba	20,000
Guardian Modaraba	150,100
Safeway Mutual Fund Limited	250,000
Trust Modaraba	85,000
Trustee - Utp A30+Fund	340,000

Shareholders holding ten percent or more voting interest in listed companies (name wise details)

National Power International Holdings BV	191,803,509	16.58
Xenel Industries Limited	140,280,633	12.12
Central Depository Company Of Pakistan (As Depository)	730,307,233	63.11

Details of trading in the shares by the Directors, CEO, Finance Director, Company Secretary and their spouses and minor children

Mr. Najam Farooqui, Director purchased 5,000 shares of the Company during the year. None of the other Directors, CEO, Finance Director, Company Secretary and their spouses and minor children have traded in Hubco Shares during the financial year 2005-2006.

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:

Ferguson Associates (Pvt) Limited,
Ground Floor,
State Life Building No. I-A,
I. I. Chundrigar Road,
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 Limited,
I. I. Chundrigar Road,
Karachi.



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The Hub Power Company Limited

3rd Floor, Islamic Chamber Building, ST-2/A, Block-9,
Clifton, P. O. Box No. 13841, Karachi-75600 Pakistan.

Tel: (021) 587 4677 (10 Lines) Fax: (021) 587 0397

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