



The Hub Power Company Limited

Unaudited Financial Statements
for the Quarter-ended
September 30, 2017

Contents

The Hub Power Company Limited

Company Information

Directors' Report English

Directors' Report Urdu

Condensed Interim Unconsolidated Profit & Loss Account

Condensed Interim Unconsolidated Statement of Comprehensive Income

Condensed Interim Unconsolidated Balance Sheet

Condensed Interim Unconsolidated Cash Flow Statement

Condensed Interim Unconsolidated Statement of Changes in Equity

Notes to the Condensed Interim Unconsolidated Financial Statements

The Hub Power Company Limited and its Subsidiary Company

Condensed Interim Consolidated Profit & Loss Account

Condensed Interim Consolidated Statement of Comprehensive Income

Condensed Interim Consolidated Balance Sheet

Condensed Interim Consolidated Cash Flow Statement

Condensed Interim Consolidated Statement of Changes in Equity

Notes to the Condensed Interim Consolidated Financial Statements

Company Information

Board of Directors

Hussain Dawood	Chairman
Khalid Mansoor	Chief Executive
Andalib Alavi	
Javed Akbar	
Iqbal Alimohamed	
Abdul Samad Dawood	
Shahzada Dawood	
Manzoor Ahmed	
Qaiser Javed	
Muhammad Sadiq Sanjrani	GOB Nominee
Ruhail Mohammed	
Muhammad Waseem Mukhtar	
Owais Shahid	
Inam Ur Rahman	

Audit Committee

Iqbal Alimohamed	Chairman
Andalib Alavi	
Qaiser Javed	
Owais Shahid	
Ruhail Mohammed	

Company Secretary

Shamsul Islam

Management Committee

Khalid Mansoor
Tahir Jawaid
Abdul Nasir
Nazoor Baig
Syed Hasnain Haider
Saleemullah Memon

Shamsul Islam

M. Inam Ur Rehman Siddiqui

Farrukh Rasheed

**Registered & Head
Office**

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

Email: Info@hubpower.com

Website: <http://www.hubpower.com>

Principal Bankers

Allied Bank of Pakistan

Askari Bank Limited

Bank Alfalah Limited

Bank Al-Habib Limited

Bank Islami Pakistan Limited

Bank of Punjab

Burj Bank Limited

Citibank N.A. Pakistan

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

Industrial & Commercial Bank of China

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

NIB Bank Limited

Pak Brunei Investment Company Limited

Pak China Investment Company Limited

Samba Bank Limited

Standard Chartered Bank (Pakistan) Ltd.

Sumitomo Mitsui Banking Corp. Europe Ltd, London

	United Bank Limited
	JS Bank Limited
Inter-Creditor Agents	Habib Bank Limited
	Allied Bank Limited
	NIB Bank Limited
Legal Advisors	RIAA Barker Gillette
Auditors	EY Ford Rhodes, Chartered Accountants
Registrar	FAMCO Associates (Pvt) Limited
Hub Plant	Mouza Kund, Post Office Gaddani, District Lasbela, Balochistan
Narowal Plant	Mouza Poong, 5 KM from Luban Pulli Point on Mureedkay-Narowal Road, District Narowal, Punjab
Laraib Energy Limited (Subsidiary)	12-B/1, Multi Mansion Plaza, G-8, Markaz, Islamabad

Chief Executive's Report for first quarter ended September 30, 2017

The Company is pleased to present the consolidated and unconsolidated un-audited financial statements for the quarter ended September 30, 2017.

Consolidated net profit earned by the Group during the quarter under review was Rs. 2,384 million, resulting in earnings per share of Rs. 2.06 compared to net profit of Rs. 2,465 million and earnings per share of Rs. 2.13 last year. The decrease in profit is mainly due to lower profits of LEL, higher administrative expenses and taxation on dividend from NEL and LEL partly offset by lower repair and maintenance activities at Hub and Narowal Plant as compared to prior year.

Unconsolidated net profit earned by the Company during the quarter under review was Rs. 2,181 million, resulting in earnings per share of Rs. 1.88 compared to net profit of Rs. 1,904 million and earnings per share of Rs. 1.65 last year. The increase in profit is mainly due to higher dividend income from LEL and lower repair and maintenance expenditure partly offset by net impact of Narowal Demerger and higher administrative expenses.

During the quarter under review, Hub Plant operated at an average load factor of 67.27% against the plan of 71.16%. Available capacity was 80.17% against the plan of 83.15%. Electricity sold to WAPDA was 1,782.5 GWh as compared to planned dispatch of 1,885.4 GWh. During the quarter generation was slightly lower than plan due to lower dispatch by NTDC.

During the quarter Net Electrical Output (NEO) of Narowal Plant for the quarter was 322 GWh (2016-17 Q1 was 306 GWh) vs plan of 296 GWh. The load factor for the first quarter was 68% (2016-17 Q1 65%) vs plan of 63%. Annual Dependable Capacity (ADC) test was performed successfully on August 18, 2017 achieving 217.376MW against Initial declared capacity of 213.820 MW. The test was witnessed by CPPA-G officials.

During the quarter, the Laraib plant generated 92.584 GWh at a load factor of 49.92% as against 118.370 GWh at a load factor of 63.82% envisaged in the PPA. Reduction in generation was due to low hydrology available for the complex during the month of July and August 2017. However, highest ever generation of 57.22 GWh was achieved in the month of September 2017 due to availability of higher hydrology. No forced outage occurred during the quarter, availability remained at 100%.

Growth Initiatives

1,320 MW Coal Project at Hub- China Power Hub Generation Limited (CPHGC)

The Project is progressing according to the plan and is targeting to achieve COD by August 2019. The Company has also initiated the process for increasing its shareholding to 47.5% in the Project post the exercise of its Call Option as per the Shareholders Agreement. The call option exercise process is expected to be completed post Financial Close of the Project.

CPHGC has signed the financing agreements with the Chinese banks and is working towards achieving Financial Close before the LOS expiry date of December 7, 2017.

330 MW Coal Project in Thar- Thar Energy Limited (TEL)

TEL is setting up 330MW mine mouth coal based Power Plant at Block 2, Thar. The EPC Contract for the Project has been signed with China Machinery and Engineering Corporation (CMEC) which has started preliminary activities on Site in order to expedite COD. The Power Purchase Agreement (PPA) and Coal

Supply Agreement (CSA) for the Project have been signed on July 27, 2017 and May 13, 2017 respectively. The Implementation Agreement has been initialed while the Water Use Agreement is under execution. The Company has engaged China Development Bank (CDB) as the lead arranger for the foreign financing from China and Habib Bank as the lead arranger for the local financing.

Investment in Sindh Engro Coal Mining Company (SECMC)

Post the financial close in April 2016, the Project construction is progressing satisfactorily. The Company has 8% stake in the Project. The Project is almost 50% complete and about 10% ahead of schedule with production commencement expected to be in June 2019.

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



Khalid Mansoor
Chief Executive Officer

Karachi, October 30, 2017

مجموعی اور غیر مجموعی مالیاتی بیانات پر

سی ای او زرپورٹ

برائے سہ ماہی مختتمہ ستمبر 30، 2017ء

کمپنی انتہائی مسرت سے 30 ستمبر، 2017ء کو ختم ہونے والی سہ ماہی کے لئے مجموعی اور غیر مجموعی، غیر متقابل (Un-audited) مالیاتی رپورٹ پیش کرتی ہے۔

مجموعی طور پر گروپ نے زیر جائزہ مدت میں 2,384 ملین کا خالص منافع کمایا جس کے نتیجے میں فی حصص آمدنی 2.06 روپے فی حصص رہی جب کہ گزشتہ سال کی اسی مدت میں 2,465 ملین روپے کے خالص منافع پر فی حصص آمدنی 2.13 روپے رہی تھی۔ منافع میں اس کمی کی وجہ LEL کا کم منافع، زیادہ انتظامی اخراجات اور NEL اور LEL کے منافع منقسمہ (ڈیوڈنڈ) پر محصول (ٹیکس) رہے، جب کہ گزشتہ چند برسوں کے مقابلے میں حب اور نارووال پلانٹ پر مرمت کے اخراجات کم ہوئے جس سے کچھ بہتری ہوئی۔

غیر مجموعی طور پر کمپنی نے زیر جائزہ مدت میں 2,181 ملین کا خالص منافع کمایا جس کے نتیجے میں فی حصص آمدنی 1.88 روپے فی حصص رہی جب کہ گزشتہ سال کی اسی مدت میں 1,904 ملین روپے کے خالص منافع پر فی حصص آمدنی 1.65 روپے رہی تھی۔ منافع میں یہ اضافہ LEL کے منافع منقسمہ (ڈیوڈنڈ) کی آمدنی سے ہوا اور نارووال کے ڈی مرجر اور انتظامیہ کے مینٹیننس (Maintanance) اخراجات میں کچھ کمی کی وجہ سے رہی۔

زیر جائزہ سہ ماہی میں حب پلانٹ پر اوسط لوڈ فیکٹر 67.27 فیصد تھا جب کہ منصوبے کے مطابق یہ لوڈ 71.16 فیصد ہونا چاہئے تھا، اس کی دستیاب صلاحیت 80.17 فیصد رہی جب کہ اس کے لئے منصوبہ 83.15 فیصد تھا۔ 1782.5 گیگا واٹ آور بکلی واپڈا کو فروخت کی گئی، جب کہ اس کا منصوبہ 1885.4 گیگا واٹ آور کا تھا۔ زیر جائزہ مدت کے دوران بجلی کی پیداوار منصوبے سے کم رہی، جس کی وجہ NTDC سے کم ترسیل تھی۔

سہ ماہی کے دوران نارووال پلانٹ کی خالص برقی پیداوار یعنی نیٹ الیکٹرکل آؤٹ پٹ (NEO) 322 گیگا واٹ آور رہی (2016-17ء میں 306 گیگا واٹ آور رہی تھی) جو منصوبے کے مطابق 296 گیگا واٹ آور تھی۔ پہلی سہ ماہی میں لوڈ فیکٹر 68 فیصد رہا (جو کہ 2016-17ء کی پہلی سہ ماہی میں 65 فیصد تھا)، جب کہ منصوبے کے مطابق مذکورہ لوڈ فیکٹر 63 فیصد تھا۔

دوران سہ ماہی قابل اعتماد صلاحیت کا سالانہ ٹیسٹ یعنی اینول ڈیپینڈ ایبل کیپسیٹی (ADC) ہوا جس میں اس پلانٹ کی صلاحیت 18 اگست 2017ء میں 217.376 میگا واٹ تک تھی جب کہ اس کی مقررہ صلاحیت 213.820 میگا واٹ تھی۔ اس ٹیسٹ کا مشاہدہ CPPAG کے اہلکاروں نے بھی کیا۔

سہ ماہی کے دوران لاریب پلانٹ کی پیداوار 92.584 گیگا واٹ آور رہی جب کہ لوڈ فیکٹر 49.92 فیصد رہا، اس پلانٹ کے لئے پی پی اے کے منصوبے کے مطابق پیداوار 118.370 گیگا واٹ آور ہوئی تھی اور لوڈ فیکٹر 63.82 فیصد تھا۔ پیداوار میں یہ کمی ماہ جولائی اور اگست 2017ء میں پلانٹ کے لئے دستیاب ہائیڈرولوجی کی کم دستیابی کی وجہ سے تھی۔ تاہم ماہ ستمبر 2017ء میں اس کی سب سے زیادہ COD سے اب تک پیداوار یعنی 57.22 گیگا واٹ آور رہی کیونکہ ہائیڈرولوجی کی دستیابی زیادہ تھی۔ دوران سہ ماہی بجلی بند کرنے کے لئے مجبور نہیں ہونا پڑا، اور دستیابی 100 فیصد رہی۔

چائنا پاور حب جنریشن لمیٹڈ (CHPGC) کا کونسلے سے چلنے والا 1,320 میگا واٹ کا پراجیکٹ پراجیکٹ پر منصوبے کے مطابق پیشرفت جاری ہے، جس کا ہدف یہ ہے کہ اگست 2019ء تک COD حاصل کر لے گا۔ کمپنی نے شیئر ہولڈرز ایگریمنٹ (یعنی حصص یافتگان کے معاہدے) کے مطابق کال آپشن استعمال کر کے اپنی شیئر ہولڈنگز کو 47.5 فیصد تک بڑھانے کے عمل کو بھی شروع کر دیا ہے۔ کال آپشن کا یہ عمل متوقع طور پر پراجیکٹ کے فنانشل کلوز کے بعد مکمل کیا جاسکتا ہے۔ CHPGC نے چینی بینکوں کی کریڈٹ کمیٹی سے منظوری حاصل کی ہے، اور دسمبر 7، 2017ء کو ختم ہونے والی LOS کی اختتامی تاریخ سے قبل فنانس حاصل کرنے کی کوشش کر رہی ہے۔

تھرانز جی لمیٹڈ (TEL) - تھر میں 330 میگا واٹ کا کول پراجیکٹ -

تھر کول بلاک ۲ سندھ میں 330 میگا واٹ کے مائن ماؤتھ (یعنی کان کے دھانے پر واقع) کونسلے سے چلنے والے پاور پلانٹ کے قیام کے لئے تھرانز جی لمیٹڈ (TEL) کا قیام عمل میں لایا گیا۔ پراجیکٹ تعمیر کرنے کے لئے چائنا مشینری اینڈ انجینئرنگ کارپوریشن (CMEC) کے ساتھ دستخط کئے گئے۔ اس منصوبے کے لئے PPA (پاور پرجیز ایگریمنٹ) CSA (کول سپلائی ایگریمنٹ) اور WUA (واٹر اوس ایگریمنٹ) نے دستخط کر دیئے ہیں۔ اور (Implementation Agreement) IA ایشیل کر دیا گیا ہے۔

کمپنی نے چائنا ڈیولپمنٹ بینک (CDB) کو چین سے مالیات کی دستیابی کے انتظام کے لئے غیر ملکی مالیات کا سربراہ اور مقامی مالیات کی دستیابی کے لئے حبیب بینک لمیٹڈ کو مقامی مالیات کی دستیابی کا انتظام کرنے والا سربراہ مقرر کیا ہے۔

سندھ اینٹروکول مائننگ کمپنی (SECMC) میں سرمایہ کاری :

اپریل 2016ء میں مالیاتی نفاذ کے بعد سے پراجیکٹ کی تعمیر اطمینان بخش طریقے سے آگے بڑھ رہی ہے، کمپنی کا اس منصوبے میں حصہ 8 فیصد ہے۔ یہ منصوبہ 50 فیصد مکمل ہو گیا ہے اور اپنے مقررہ وقت سے 10 فیصد آگے ہے اس کا جون 2019ء میں ختم ہونے کا امکان ہے۔

کمپنی اپنے حصص یافتگان، آپریٹرز، ملازمین اور ٹھیکیداروں کے کمپنی پر ان کے اعتماد اور کمپنی کو ترقی و خوشحالی کے راستے پر لے جانے والی ان کی بے لوث کوششوں پر ان کی تہہ دل سے مشکور ہے۔

بحکم بورڈ

خالد منصور

چیف ایگزیکٹو آفیسر

کراچی۔ اکتوبر 30 ، 2017ء



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Note	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s) Re-presented
CONTINUING OPERATIONS			
Turnover		21,573,670	18,736,728
Operating costs	4	(19,326,675)	(16,509,297)
GROSS PROFIT		<u>2,246,995</u>	<u>2,227,431</u>
General and administration expenses		(290,860)	(221,592)
Other income	5	797,821	6,611
Other operating expenses	6	(43,025)	-
PROFIT FROM OPERATIONS		<u>2,710,931</u>	<u>2,012,450</u>
Finance costs	7	(466,374)	(428,382)
PROFIT BEFORE TAXATION		<u>2,244,557</u>	<u>1,584,068</u>
Taxation		(63,583)	-
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		<u>2,180,974</u>	<u>1,584,068</u>
DISCONTINUED OPERATIONS			
Profit after taxation from discontinued operations		-	319,781
PROFIT FOR THE PERIOD FROM CONTINUING AND DISCONTINUED OPERATIONS		<u><u>2,180,974</u></u>	<u><u>1,903,849</u></u>
Basic and diluted earnings per share (Rupees)			
- Continuing operations		1.88	1.37
- Discontinued operations		-	0.28
		<u>1.88</u>	<u>1.65</u>

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

Khalid Mansoor
Chief Executive

Abdul Wahid
Chief Financial Officer

Javed Akbar
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s)
Profit for the period from continuing and discontinued operations	2,180,974	1,903,849
Other comprehensive income for the period		
<i>Items that will not be reclassified to Profit or Loss in subsequent periods</i>		
Gain / (loss) on remeasurement of post employment benefit obligation	2,451	(2,615)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>2,183,425</u></u>	<u><u>1,901,234</u></u>

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

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer

Javed Akbar
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
BALANCE SHEET
AS AT SEPTEMBER 30, 2017

	Note	Sep 2017 (Rs. '000s) (Unaudited)	Jun 2017 (Rs. '000s) (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	8	16,808,738	17,261,992
Intangibles		38,059	45,333
Long term investments	9	12,450,905	11,174,093
Long term deposits and prepayments		20,616	132,939
CURRENT ASSETS			
Stores, spares and consumables		1,931,961	1,959,917
Stock-in-trade		1,952,641	2,786,346
Trade debts	10	80,395,929	73,662,484
Loans and advances		134,122	142,550
Prepayments and other receivables		7,119,238	6,590,754
Cash and bank balances		293,557	1,222,934
		91,827,448	86,364,985
Non-current asset classified as held for sale		-	3,665
TOTAL ASSETS		121,145,766	114,983,007
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised		12,000,000	12,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		10,097,424	7,913,999
		21,668,968	19,485,543
NON-CURRENT LIABILITIES			
Long term loans		6,084,085	5,432,133
CURRENT LIABILITIES			
Trade and other payables	11	73,889,550	67,372,823
Interest / mark-up accrued		283,017	257,391
Short term borrowings		16,848,215	20,090,595
Current maturity of long term loans		2,371,931	2,344,522
		93,392,713	90,065,331
TOTAL EQUITY AND LIABILITIES		121,145,766	114,983,007
COMMITMENTS AND CONTINGENCIES			
	12		

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

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer

Javed Akbar
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Note	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation including discontinued operations		2,244,557	1,903,999
Adjustments for:			
Depreciation		477,291	720,147
Amortisation		7,274	5,152
Dividend income from subsidiaries		(784,314)	-
Loss / (gain) on disposal of fixed assets		3,809	(1,221)
Provision against slow moving stores, spares and consumables		9,343	11,951
Provision for Workers' profit participation fund		39,216	-
Staff gratuity		5,047	7,961
Interest income		(3,412)	(4,838)
Interest / mark-up		461,239	732,424
Amortisation of transaction costs		2,603	18,407
Operating profit before working capital changes		2,462,653	3,393,982
Working capital changes		1,041,678	(4,946,443)
Cash generated from / (used in) operations		3,504,331	(1,552,461)
Interest income received		3,413	4,352
Interest / mark-up paid		(435,613)	(703,293)
Staff gratuity paid		(9,000)	-
Taxes paid		(90,239)	(150)
Net cash generated from / (used in) operating activities		2,972,892	(2,251,552)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from subsidiaries		784,314	-
Fixed capital expenditure		(29,125)	(499,177)
Proceeds from disposal of fixed assets		4,944	2,371
Long term investments made		(1,276,812)	(455,929)
Long term deposits and prepayments		2,571	(1,852)
Net cash used in investing activities		(514,108)	(954,587)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(932,291)	(2,095,902)
Proceeds from long term loans		1,128,423	-
Repayment of long term loans		(341,913)	(693,342)
Net cash used in financing activities		(145,781)	(2,789,244)
Net increase / (decrease) in cash and cash equivalents		2,313,003	(5,995,383)
Cash and cash equivalents at the beginning of the period		(18,867,661)	(13,260,148)
Cash and cash equivalents at the end of the period	14	(16,554,658)	(19,255,531)

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

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer

Javed Akbar
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s)
ISSUED CAPITAL		
Balance at the beginning of the period	11,571,544	11,571,544
Balance at the end of the period	<u>11,571,544</u>	<u>11,571,544</u>
UNAPPROPRIATED PROFIT		
Balance at the beginning of the period	7,913,999	16,007,117
Profit for the period from continuing and discontinued operations	2,180,974	1,903,849
Other comprehensive income / (loss) for the period	2,451	(2,615)
Total comprehensive income for the period	2,183,425	1,901,234
Balance at the end of the period	<u>10,097,424</u>	<u>17,908,351</u>
TOTAL EQUITY	<u><u>21,668,968</u></u>	<u><u>29,479,895</u></u>

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


Khalid Mansoor
Chief Executive


Abdul Nasir
Chief Financial Officer


Javed Akbar
Director



THE HUB POWER COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

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 repealed Companies Ordinance, 1984 (the "Ordinance"). The shares of the Company are listed on the Pakistan Stock Exchange (PSX). The principal activities of the Company are to develop, own, operate and maintain power stations. The Company owns an oil-fired power station of 1,200 MW (net) in Baluchistan (Hub plant).

The Company has the following subsidiaries:

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

Narowal demerger became effective on April 01, 2017 and related assets, liabilities, retained earnings, commitments and contingencies of Narowal plant were transferred to NEL. Consequently, the prior period profit and loss account is showing the results from continuing operations and discontinued operations (related to Narowal plant) separately.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim unconsolidated financial statements are same as those applied in preparing the unconsolidated financial statements for the year ended June 30, 2017.

3. BASIS OF PREPARATION

These unaudited condensed interim unconsolidated financial statements of the Company for the first quarter ended September 30, 2017 have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of and directives issued under the Ordinance have been followed.

These condensed interim unconsolidated financial statements do not include all the information and disclosures as required in the annual unconsolidated financial statements and should be read in conjunction with the Company's annual unconsolidated financial statements for the year ended June 30, 2017.

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



4. OPERATING COSTS

	Note	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s) Re-presented
Fuel cost		17,628,680	17,013,332
Stores and spares		242,270	525,887
Operation and maintenance	4.1	464,625	457,036
Insurance		128,841	186,421
Depreciation		467,062	706,151
Amortisation		5,790	3,838
Repairs, maintenance and other costs		389,407	632,627
		<u>19,326,675</u>	<u>19,525,292</u>
Less: operating costs related to discontinued operations		-	(3,015,995)
		<u>19,326,675</u>	<u>16,509,297</u>

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

5. OTHER INCOME

Financial assets

Interest income		3,412	4,838
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Non-financial assets

Gain on disposal of fixed assets		-	1,221
Dividend income from subsidiaries		784,314	-
Income from management services - net	5.1	4,760	-
Exchange gain		5,335	1,080
		<u>794,409</u>	<u>2,301</u>
		<u>797,821</u>	<u>7,139</u>
Less: other income related to discontinued operations		-	(528)
		<u>797,821</u>	<u>6,611</u>

5.1 During the period, the Company entered into a services agreement with TEL (a subsidiary company). In accordance with the terms of the agreement, the Company will provide assistance to TEL in performance of its obligations under relevant agreements including Power Purchase Agreement, Coal Supply Agreement, Water Use Agreement, Implementation Agreement, EPC Contract, and O&M Agreement.

6. OTHER OPERATING EXPENSES

	Note	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s) Re-presented
Loss on disposal of fixed assets - net	6.1	3,809	-
Workers' profit participation fund	6.2	39,216	-
		<u>43,025</u>	<u>-</u>
Less: other operating expenses related to discontinued operations		-	-
		<u>43,025</u>	<u>-</u>

6.1 This includes loss recognized on the sale of 315 Acres of land at hub site to China Power Hub Generation Company (Private) Limited (CPHGC) – associated company. The sale proceeds of the land sold to CPHGC will be passed on to the Power Purchaser of the Hub Plant, as approved by the shareholders of the Company in their Annual General Meeting held on October 18, 2016.

	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s) Re-presented
6.2 Workers' profit participation fund		
Provision for Workers' profit participation fund	114,189	79,203
Workers' profit participation fund recoverable from CPPA-G	(74,973)	(79,203)
	<u>39,216</u>	<u>-</u>

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

	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s) Re-presented
7. FINANCE COSTS		
Interest / mark-up on long term loans	137,808	419,853
Mark-up on short term borrowings	323,431	312,571
Amortisation of transaction costs	2,603	18,407
Other finance costs	2,532	16,587
	<u>466,374</u>	<u>767,418</u>
Less: finance costs related to discontinued operations	-	(339,036)
	<u>466,374</u>	<u>428,382</u>

	Note	Sep 2017 (Rs. '000s) (Unaudited)	Jun 2017 (Rs. '000s) (Audited)
8. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment		16,624,525	17,049,483
Capital work-in-progress		184,213	212,509
	8.1	<u>16,808,738</u>	<u>17,261,992</u>

8.1 Additions to property, plant and equipment during the period were Rs. 29,125 million and disposals therefrom at net book value were Rs. 4,911 million.

	Note	Sep 2017 (Rs. '000s) (Unaudited)	Jun 2017 (Rs. '000s) (Audited)
9. LONG TERM INVESTMENTS - at cost			
Investment in subsidiaries		11,746,172	10,566,172
Investment in associate - Sindh Engro Coal Mining Company Limited (SECMC)		704,733	607,921
		<u>12,450,905</u>	<u>11,174,093</u>

10. TRADE DEBTS - Secured			
Considered good	10.1	<u>80,395,929</u>	<u>73,662,484</u>

10.1 This includes an amount of Rs. 72,210 million (June 2017: Rs. 66,454 million) receivable from CPPA-G which is overdue but not impaired because the trade debts are secured by a guarantee from the GOP under Implementation Agreement. The delay in payments from CPPA-G carries mark-up at SBP discount rate plus 2% per annum compounded semi-annually.

11. TRADE AND OTHER PAYABLES

This includes Rs. 70,661 million (June 2017: Rs. 63,484 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 64,129 million (June 2017: Rs. 56,851 million).

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

12. COMMITMENTS AND CONTINGENCIES

There is no material change in the status of contingencies and commitments as disclosed in the annual unconsolidated financial statements of the Company for the year ended June 30, 2017, except as follows:

The Company has entered into Predictivity Enhancements and Performance Improvements Agreement (PEPI) with General Electric Global Services GmbH (GE), whereby GE has proposed to the Company PEPI solutions to improve the Facility net efficiency (heat rate) to achieve a guaranteed rate. The proposal is envisaged to be implemented in phases over the next few years. Depending on the implementation dates of these proposals the Company may be liable to pay residual value ranging from USD 2 million to USD 10 million to GE in case the Company's existing PPA is not extended beyond its current term ending in March 2027 but the potential savings would far out weigh the amount that would have to be paid to GE.

13. RELATED PARTY TRANSACTIONS AND BALANCES

Related party comprises of subsidiaries, associated companies, companies where directors also hold directorship, retirement benefit funds and key management personnel. Significant transactions and balances with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim unconsolidated financial statements are as follows:

13.1 Details of transactions

	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s)
Subsidiaries		
Subsidiary - Laraib Energy Limited		
Reimbursable expenses incurred on behalf of subsidiary	5,292	15,837
Dividend received	521,548	500,685
Receipts against reimbursement of expenses from subsidiary	9,806	2,622
Receipt against disposal of an asset	1,425	-
Subsidiary - Hub Power Holdings Limited		
Reimbursable expenses incurred on behalf of subsidiary	2,996	33,688
Receipts against reimbursement of expenses from subsidiary	1,100	4,800
Investment in subsidiary	-	424,000
Subsidiary - Hub Power Services Limited		
Reimbursable expenses incurred on behalf of subsidiary	8,769	25,781
Advances to subsidiary	-	34,000
Advances repaid by subsidiary	-	54,000
Receipts against reimbursement of expenses from subsidiary	10,805	-
Amount paid for O&M Services rendered by subsidiary	520,547	514,353
Subsidiary - Narowal Energy Limited		
Reimbursable expenses incurred on behalf of subsidiary	19,773	10
Receipts against reimbursement of expenses from subsidiary	16,558	-
Dividend received	262,766	-
Subsidiary - Thar Energy Limited		
Reimbursable expenses incurred on behalf of subsidiary	3,237	18,002
Reimbursable expenses incurred by subsidiary	4,877	-
Transfer of assets to subsidiary	8,256	-
Transfer of assets by subsidiary	5,776	-
Payment against transfer of assets to subsidiary	1,949	-
Services rendered to subsidiary	59,494	-
Advance received against services agreement	119,102	-
Receipts against transfer of assets	7,177	-
Investment in subsidiary	1,180,000	-

	Note	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s)
Associates			
Investment in SECMC		96,812	31,929
Proceeds from disposal of land to CPHGC		189,341	-
Associated Undertakings due to common directorship			
Amounts paid for services rendered		622	452
Procurement of stores, spares and consumables		-	1,164
Donation		-	500
Proceeds from long term loans		161,203	-
Repayment of long term loans		32,099	92,857
Interest / mark-up on long term loans		21,660	104,213
Mark-up on short term borrowings		19,430	35,376
Other finance costs		283	1,359

Other related parties

Remuneration to key management personnel			
Salaries, benefits and other allowances		154,676	53,610
Retirement benefits		1,753	2,319
	13.1.1 & 13.1.3	156,429	55,929
Directors' fee	13.1.2	2,650	4,450
Contribution to staff retirement benefit plans		11,922	5,190

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

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

13.1.3 The above figures do not include cost allocated to subsidiary companies amounting to Rs. 6.735 million (Sep 2016: Rs. 18,251 million).

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

13.2 Details of outstanding balances

	Sep 2017 (Rs. '000s) (Unaudited)	Jun 2017 (Rs. '000s) (Audited)
Subsidiaries		
Subsidiary - Laraib Energy Limited		
Investment	4,674,189	4,674,189
Receivable	516	6,455
Subsidiary - Hub Power Holdings Limited		
Investment	1,670,000	1,670,000
Receivable	44,046	42,150
Subsidiary - Hub Power Services Limited		
Investment	100	100
Receivable	7,026	39,608

	Sep 2017 (Rs. '000s) (Unaudited)	Jun 2017 (Rs. '000s) (Audited)
Subsidiary - Narowal Energy Limited		
Investment	3,921,883	3,921,883
Receivable	76,594	73,379
Subsidiary - Thar Energy Limited		
Investment	1,480,000	300,000
Receivable	-	2,681
Advance against services - net	45,906	-
Payable	1,706	-
Associate - SECMC		
Investment in SECMC	704,733	607,921
Associated Undertakings due to common directorship		
Outstanding balance of long term loans	954,940	1,279,825
Outstanding balance of short term borrowings	4,014	1,406,987
Accrued markup on long term loans	25,241	17,346
Accrued markup on short term borrowings	105	24,221
Other related parties		
Payable to staff retirement benefit plan	11,571	17,649

14. CASH AND CASH EQUIVALENTS

Cash and bank balances	293,557	373,597
Short term borrowings	(16,848,215)	(19,629,128)
	(16,554,658)	(19,255,531)

15. DIVIDEND

- 15.1 The final dividend of Rs. 2.50 per share, amounting to Rs. 2,892,886 million for the fiscal year ended June 30, 2017 was approved at the Annual General Meeting held on October 05, 2017. Hence, it will be accounted for in the period in which it is approved.
- 15.2 The Board of Directors declared an interim dividend for the first quarter ended September 30, 2017 of Rs. 1.50 per share, amounting to Rs. 1,735,732 million, at their meeting held on October 30, 2017. These condensed interim unconsolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

16. DATE OF AUTHORISATION

These condensed interim unconsolidated financial statements were authorised for issue on October 30, 2017 in accordance with the resolution of the Board of Directors.

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Khalid Mansoor
Chief Executive



Abdul Naqir
Chief Financial Officer



Javed Akbar
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Note	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s)
Turnover		27,339,933	23,874,090
Operating costs	4	(23,162,135)	(19,813,236)
GROSS PROFIT		4,177,798	4,060,854
General and administration expenses		(437,534)	(350,555)
Other income		33,798	35,177
Other operating expenses	5	(41,705)	-
PROFIT FROM OPERATIONS		3,732,357	3,745,476
Finance costs	6	(1,017,018)	(1,007,340)
Gain on dilution of interest in associate	8.1	-	1,191
Share of loss from associates	8.1 & 8.2	(44,626)	(43,283)
PROFIT BEFORE TAXATION		2,670,713	2,696,044
Taxation		(122,120)	(44,063)
PROFIT FOR THE PERIOD		2,548,593	2,651,981
Attributable to:			
- Owners of the holding company		2,383,510	2,464,736
- Non-controlling interest		165,083	187,245
		2,548,593	2,651,981
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)		2.06	2.13

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.

Khalid Mansoor
Chief Executive

Abdul Nasser
Chief Financial Officer

Javed Akbar
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s)
Profit for the period	2,548,593	2,651,981
Other comprehensive income for the period		
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>		
Loss on remeasurement of post employment benefit obligations - net	(25,091)	(5,589)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>2,523,502</u>	<u>2,646,392</u>
Attributable to:		
- Owners of the holding company	2,358,419	2,459,147
- Non-controlling interest	165,083	187,245
	<u>2,523,502</u>	<u>2,646,392</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer

Javed Akbar
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
BALANCE SHEET
AS AT SEPTEMBER 30, 2017

	Note	Sep 2017 (Rs. '000s) (Unaudited)	Jun 2017 (Rs. '000s) (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	7	51,932,673	52,624,435
Intangibles		1,466,023	1,474,850
Investment in associates	8	1,976,598	1,924,412
Long term deposits and prepayments		31,799	144,213
CURRENT ASSETS			
Stores, spares and consumables		3,123,138	3,273,033
Stock-in-trade		2,559,176	3,442,694
Trade debts	9	92,839,148	85,613,761
Loans and advances		250,270	194,617
Deposits, prepayments and other receivables		7,750,236	7,063,765
Cash and bank balances		2,960,214	3,860,355
		109,482,182	103,448,225
Non-current asset classified as held for sale		-	3,665
TOTAL ASSETS		164,889,275	159,619,800
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised		12,000,000	12,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		23,415,524	21,059,945
Attributable to owners of the holding company		34,987,068	32,631,489
NON-CONTROLLING INTEREST		2,357,784	2,367,012
		37,344,852	34,998,501
NON-CURRENT LIABILITIES			
Long term loans		20,722,330	21,332,613
Liabilities against assets subject to finance lease		2,088,588	2,239,679
CURRENT LIABILITIES			
Trade and other payables	10	75,872,377	68,909,373
Interest / mark-up accrued		701,699	883,002
Short term borrowings		21,637,454	24,846,559
Current maturity of long term loans		6,205,356	6,096,922
Current maturity of liabilities against assets subject to finance lease		314,871	313,106
Taxation-net		1,748	45
		104,733,505	101,049,007
TOTAL EQUITY AND LIABILITIES		164,889,275	159,619,800

COMMITMENTS AND CONTINGENCIES

11

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.



Khalid Mansoor
Chief Executive



Abdul Nasir
Chief Financial Officer



Javed Akbar
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Note	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,670,713	2,696,044
Adjustments for:			
Depreciation		971,098	956,470
Amortisation		8,827	5,206
Provision against slow moving stores, spares and consumables		14,670	11,951
Provision for Workers' profit participation fund		39,216	-
Loss / (gain) on disposal of fixed assets		2,489	(1,274)
Share of loss from associates		44,626	43,283
Gain on dilution of interest in associate		-	(1,191)
Staff gratuity		13,473	14,486
Interest income		(26,839)	(32,823)
Interest / mark-up		958,259	935,973
Amortisation of transaction costs		27,891	33,883
Operating profit before working capital changes		4,724,423	4,662,008
Working capital changes		752,138	(5,691,155)
Cash generated from / (used in) operations		5,476,561	(1,029,147)
Interest income received		21,110	29,428
Interest / mark-up paid		(1,139,562)	(1,133,677)
Staff gratuity paid		(20,722)	-
Taxes paid		(120,417)	(51,792)
Net cash generated from / (used in) operating activities		4,216,970	(2,185,188)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(104,338)	(517,629)
Proceeds from disposal of fixed assets		3,967	3,730
Investment in associate		(96,812)	(31,929)
Long term deposits and prepayments		2,662	1,312
Net cash used in investing activities		(194,521)	(544,516)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to owners of the holding company		(932,291)	(2,095,902)
Dividends paid to non controlling interest		(174,311)	(167,334)
Proceeds from long term loans		1,128,423	-
Repayment of long term loans		(1,575,646)	(1,320,522)
Repayment of liabilities against assets subject to finance lease		(159,660)	(165,507)
Net cash used in financing activities		(1,713,485)	(3,749,265)
Net increase / (decrease) in cash and cash equivalents		2,308,964	(6,478,969)
Cash and cash equivalents at the beginning of the period		(20,986,204)	(9,967,687)
Cash and cash equivalents at the end of the period	14	(18,677,240)	(16,446,656)

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer

Javed Akbar
Director



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s)
Attributable to owners of the holding company		
ISSUED CAPITAL		
Balance at the beginning of the period	11,571,544	11,571,544
Balance at the end of the period	<u>11,571,544</u>	<u>11,571,544</u>
UNAPPROPRIATED PROFIT		
Balance at the beginning of the period	21,059,945	19,634,379
Profit for the period	2,383,510	2,464,736
Other comprehensive income / (loss) for the period	(25,091)	(5,589)
Total comprehensive income for the period	2,358,419	2,459,147
Share issue cost	(2,840)	(3,750)
Balance at the end of the period	<u>23,415,524</u>	<u>22,089,776</u>
Attributable to owners of the holding company	<u>34,987,068</u>	<u>33,661,320</u>
NON-CONTROLLING INTEREST		
Balance at the beginning of the period	2,367,012	2,038,687
Total comprehensive income for the period	165,083	187,245
Dividend paid	(174,311)	-
Balance at the end of the period	<u>2,357,784</u>	<u>2,225,932</u>
TOTAL EQUITY	<u><u>37,344,852</u></u>	<u><u>35,887,252</u></u>

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer

Javed Akbar
Director



THE HUB POWER COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

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 repealed Companies Ordinance, 1984 (the "Ordinance"). The shares of the holding company are listed on the Pakistan Stock Exchange (PSX). The principal activities of the holding company are to develop, own, operate and maintain power stations. The holding company owns an oil-fired power station of 1,200 MW (net) in Balochistan (Hub plant).

The Group consists of:

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

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim consolidated financial statements are same, as those applied in preparing the annual consolidated financial statements for the year ended June 30, 2017.

3. BASIS OF PREPARATION

These condensed interim consolidated financial statements for the first quarter ended September 30, 2017 have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of and directives issued under the Ordinance have been followed.

These condensed interim consolidated financial statements do not include all the information and disclosures as required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended June 30, 2017.

	Note	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s)
4. OPERATING COSTS			
Fuel cost		20,495,901	17,025,180
Water use charges		30,547	86,808
Salaries, benefits and other allowances		327,836	257,896
Stores and spares		518,557	525,923
Operation and maintenance		83,917	82,918
Insurance		198,862	215,581
Depreciation		956,632	941,190
Amortisation		7,060	3,838
Repairs, maintenance and other costs		542,823	673,902
		<u>23,162,135</u>	<u>19,813,236</u>
5. OTHER OPERATING EXPENSES			
Loss on disposal of fixed assets - net	5.1	2,489	-
Workers' profit participation fund	5.2	39,216	-
		<u>41,705</u>	<u>-</u>

- 5.1 This includes the loss recognized on the sale of 315 Acres of land at hub site to China Power Hub Generation Company (Private) Limited (CPHGC) – associated company. The sale proceeds of the land sold to CPHGC will be passed on to the Power Purchaser of the Hub Plant, as approved by the shareholders of the holding company in their Annual General Meeting held on October 18, 2016.

	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s)
5.2 Workers' profit participation fund		
Provision for Workers' profit participation fund	137,299	95,200
Workers' profit participation fund recoverable from CPPA-G / NTDC	(98,083)	(95,200)
	<u>39,216</u>	<u>-</u>

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

	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s)
6. FINANCE COSTS		
Interest / mark-up on long term loans	515,987	581,453
Interest on finance lease	38,983	41,949
Mark-up on short term borrowings	403,289	312,571
Amortisation of transaction costs	27,891	33,883
Other finance costs	30,868	37,484
	<u>1,017,018</u>	<u>1,007,340</u>
	Sep 2017 (Rs. '000s) (Unaudited)	Jun 2017 (Rs. '000s) (Audited)
7. PROPERTY, PLANT AND EQUIPMENT	Note	
Operating property, plant and equipment	51,177,477	52,034,108
Capital work-in-progress		
Holding company	184,213	212,509
NEL	50,800	39,920
LEL	-	20,026
TEL	520,183	317,872
	<u>755,196</u>	<u>590,327</u>
7.1	<u>51,932,673</u>	<u>52,624,435</u>

7. PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment	51,177,477	52,034,108
Capital work-in-progress		
Holding company	184,213	212,509
NEL	50,800	39,920
LEL	-	20,026
TEL	520,183	317,872
	<u>755,196</u>	<u>590,327</u>
7.1	<u>51,932,673</u>	<u>52,624,435</u>

- 7.1 Additions to property, plant and equipment during the period were Rs. 282.294 million and disposals therefrom at net book value were Rs. 2.614 million.

	Note	Sep 2017 (Rs. '000s) (Unaudited)	Jun 2017 (Rs. '000s) (Audited)
8. INVESTMENT IN ASSOCIATES			
Associates- unquoted			
Investment in Sindh Engro Coal Mining Company Limited	8.1	702,403	606,022
Investment in China Power Hub Generation Company (Private) Limited	8.2	1,274,195	1,318,390
		<u>1,976,598</u>	<u>1,924,412</u>



	Note	Sep 2017 (Rs. '000s) (Unaudited)	Jun 2017 (Rs. '000s) (Audited)
8.1 Investment in Sindh Engro Coal Mining Company Limited			
Opening balance		606,022	575,206
Investment made during the period / year		96,812	31,929
Share of loss from associate		(431)	(2,304)
Gain on dilution of interest		-	1,191
Closing balance		<u>702,403</u>	<u>606,022</u>

8.2 Investment in China Power Hub Generation Company (Private) Limited

Opening balance	1,318,390	414,199
Investment made during the period / year	-	1,092,000
Share of loss from associate	(44,195)	(183,844)
Loss on dilution of interest	-	(3,965)
Closing balance	<u>1,274,195</u>	<u>1,318,390</u>

9. TRADE DEBTS - Secured

Considered good	9.1	<u>92,839,148</u>	<u>85,613,761</u>
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- 9.1 These receivables include an overdue amount of Rs. 72,210 million (June 2017: Rs. 66,454 million) from CPPA-G and Rs. 9,084 million (June 2017: Rs. 7,088 million) from NTDC. These are not impaired because the trade debts are secured by a guarantee from the Government of Pakistan under Implementation Agreements.

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

10. TRADE AND OTHER PAYABLES

This includes Rs. 70,661 million (June 2017: Rs. 63,484 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 67,213 million (June 2017: Rs. 56,851 million).

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

11. COMMITMENTS AND CONTINGENCIES

There is no material change in the status of contingencies and commitments as disclosed in the annual consolidated financial statements of the holding company for the year ended June 30, 2017, except as follows:

The holding company has entered into Predictivity Enhancements and Performance Improvements Agreement (PEPI) with General Electric Global Services GmbH (GE), whereby GE has proposed to the holding company PEPI solutions to improve the Facility net efficiency (heat rate) to achieve a guaranteed rate. The proposal is envisaged to be implemented in phases over the next few years. Depending on the implementation dates of these proposals the holding company may be liable to pay residual value ranging from USD 2 million to USD 10 million to GE in case the holding company's existing PPA is not extended beyond its current term ending in March 2027 but the potential savings would far out weigh the amount that would have to be paid to GE.



12. SEGMENT INFORMATION

12.1 SEGMENT ANALYSIS

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

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

	3 months ended Sep 2017							
	Power Generation			Operations and Maintenance				
	Hub plant	Narowal plant	Laraib plant	Hub plant	Narowal plant	Unallocated	Eliminations	Total
	(Rs. '000s)							
Turnover	21,573,670	4,497,216	1,275,231	454,613	106,246	-	(567,043)	27,339,933
Operating costs	(19,326,675)	(3,655,023)	(382,758)	(299,449)	(55,370)	-	557,140	(23,162,135)
GROSS PROFIT	2,246,995	842,193	892,473	155,164	50,876	-	(9,903)	4,177,798
General and administration expenses	(290,860)	(40,834)	(31,383)	(36,542)	(5,895)	(32,020)	-	(437,534)
Other income	8,748	714	11,282	3,280	267	799,908	(790,401)	33,798
Other operating expenses	(3,809)	-	-	(7)	-	(37,889)	-	(41,705)
PROFIT FROM OPERATIONS	1,961,074	802,073	872,372	121,895	45,248	729,999	(800,304)	3,732,357
Finance costs	(352,157)	(339,873)	(210,735)	(12)	(6)	(114,235)	-	(1,017,018)
Share of loss from associates	-	-	-	-	-	(44,626)	-	(44,626)
PROFIT BEFORE TAXATION	1,608,917	462,200	661,637	121,883	45,242	571,138	(800,304)	2,670,713
Taxation	-	(214)	(2,624)	(42,543)	(9,905)	(66,834)	-	(122,120)
PROFIT FOR THE YEAR	1,608,917	461,986	659,013	79,340	35,337	504,304	(800,304)	2,548,593

	3 months ended Sep 2016							
	Hub plant	Power Generation Narowal plant	Laraib plant	Operations and Maintenance Hub plant	Narowal plant	Unallocated	Eliminations	Total
	(Rs. '000s)							
Turnover	18,736,729	3,705,378	1,432,253	358,263	86,655	-	(445,188)	23,874,090
Operating costs	(16,509,297)	(3,015,995)	(432,777)	(249,617)	(40,835)	-	435,285	(19,813,236)
GROSS PROFIT	2,227,432	689,383	999,476	108,646	45,820	-	(9,903)	4,060,854
General and administration expenses	(222,094)	(30,443)	(31,194)	(47,045)	(8,456)	(11,323)	-	(350,555)
Other income	6,611	528	19,115	4,058	409	4,456	-	35,177
Other operating expenses	-	-	-	-	-	-	-	-
PROFIT FROM OPERATIONS	2,011,949	659,468	987,397	65,659	37,773	(6,867)	(9,903)	3,745,476
Finance costs	(372,579)	(339,538)	(239,913)	(3)	(2)	(55,305)	-	(1,007,340)
Share of loss from associates	-	-	-	-	-	(43,283)	-	(43,283)
Gain on dilution of interest in associates	-	-	-	-	-	1,191	-	1,191
PROFIT BEFORE TAXATION	1,639,370	319,930	747,484	65,656	37,771	(104,264)	(9,903)	2,696,044
Taxation	-	(150)	-	(34,348)	(8,185)	(1,380)	-	(44,063)
PROFIT FOR THE YEAR	1,639,370	319,780	747,484	31,308	29,586	(105,644)	(9,903)	2,651,981

12.2 SEGMENT ASSETS & LIABILITIES

	As at Sep 30, 2017							
	Hub plant	Power Generation Narowal plant	Laraib plant	Operations and Maintenance Hub plant	Narowal plant	Unallocated	Eliminations	Total
	(Rs. '000s)							
Assets	108,684,143	30,042,893	20,240,597	241,796	45,852	15,414,066	(9,780,072)	164,889,275
Liabilities	92,356,282	16,963,485	10,828,331	183,460	16,104	7,390,661	(193,900)	127,544,423
	As at Jun 30, 2017							
	Hub plant	Power Generation Narowal plant	Laraib plant	Operations and Maintenance Hub plant	Narowal plant	Unallocated	Eliminations	Total
	(Rs. '000s)							
Assets	110,199,066	29,933,883	21,185,000	237,189	44,136	6,583,363	(8,562,837)	159,619,800
Liabilities	92,435,467	17,053,695	11,735,894	222,343	38,424	3,307,239	(171,763)	124,621,299

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

13. RELATED PARTY TRANSACTIONS AND BALANCES

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

13.1 Details of Transactions

	Note	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s)
Associate			
Investment in SECMC		96,812	31,929
Proceeds from disposal of land to CPHGC		189,341	-
Income under shared facilities agreement from CPHGC		493	-
Reimbursable expenses incurred on behalf of CPHGC by HPHL		2,519	32,190
Associated Undertakings due to common directorship			
Amounts paid for services rendered		622	452
Procurement of stores, spares and consumables		-	1,164
Donation		-	500
Proceeds from long term loans		161,203	-
Repayment of long term loans		32,099	92,857
Mark-up on short term borrowings		19,430	35,376
Interest / mark-up on long term loans		21,660	104,213
Other finance costs		283	1,359
Other related parties			
Remuneration to key management personnel			
Salaries, benefits and other allowances		205,992	85,573
Retirement benefits		5,826	5,382
	13.1.1 & 13.1.3	211,818	90,955
Directors' fee	13.1.2	3,700	5,750
Contribution to staff retirement benefit plans		38,080	19,809

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

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

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

13.2 Details of Outstanding Balances

	Sep 2017 (Rs. '000s) (Unaudited)	Jun 2017 (Rs. '000s) (Audited)
Associate		
Receivable from CPHGC	42,746	41,826
Directors' fee	200	-



	Sep 2017 (Rs. '000s) (Unaudited)	Jun 2017 (Rs. '000s) (Audited)
Associated Undertakings due to common directorship		
Outstanding balance of long term loans	954,940	1,279,825
Outstanding balance of short term borrowings	4,014	1,406,987
Accrued markup on long term loans	25,241	17,346
Accrued markup on short term borrowings	105	24,221
Other related parties		
Payable to staff retirement benefit plans	52,965	35,164
Loan to key management personnel	1,350	2,191
	3 months ended Sep 2017 (Rs. '000s)	3 months ended Sep 2016 (Rs. '000s)

14. CASH AND CASH EQUIVALENTS

Cash and bank balances	2,960,214	3,182,472
Finances under mark-up arrangements	(21,637,454)	(19,629,128)
	(18,677,240)	(16,446,656)

15. DIVIDEND

- 15.1 The final dividend of Rs. 2.50 per share, amounting to Rs. 2,892.886 million for the fiscal year ended June 30, 2017 was approved at the Annual General Meeting of the holding company held on October 05, 2017. Hence, it will be accounted for in the period in which it is approved.
- 15.2 The Board of Directors of the holding company declared an interim dividend for the first quarter ended September 30, 2017 of Rs. 1.50 per share, amounting to Rs. 1,735.732 million, at their meeting held on October 30, 2017. These condensed interim consolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

16. NON-CASH TRANSACTIONS

During the period, the Group recorded additions to property, plant and equipment amounting to Rs. 140.220 million (2016: Nil) in respect of costs directly attributable to the construction, installation and commissioning of the TEL power plant. These costs have not been paid in cash as at the end of the reporting period and are accordingly not reflected in the Cash Flow Statement.

17. DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on October 30, 2017 in accordance with the resolution of the Board of Directors of the holding company.

18. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer

Javed Akbar
Director