HUB OF POWER

HUBCO
growth through energy

Annual Report 2●13

Hub of Power

Given our unique position we stand committed to alleviate the energy crisis in the country by exploring the unexplored avenues. Through our efforts spanning our rich past we have realized that we are distinctively placed to emerge as the 'Hub of Power' for the country. Therefore, as we continue to explore the various opportunities to seek solutions to the core energy needs of the country, let us show you what makes us the hub of power…

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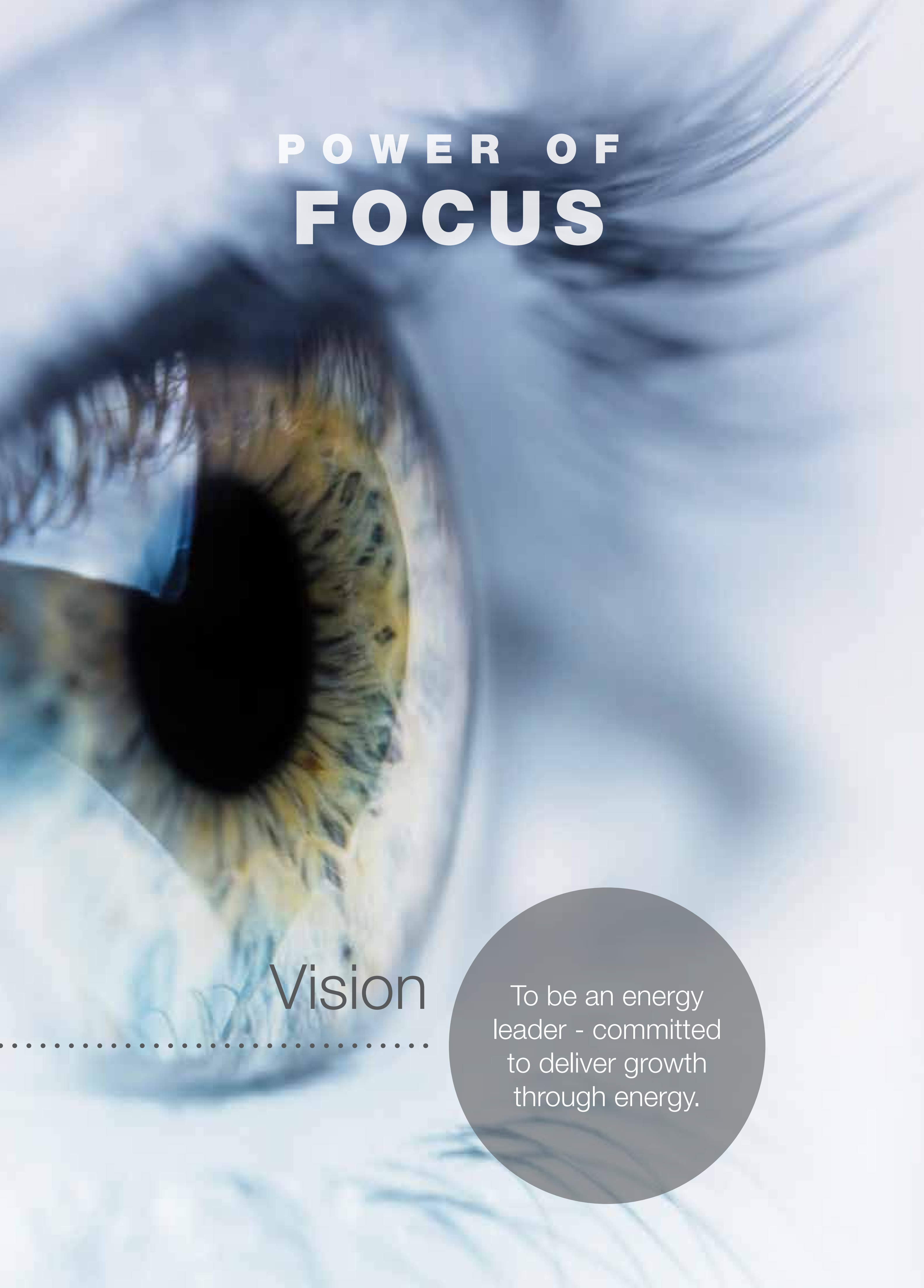


POWER OF FOCUS

Vision

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

Hubco at a Glance

Mission

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

Our Business

The Company owns an oil-fired power station with an installed net capacity of 1,200 MW at Mouza Kund, Hub in Balochistan and a 214 MW net capacity oil-fired power station at Mouza Poong, Narowal in Panjab. The Company also has 75% controlling interest in Laraib Energy Limited, a subsidiary that has developed a 84 MW Hydel power plant near the New Bong Escape, 8 km downstream of Mangla Dam in Azad Kashmir. The project has achieved Commercial Operations on March 23, 2013.

Our Strategic Objectives

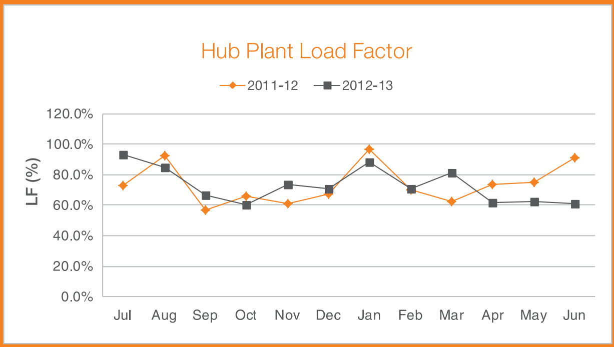
The year 2013 was a year of financial growth for the Company with a renewed focus on making investments geared towards bolstering the economy in ways that can translate our growth into heightened prosperity for Pakistan. Keeping this as our core focus, we have strived to create value by making a meaningful contribution to our economy, our stake-holders and all the communities that we engage and do business with.

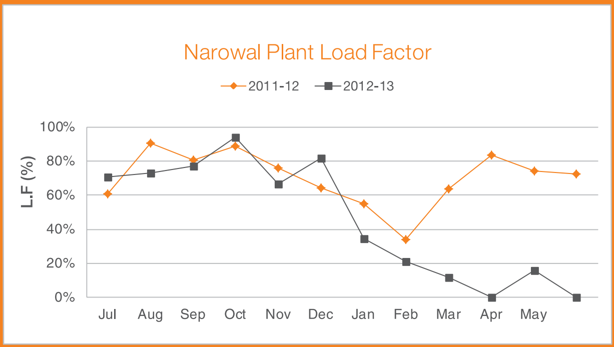
The scope of our long-term vision therefore extends far beyond our success as a business entity to encompass sustained economic growth through energy enhancement across Pakistan. Going forward we intend to further this growth trajectory by:

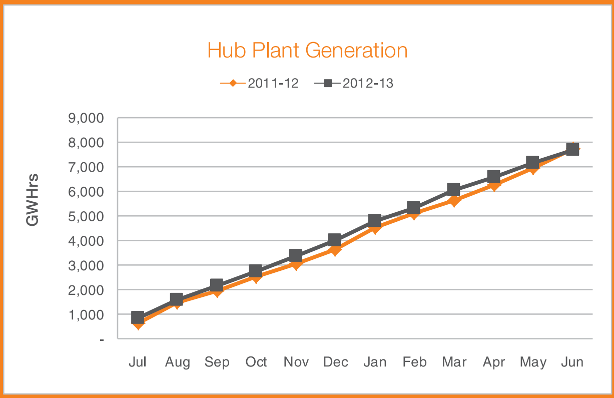
- Strengthening our system for Health, Safety and Environment (HSE)
- Improving plants reliability and load factors
- Strengthening organization structure and effectiveness through Human Resource (HR) initiatives
- Maintaining Corporate Social Responsibility (CSR) expenditure at 1% of PAT
- Passionately pursuing our sustainability initiative of coal conversion of our Hub Plant
- Continuing to be a major player in Pakistan's power sector

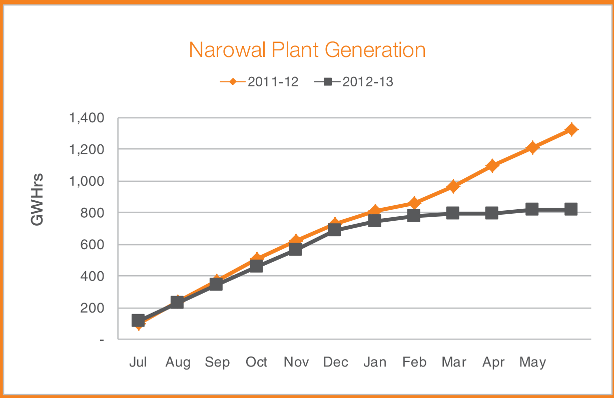
Underlining the focus on these strategic objectives is our commitment to enhance shareholders value and meet customers' needs whilst simultaneously ensuring reliability and sustainability of our plants through efficient operations, maintenance and adherence to the highest level of HSE performance. As we move ahead we will continue to foster and facilitate development across Pakistan's energy infrastructure and space thereby improving lives of millions of Pakistanis who are directly or indirectly linked to our value chain.

Operational Highlights









Code of Business Ethics

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

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

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

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

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

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

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

Company Information

REGISTERED & HEAD OFFICE

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

PRINCIPAL BANKERS

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

INTER-CREDITOR AGENTS

National Bank of Pakistan
Habib Bank Limited
Allied Bank Limited
NIB Bank Limited

LEGAL ADVISORS

RIAALAW, Karachi

AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder

REGISTRAR

Famco Associates (Pvt) Limited

HUB PLANT

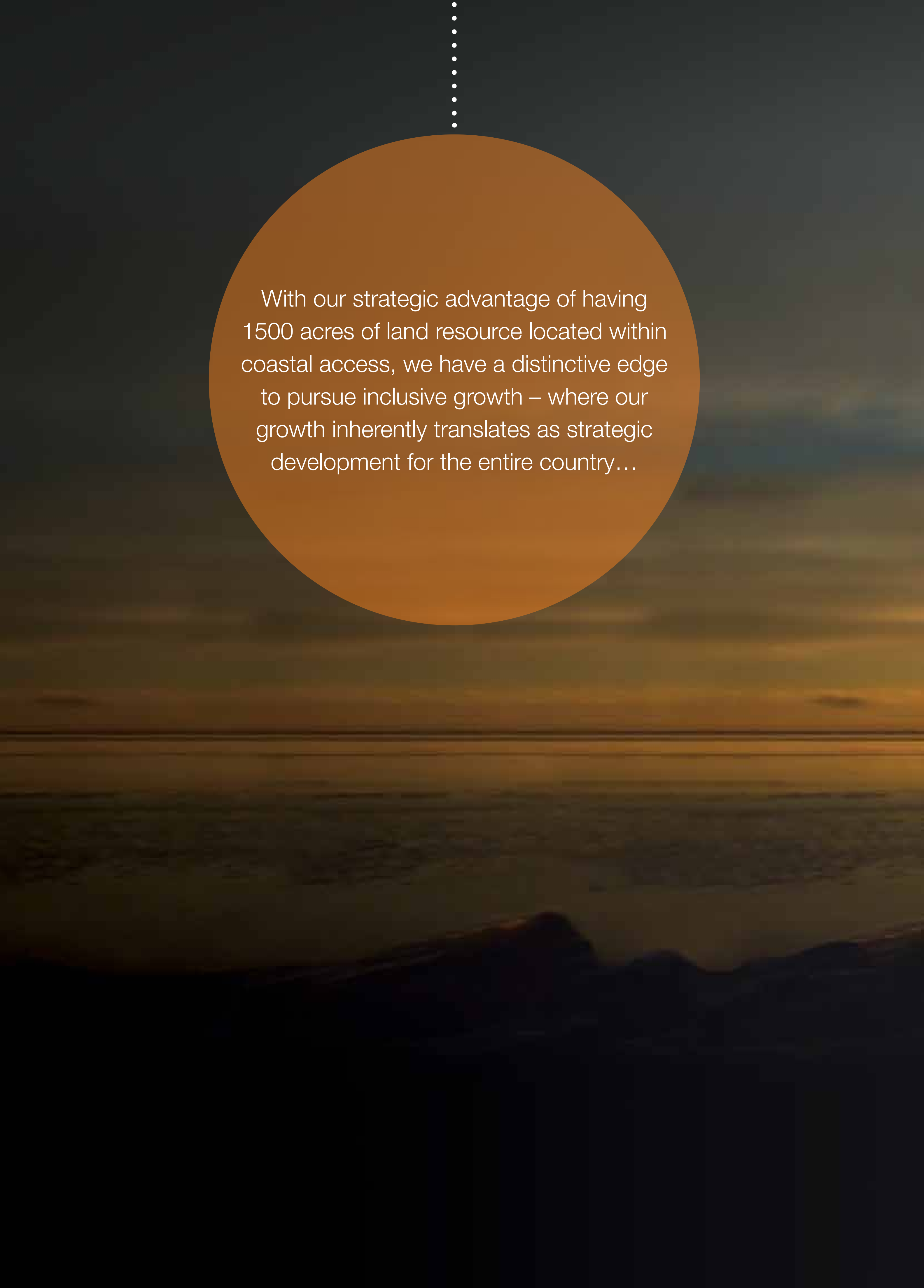
Mouza Kund,
Post Office Gaddani,
District Lasbela, Balochistan.

NAROWAL PLANT

Hubco Narowal Project, Mauza Poong,
5 KM from Luban Pulli Point on Mureedkay-Narowal Road, District Narowal, Punjab.

LARAIB ENERGY LTD (SUBSIDIARY)

12-B/1, Multi Mansion Plaza,
G-8, Markaz, Islamabad.



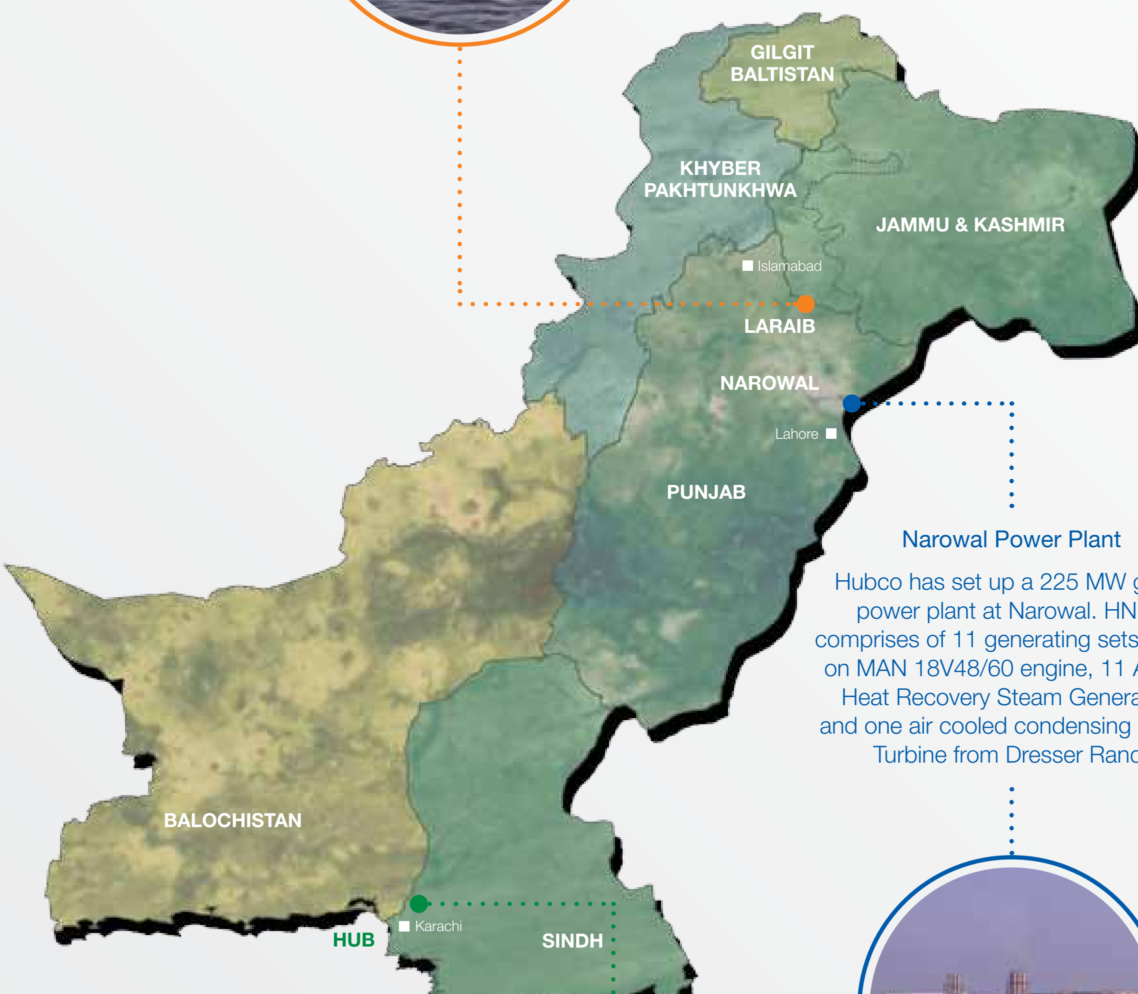
With our strategic advantage of having 1500 acres of land resource located within coastal access, we have a distinctive edge to pursue inclusive growth – where our growth inherently translates as strategic development for the entire country…

POWER OF
STRATEGY

Hubco's Geographical Presence

Laraib Energy Ltd.

Laraib Energy Limited (Laraib) is owned 75% by Hubco. The 84 MW New Bong Hydro Power Project is about 8 kms downstream of the 1,000 MW Mangla Dam in Azad Jammu & Kashmir.



Narowal Power Plant

Hubco has set up a 225 MW gross power plant at Narowal. HNPP comprises of 11 generating sets based on MAN 18V48/60 engine, 11 Alborg Heat Recovery Steam Generators and one air cooled condensing Steam Turbine from Dresser Rand.

Hub Power Plant

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

Notice of 22nd Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held on Monday, September 30, 2013 at 11.00 am at Pearl Continental Hotel, Karachi to transact the following business.

ORDINARY BUSINESS

1. To confirm the Minutes of the Extra-ordinary General Meeting of the Company held on December 26, 2012.

2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2013 together with the Directors' & Auditors Reports thereon.

3. To approve and declare the final dividend of Rs.4.50 (45%) per share as recommended by the Board of Directors and the Rs.3.50 (35%) per share interim dividend already announced and paid in April, 2013 making a total dividend of Rs.8.00 (80%) per share for the year ended June 30, 2013.

4. To appoint Auditors and to fix their remuneration.

SPECIAL RESOLUTION

To consider and if thought fit to increase the authorized share capital of the Company from the present Rs.12,000,000,000 divided into 1,200,000,000 ordinary shares of Rs.10 each to Rs. 25,000,000,000 divided into 2,500,000,000 ordinary shares of Rs. 10 each. In order to increase the authorized share capital of the Company, amendments shall be made in the Memorandum of Association and Articles of Association of the Company and the requirements under the Companies Ordinance, 1984 be met.

Below are the current provisions and the suggested amendments.

Current Provisions	Suggested Amendments
Clause V of the Memorandum of Association	
The Authorized Share Capital of the Company is Rs.12,000,000,000 (Rupees Twelve Thousand million) divided into Twelve Hundred million (1,200,000,000) Ordinary shares of Rs.10/- each with the rights, privileges and conditions attaching thereto provided the regulations of the Company for the time being with power to increase and reduce the capital of the Company and to sub divide the ordinary shares in the capital for the time being into several classes.	The Authorized Share Capital of the Company is Rs.25,000,000,000/- (Rupees Twenty Five Billion) divided into 2,500,000,000 (Two Billion Five Hundred Million) Ordinary Shares of Rs.10 (Ten) each with the rights, privileges and conditions attaching thereto provided by the regulations of the Company for the time being with power to increase and reduce the capital of the Company and to sub divide the ordinary shares in the capital for the time being into several classes.
Article 4 of the Articles of Association	
The authorized share capital of the Company is Rupees twelve thousand million (Rs.12,000,000,000) divided into One thousand two hundred million (1,200,000,000) shares of Rupees Ten (Rs.10) each.	The authorized share capital of the Company is Rs.25,000,000,000/- (Rupees Twenty Five Billion) divided into 2,500,000,000 (Two Billion Five Hundred Million) Ordinary Shares of Rs.10 (Ten) each.

The following special resolutions be passed with or without modification, addition or deletion:

RESOLVED that the authorized share capital of the Company be increased from Rs.12,000,000,000 to Rs.25,000,000,000 divided into 2,500,000,000 ordinary shares of Rs.10 each.

FURTHER RESOLVED that the Memorandum of Association of the Company be altered by deleting Clause V and replacing the same with the following clause:

"V. The Authorized Share Capital of the Company is Rs.25,000,000,000/- (Rupees Twenty Five Billion) divided into 2,500,000,000 (Two Billion Five Hundred Million) Ordinary Shares of Rs.10 (Ten) each with the rights, privileges and conditions attaching thereto provided by the regulations of the Company for the time being with power to increase and reduce the capital of the Company and to sub divide the ordinary shares in the capital for the time being into several classes."

FURTHER RESOLVED that the Articles of Association of the Company be altered by deleting Article 4 and replacing the same with the following:

"4. AUTHORISED SHARE CAPITAL

The authorized share capital of the Company is Rs.25,000,000,000/- (Rupees Twenty Five Billion) divided into 2,500,000,000 (Two Billion Five Hundred Million) Ordinary Shares of Rs.10 (Ten) each."

FURTHER RESOLVED that with regard to the aforesaid, the requirements under the Companies Ordinance, 1984 be met.

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE 1984

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of The Hub Power Company Limited (the "Company") to be held at Pearl Continental Hotel, Karachi at 11 am on September 30, 2013.

Increasing the Authorized Share Capital of the Company

At present the Authorized Share Capital of the Company is Rs.12,000,000,000 divided into 1,200,000,000 ordinary shares of Rs.10 each while the Paid-up Capital of the Company is Rs.11,571,543,870. The Board of Directors of the Company have recommended to increase the Authorized Share Capital of the Company from Rs.12,000,000,000 to Rs.25,000,000,000 to have the flexibility to increase the Paid-up Capital at any later stage without having to amend the Memorandum and Articles of Association. The Board of Directors have also recommended to alter the Clause V of the Memorandum of Association and Article 4 of the Articles of Association to reflect the proposed increase in authorized share capital of the Company.

Inspection of documents

The Memorandum and Articles of Association of the Company are available for inspection during office hours at the registered office of the Company.

Statement with respect to the interest of any of the Directors of the Company in relation to abovementioned matter:

Each director of the Company has notified to the Board of Directors that they have no interest in the transaction being contemplated by the Company as discussed above except to the extent of their shareholdings.

Shamsul Islam
Company Secretary
August 19, 2013

Notes:

The Share Transfer Books of the Company will remain closed from September 12, 2013 to September 30, 2013 (both days included) and the final dividend will be paid to the shareholders whose names will appear in the Register of Members on September 11, 2013.

(i) 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.

(ii) 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.

(iii) Shareholders (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. Famco Associates (Pvt.) Ltd, 8F, Next to Hotel Faran, Nursery, Block 6, PECHS, Shahra-e-Faisal, Karachi. All the Shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their Participants. This will assist in the prompt receipt of Dividend.

(iv) As instructed by Securities & Exchange Commission of Pakistan (SECP) vide their letter No. EMD/D-II/Misc/2009-1342 dated April 4, 2013 dividend warrants cannot be issued without insertion of CNIC Numbers; therefore, all shareholders holding physical shares were requested to submit copies of their valid CNICs as requested by our letters dated October 25, 2012; March 26, 2013 and also through advertisement in newspapers on April 2, 2013 and April 25, 2013. All those shareholders who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/National Tax numbers alongwith the folio numbers to the Company's Share Registrar. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC numbers failing, which we will not be responsible if we are not able to pay the dividends.

(v) In order to make process of payment of cash dividend more efficient, SECP vide circular No. 8(4) SM/CDC 2008 dated April 5, 2013 have issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. You may therefore authorize the Company to credit the dividend directly to your bank account for all future dividends declared by the Company. Accordingly all non CDC shareholders are requested to send their bank account details to the Company's Registrar at the address given above. Shareholders who hold shares with Participant/ Central Depository Company of Pakistan (CDC) accounts are advised to provide the mandate to the concerned Stock Broker/ Central Depository Company of Pakistan Ltd. (CDC). An advertisement in this regard was also published in Business Recorder, Karachi and Nawa-e-Waqt, Karachi on April 25, 2013.

CDC account holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 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 holders or sub account holders whose registration details are uploaded as per the Regulations, shall authenticate 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 holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.

(ii) Attested copies of valid CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy Form.

(iii) The proxy shall produce his original valid CNIC 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 shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

(v) Proxy form will be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the forms.

POWER OF ASPIRATION

Living our vision of being an energy leader we aspire to play a pivotal role in the evolution of the new energy capital for the country. Our Hub Plant in Balochistan with its exclusive geographical presence and proximity to major load centers of Pakistan is well placed to be a trailblazer in this growth initiative…

We will continue to deploy efforts that help us pursue inclusive growth safely and responsibly.

Chairman's Review

It is my pleasure to present to you the Annual Report of The Hub Power Company Limited for the year ended June 30, 2013. During the year, we continued to deliver on our strategy even in the face of difficult times.

The energy deficit that the country faces currently is the culmination of ineffective policies of the past many years where the energy demand continued to out run the supply. Whilst measures should have been taken to preempt this growing energy deficit unfortunately the steps taken proved to be inadequate, thereby giving rise to an unprecedented energy crisis.

It is with the realization of the core energy needs of the nation that your Company over the years has strived to evolve as one of the largest Independent Power Producers contributing over 9% to the energy uploaded into the national grid. However, our stewardship of the energy requirements of the nation do not end here; within this space alone we continue to aim to address the cost factor and produce inexpensive electricity by means of coal conversion.

Throughout our growth strategy, sustainable generation remains at the core of our business philosophy. Therefore we continue to work with our stakeholders in different areas to mitigate the social and environmental footprint of our operations. Going forward, we are aware that building a sustainable future with energy sufficiency would require exploring uncharted avenues.

As your company prepares itself to meet this economic challenge, we will continue to deploy efforts that help us pursue inclusive growth safely and responsibly.

Hussain Dawood
Chairman

CEO's Message

The financial year 2013 has come to a close with HUBCO declaring a healthy stream of profits as has been our tradition in the past. This result is, however, all the more significant given the testing energy crisis in the country that continues to affect the economy and the society at large – even to date.

In the backdrop of a volatile energy landscape, HUBCO continues to invest in strategic areas capitalizing on the opportunities that the country offers. Despite challenging times we have always maintained a positive outlook on the country's and the company's future – linking our growth to that of the country.

Energy continues to play a vital role in our lives – it helps us produce food, fuel transport and power communication channels across the world. Over the coming decades, as the country continues its growth, the energy requirements of the nation will continue to swell with an increased number of people striving to gain access to energy to enjoy a higher standard of living. However, these developments would place greater pressure on our country's resources, such as energy, water and food. Cognizant of this fact we are determined to use human ingenuity, strategic investments, innovation and technology to unlock the energy that our customers need to power their lives in the years ahead, while aiming to limit our impact on the environment.

In the year 2013 HUBCO also witnessed changes in the management and the structure of the organization yet we embraced the change and continued to dispatch healthy load factors, generating energy for thousands of households across Pakistan.

As the country's largest Independent Power Producer we pride ourselves on our penchant for innovation which has always been the hallmark of our business operations and the guiding force behind our operational strategy. As we continue to translate our strengths into our business success, the year 2014 will pave the way for a new performance driven culture at HUBCO, which will be geared towards enhancing our human resource capacity at par with global standards, embarking on a corporate management training plan to develop future leadership from within the organization, and achieving excellence at every level, every step of the way.

Furthermore, whilst we consolidate our resources to deliver this excellence through the year, our pursuit of value creation for a broad category of our stakeholders will be fuelled with a strategic focus on key objectives that will drive our operational decisions as we go forward.

At HUBCO, we take honour in the fact that we have a tremendous responsibility to fulfil towards society and the economy at large and given our core strengths, our passion to do good and contribute towards Pakistan's growth is matched only by our undying resolve to be the leader in energy landscape of the country.

Khalid Mansoor
Chief Executive

Corporate Governance

Board of Directors

Mr. Hussain Dawood Chairman
Syed Muhammad Ali*
Mr. Iqbal Alimohamed*
Dr. Asif A. Brohi NBP Nominee
Mr. Abdul Samad Dawood
Mr. Qaiser Javed*
Mr. Shabbir Hussain Hashmi**
Mr. Khaleeq Nazar Kiani GOB Nominee
Mr. Khalid Mansoor Chief Executive
Mr. Ruhail Mohammed*
Mr. Ali Munir*
Mr. Shahid Hamid Pracha
Mr. Inam ur Rahman
Mr. Shahid Aziz Siddiqui
Syed Khalid Siraj Subhani*

**Joined Board on August 19, 2013.

All the Directors of HUBCO, other than the CEO, are non-executive Directors.
Names marked with asterisks (*) are Independent Directors

Profile of Board of Directors

HUSSAIN DAWOOD (Chairman)

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

Mr. Dawood is the Chairman of Dawood Hercules Corporation Limited. He is also the Chairman of Engro Corporation Limited, Pakistan Poverty Alleviation Fund and The Dawood Foundation. His Social Responsibilities include Chairmanship of the International Advisory Council of the Cradle to Cradle Institute in San Francisco, Karachi Education Initiative's Karachi School for Business & Leadership. He also serves as a Member of the Government of Pakistan Education Task Force, Director of the Pakistan Business Council, Pakistan Centre for Philanthropy, Beaconhouse National University and is a Global Charter Member of The Indus Entrepreneurs (TiE). He is the Honorary Consul of Italy in Lahore and was conferred the award "Ufficiale Ordine Al merito della Repubblica Italiana" by the Italian Government.

SYED MUHAMMAD ALI

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

Mr. Mohammad Ali is the Chief Executive Officer of Engro Powergen Qadirpur Limited since November 2011. Before that he has held various key positions in Engro Group companies ever since joining Engro Fertilizers Limited in the year 2000.

IQBAL ALIMOHAMED

Mr. Iqbal Alimohamed is fellow member of the Institute of Chartered Accounts (England & Wales) as well as the institute of Chartered Accountants in Pakistan (ICAP).

Mr. Alimohamed was the Chairman & Chief Executive Officer of Gul Ahmed Textile Mills Limited. He is on the Board of various Companies in textile and power sector. He was also the Chairman of Mybank Limited and is a director on the Board of National Foods Limited.

DR. ASIF A. BROHI

Dr. Asif A. Brohi is MBA from Northrop University, USA and PhD in Public Administration from University of Karachi. He has over 15 years experience in the Banking Sector.

Dr. Brohi is the Nominee Director of National Bank of Pakistan (NBP) on Hubco Board from February 22, 2011. He has previously been attending Hubco Board meetings as an Alternate Director.

ABDUL SAMAD DAWOOD

Mr. Abdul Samad Dawood is a graduate in Economics from University College London, UK and a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance.

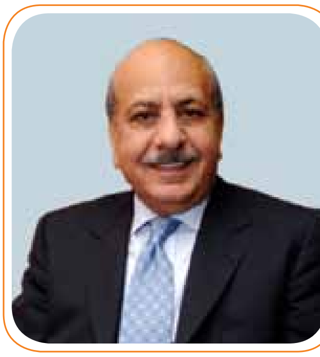
Mr. Abdul Samad Dawood is the Chief Executive of Cyan Limited and Dawood Corporation (Pvt.) Limited. He also serves as Director on the Boards of various Dawood Hercules and Engro Group companies, International Industries Limited, Sui Northern Gas Pipelines and WWF Pakistan Limited. Mr. Dawood is a member of Young Presidents' Organization, Pakistan Chapter.

SHABBIR HUSSAIN HASHMI

Mr. Shabbir Hashmi is an engineer from Dawood College of Engineering & Technology, Pakistan and holds an MBA from J.F. Kennedy University, USA.

Mr. Hashmi has more than 30 years of project finance and private equity experience. At Actis Capital, one of the largest private equity investors in the emerging market, he had led the Pakistan operations. Prior to Actis, he was responsible for a large regional portfolio of CDC Group Plc for Pakistan and Bangladesh. He also had a long stint with USAID and later briefly with the World Bank in Pakistan, specialising in planning and development of energy sector of the country. Apart from holding more than 24 board directorships as a nominee of CDC/Actis in the past, he is currently serving as an independent director on several companies from manufacturing to financial services. He is also on the board of governors of The HelpCare Society which is operating K-12 schools in Lahore for underprivileged children.

QAISER JAVED



Mr. Qaiser Javed is a Fellow of the Institute of Chartered Accountants, Pakistan. He has over 30 years of experience and is presently Director Finance of Fauji Foundation. He is a Nominee Director of Fauji Foundation on several of its companies.

Mr. Javed is on the Board of the Company since 2006. In the Power Sector he is also a Director of Daharki Power Holdings Limited, Foundation Wind Energy I & II Limited, and Fauji Kabirwala Power Company Ltd.

KHALEEQ NAZAR KIANI

Mr. Khaleeq Nazar Kiani holds Masters in Zoology degree from the University of Balochistan.

Mr. Kiani has over 20 years of experience in the Administration/public sector and is presently working as Secretary, Industries and Commerce, Government of Balochistan.

He represents the Government of Balochistan on the Board of Hubco.

Profile of Board of Directors

KHALID MANSOOR (CEO)

Mr. Khalid Mansoor is the Chief Executive of The Hub Power Company Limited since May 20, 2013. He holds a Degree in Chemical Engineering with distinction and honours.

Mr. Mansoor has over 32 years of experience and expertise in Energy & Petrochemical Sectors in leading roles for mega size Projects Development, Execution, Management and Operations.

Mr. Mansoor has previously served as the Chief Executive Officer of Algeria Oman Fertilizer Company (AOA) which has constructed a World biggest Ammonia & Urea fertilizer Complex including around 120MW Captive Power Plant which is located in Industrial Zone of Arzew.

Prior to AOA, he held the position of the President and Chief Executive Officer of Engro Fertilizers Limited, Engro Powergen Qadirpur Limited (EPQL), Engro Powergen Limited (EPL) and Sindh Engro Coal Mining Company (SECMC).

Mr. Mansoor also held various key assignments at Engro and with Esso Chemicals Canada including leading the development and execution of various major diversification and expansion Projects for Engro. He had been a Director on the Boards of Engro Corporation, Engro Fertilizers Limited, Engro Polymer & Chemicals Limited, Engro Powergen Qadirpur Limited, Engro Powergen Limited and Sindh Engro Coal Mining Company. He had also served as a Director on the Boards of Engro Foods (Pvt.) Limited, Engro Vopak Terminal Limited and Chairman of the Board of Engro Powergen Limited in the recent past.

RUHAIL MOHAMMED

Mr. Ruhail Mohammed has an MBA in Finance and is the President and Chief Executive Officer of Engro Fertilizers Limited since May 2012. Mr. Ruhail Mohammed previously he has served as the Senior Vice President and Chief Financial Officer of Engro Corp and also the Chief Executive of Engro Powergen Limited. Prior to his association with Engro, he has worked in various senior positions in Pakistan, UAE and Europe.

Mr. Ruhail Mohammed is on the Boards of Engro Corporation as well as a number of its subsidiaries.

Mr. Ruhail Mohammed is also on the Board of Pakistan Mercantile Exchange, Cyan Ltd. and Pakistan Institute of Corporate Governance.

ALI MUNIR

Mr. Ali Munir is a Fellow of the Institute of Chartered Accountants, Pakistan and also holds LLB degree from the University of Punjab. He is also a Member of the Institute of Chartered Accounts in England and Wales.

Mr. Munir has over 30 years experience and is presently Senior Executive Vice President and Group Head Strategic Planning & Investments in MCB Bank Limited. He has also worked with Saudi American Bank and Habib Bank Limited.

Mr. Munir is on the Board of the Company since 2006. He is also a Director of Adamjee Insurance Co. Ltd.

SHAHID HAMID PRACHA

Mr. Shahid Hamid Pracha is a graduate electrical engineer from the University of Salford, UK.

Mr. Pracha serves as Chief Executive of Dawood Hercules Corporation Limited and Chairman of DH Fertilizers Limited, Dawood Lawrencepur Limited, and Tenaga Generasi Limited. He is also a Director on the Boards of Engro Corporation Limited, Engro Fertilizer Limited, Cyan Limited, Engro Powergen Limited and Engro Powergen Qadirpur Limited. He previously served as Chief Executive of the Dawood Foundation, the philanthropic arm of the Dawood Hercules Corporation.

Mr. Pracha prior to joining the Dawood Group, spent a major part of his career with ICI Plc's Pakistan operations in a variety of senior roles including a period of international secondment with the parent company in the UK. He is also a founding member of the Pakistan Society for Human Resource Managers and previously served as the first CEO of the Karachi Education Initiative, the sponsoring entity of the Karachi School for Business & Leadership.

INAM UR RAHMAN

Mr. Inam ur Rahman holds a B.S. Electrical Engineering degree from UET Lahore and an MBA from LUMS. Inam has more than 20 years of experience in engineering and operations across various business sectors.

Mr. Rahman is presently the Chief Executive of Dawood Lawrencepur Limited, the renewable energy company of the DH Group.

Mr. Rahman also heads Tenaga Generasi Limited a special purpose company setting up a 50MW Wind Energy Project in Sindh. He is a Director on the Boards of Sindh Engro Coal Mining Company Limited, SACH International (Private) Limited and Pebbles (Private) Limited.

Mr. Rahman personal areas of interest include change management, and taking the SME sector to scale. He has an avid interest in training and teaching and has been associated with LUMS as adjunct faculty between 2004 and 2009.

Profile of Board of Directors

SHAHID AZIZ SIDDIQI

Mr. Shahid Aziz Siddiqi holds a post graduate degree in Development Economics from University of Cambridge, UK and Masters from University of Karachi. He has severed in various key Government positions.

Mr. Siddiqi is also a Director on the Board of Packages Limited, Thatta Cement Company Limited, Sui Southern Gas Company Limited, ORIX Leasing Pakistan Limited, Sui Northern Gas Pipelines Limited, National Bank of Pakistan and Fauji Fertilizer Company Limited. He was the Chairman of State Life Insurance Corporation of Pakistan.

SYED KHALID SIRAJ SUBHANI

Mr. Khalid S. Subhani is a graduate in Chemical Engineering.

Mr. Subhani is the President and Chief Executive Officer of Engro Polymer & Chemicals Limited since January 2012 and has previously served as the President and Chief Executive Officer of Engro Fertilizers Limited. He is also a Senior Vice President of Engro Corporation Limited. He is on the Board of various Engro Group companies. He has also served as the Chairman of the Board of Avanceon in the past.

Board & Functional Committees

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

Board Audit Committee (BAC):

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

The committee met 4 times during the year and the attendance records is as follows:

	Meetings attended
Mr. Iqbal Alimohamed (Chairman)	3/4
Mr. Qaiser Javed	3/4
Mr. Ruhail Mohammad	2/4
Mr. Ali Munir	4/4
Mr. Shahid Aziz Siddiqi	3/4

Meetings attended by outgoing directors

Mr. Ali Aamir	1/4
Mr. M. Ashraf Tumbi	1/4

Board Compensation Committee (BCC):

The committee meets to review and recommend all elements of the Compensation, Organization and Employee Development policies relating to the senior executives' and members of the management committee. The CEO attends Board Compensation Committee meetings by invitation.

The committee met 6 times during the year and the attendance records is as follows:

	Meetings attended
Mr. Shahid Aziz Siddiqi (Chairman)	5/6
Dr. Asif A. Brohi	3/6
Mr. Shabbir Hussain Hashmi*	-
Mr. Qaiser Javed	1/6
Mr. Shahid Hamid Pracha	4/6
Mr. Khalid Siraj Subhani	4/6

*Appointed on August 19, 2013 in place of Mr. Aliuddin Ansari

Meetings attended by outgoing directors

Mr. Muhammad Aliuddin Ansari	2/6
Mr. Robin A. Bramley	-
Mr. Malcolm P. Clampin	-
Mr. Taufique Habib	1/6
Mr. Ruhail Mohammad	1/6
Mr. Inam ur Rahman	1/6
Syed Nizam A. Shah	1/6
Mr. M. Ashraf Tumbi	1/6

Board Operations Committee (BOC):

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

The committee met 6 times during the year and the attendance records is as follows:

	Meetings attended
Syed Khalid Siraj Subhani (Chairman)	4/6
Syed Muhammad Ali	5/6
Mr. Iqbal Alimohamed	4/6
Mr. Shahid Hamid Pracha	4/6
Mr. Inam ur Rahman	6/6

Meetings attended by outgoing directors

Mr. M. A. Alireza	1/6
Dr. Fereydoon Abtahi	-
Mr. Robin A. Bramley	-
Mr. Taufique Habib	1/6
Mr. Arshad A. Hashmi	-
Mr. Qaiser Javed	1/6

Board Investment Committee (BIC):

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

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

	Meetings attended
Mr. Shabbir Hashmi* (Chairman)	-
Mr. Iqbal Alimohamed	2/2
Mr. Abdul Samad Dawood	1/2
Mr. Ruhail Mohammed	1/2
Mr. Ali Munir	1/2

*Appointed on August 19, 2013 in place of Mr. Aliuddin Ansari

Meetings attended by outgoing Director

Mr. Muhammad Aliuddin Ansari	2/2

Management Committee

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

Mr. Khalid Mansoor	Chairman
Mr. Hasnain Haider	Member
Mr. Shamsul Islam	Member
Mr. Tahir Jawaid	Member
Mr. Shahid Mahmood	Member
Mr. Abdul Nasir	Member
Mr. Danish Malik	Secretary

Committee for Organization and Employee Development (COED)

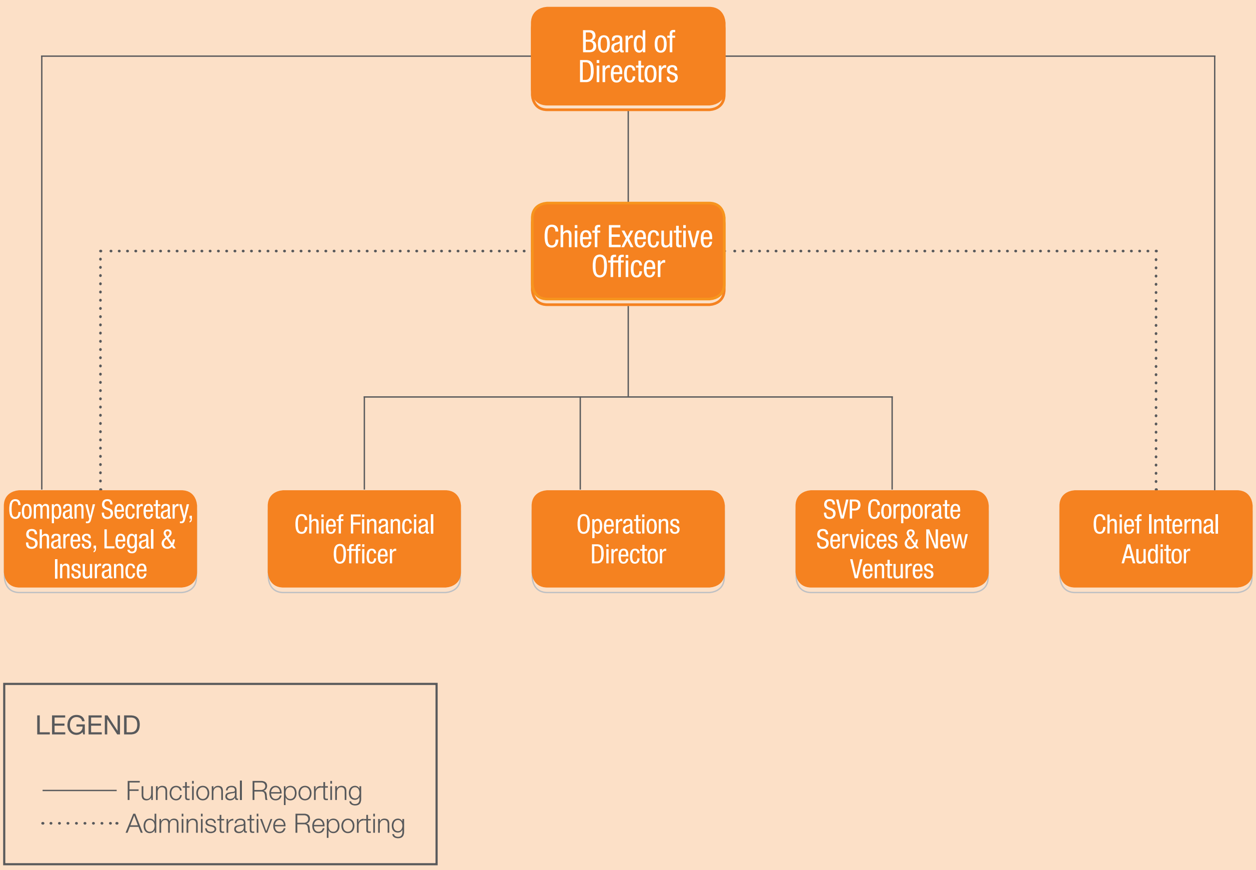
The committee is to look at employee related policies, compensation, development, trainings, succession planning and to bring necessary focus on HR issues. The Committee members are as follows:

Mr. Khalid Mansoor	Chairman
Mr. Hasnain Haider	Member
Mr. Shamsul Islam	Member
Mr. Tahir Jawaid	Member
Mr. Shahid Mahmood	Member
Mr. Abdul Nasir	Member
Mr. Farrukh Rasheed	Member / Secretary

From left to right...

S. Hasnain Haider, Mr. Shamsul Islam, Mr. Tahir Jawaid, Mr. Khalid Mansoor (CEO), Mr. Shahid Mahmood
Mr. Abdul Nasir, Mr. Danish Malik, Mr. Farrukh Rasheed

Organizational Structure



CEO's Performance Review

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

Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2013

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

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

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

2. The Hubco Board had approved the Company's 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 updated and followed ever since.

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

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

Category	Names
Independent Directors	Syed Muhammad Ali Mr. Iqbal Alimohamed Mr. Qaiser Javed Mr. Ruhail Mohammed Mr. Ali Munir Syed Khalid Siraj Subhani
Executive Directors	Mr. Khalid Mansoor
Non-Executive Directors	Mr. Hussain Dawood Syed Muhammad Ali Mr. Iqbal Alimohamed Mr. Muhammad Aliuddin Ansari Dr. Asif A. Brohi Mr. Abdul Samad Dawood Mr. Qaiser Javed Mr. Khaleeq Nazar Kiani Mr. Ruhail Mohammed Mr. Ali Munir Mr. Shahid Hamid Pracha Mr. Inam ur Rahman Mr. Shahid Aziz Siddiqi Syed Khalid Siraj Subhani

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

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

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

6. Casual vacancies occurred on the Board and were filled up by the directors within 90 days.

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

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

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

11. The Company arranged briefings for its Directors to apprise them of their duties and responsibilities. An Independent director also acquired certification of "Corporate Governance Leadership Skills Programme" conducted by the Pakistan Institute of Corporate Governance (PICG).

12. The Board had approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment as determined by the CEO. However, there was no new appointment made during the year.

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

14. The financial statements of the Company were duly endorsed by CEO and CFO before approval 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 five members, four of them including the Chairman are independent and all of them are non-executive directors including the Chairman.

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

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

20. The Board has set-up an effective internal audit function which is suitably qualified and

experienced for the purpose and is conversant with the policies and procedures of the Company. Mrs. Huma Pasha who was the Head of Internal Auditor retired during the year. The Company will soon appoint Head of Internal Auditor in accordance with the requirements of the Code.

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

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

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

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

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

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

By order of the Board

Karachi:
August 19, 2013

Khalid Mansoor
Chief Executive

Building a better
working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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Pakistan

Tel: +9221 3565 0007-11
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Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2013 prepared by the Board of Directors of The Hub Power Company Limited (the Company) to comply with the Regulations of the respective Stock Exchanges, where the Company is listed.

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

As 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended 30 June 2013.

Ernst + Young Ford Rhodes Sidat Hyder

Chartered Accountants
19 August 2013
Karachi

Risk Mitigation Analysis

As with any business scenario, our operations too are susceptible to various risks; however, through comprehensive planning and an acute business understanding we continue to identify and mitigate these risks through appropriate operational strategies. Our risk management framework is designed to identify, assess and prioritize risks along with the innate ability to manage the probability of occurrence of an unfortunate event that could significantly impact our business operations.

Moreover, as part of our strategy of constant vigilance we are cognizant of the fact that risk can emanate from a variety of sources. These could be classified in the purview of being:

Strategic Risks:

Risks associated with operating in a particular industry. These risks usually reside outside the direct control of the business and pertain to major economic or social phenomenon.

Operational Risks:

Risks associated directly with our operations. This could pertain to breakdown in our transmission grid, susceptibility of our plant operations, governance issues, change in management, employee disengagement, etc.

Commercial Risks:

Risks emanating directly from the commercial aspect of the Company's operations i.e. reduction in market share, dip in share price, new regulations that affect Company's profitability or operations, etc.

Financial Risks:

Risks directly attributable to the financial viability of the organization. These are subdivided into:

- Market Risks
- Credit Risks
- Liquidity Risks

Market Risks:

These are risks that cause changes in market prices such as foreign exchange rates, interest rates and equity prices. These risks, however, directly impact our earnings and/or the value of holdings of our financial instruments. Consequently, the Company adequately manages its portfolio to ensure that the impact of foreign exchange risk and interest rate risk is minimized.

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. However, given our current financial assets and liabilities status, we believe that the impact of foreign exchange risks is immaterial *(details provided in notes of the financial accounts)*

On the other side of the continuum interest rates risks are associated with a change in fair value or future value of cash flows of a financial instrument due to fluctuations in market interest rates. The Company's exposure to the interest rate risks pertain to fixed rate instruments and variable rate instruments which are managed by the Company as per the policies laid down by the board eventually maximizing shareholder return.

Credit Risks:

The risks associated with one party failing to discharge its obligation towards a financial instrument are limited by the Company through a rigorous planning system. The provision of a subordinated loan to the subsidiary exposes the Company to credit risks; however, this risk is mitigated by imposing restriction on dividend payments where dividends are paid out only after full repayment of subordinated loan. Furthermore, the trade debts that are recoverable from WAPDA/NTDC under the PPAs are secured by guarantees from the GoP. In addition, the credit risks of the Company on its bank balances is limited as they are maintained with foreign and local banks having good credit ratings assigned by local and international credit rating agencies.

Liquidity Risks:

Liquidity risks are the risks that the Company will encounter difficulties in meeting its financial obligations. The Company's approach to managing liquidity is to ensure that we always have sufficient funds to meet our liabilities without incurring unacceptable losses *(additional details of the liquidity risk management are provided in the notes of the financial accounts)*

Business Continuity Planning (BCP)

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

Future Outlook

To improve on the sustainability and reliability we plan to convert our RFO based plant to coal with the aim to reduce the cost of electricity and provide higher standard of living for the millions in the country and act impetus to the economy.

To be the Hub of Power we plan to capitalize on our experienced and strategic location to provide the drive for growth initiative. Our key focus would be to generate electricity through means which provide affordable energy to the Nation thereby enhancing stakeholder value.

SWOT Analysis

Strengths:

1. Unquestionable and growing demand.
2. Proven track record.
3. Pioneer/largest IPP.
4. Strategic location.

Weaknesses:

1. Cash-flow Constraints.
2. Limited resources.
3. Expensive Fuel.

Opportunities:

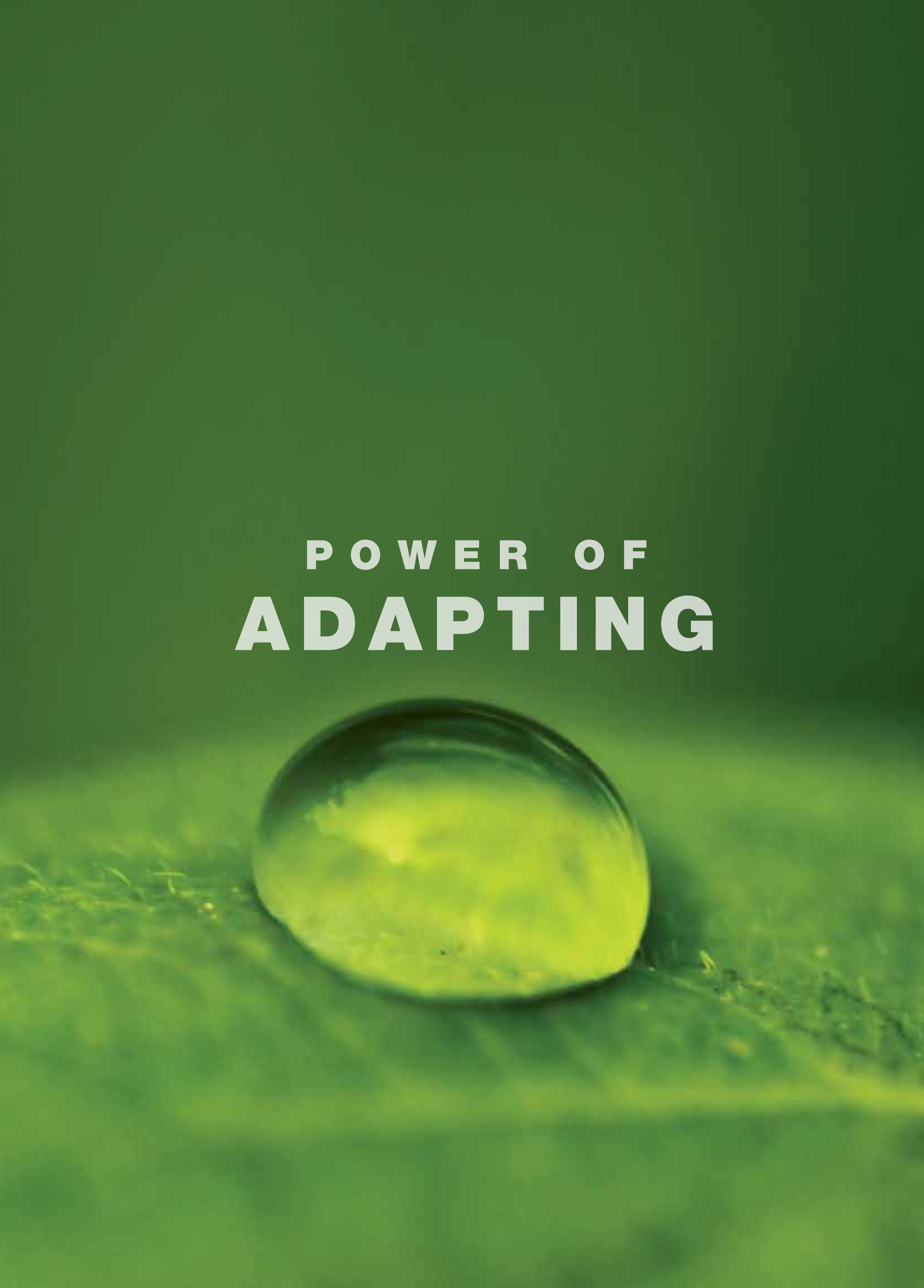
1. Growth synergies with coal conversion.
2. We can leapfrog to exploit advancements in energy technology e.g. efficiency improvement, renewables.
3. To be the “Hub of Power”
4. Government focus on solving power crisis.

Threats:

1. Circular Debt.
2. Political Risk.
3. Delays in Projects.

Building on our organic growth model we continue to adapt and transform according to the needs of the country. Given the rising energy costs, we are determined to increase coal's share in the energy mix – an initiative that will not only reduce the energy deficit but also provide economical energy to the masses…

POWER OF ADAPTING



Report of the Directors

The Directors are pleased to present the Annual Report and the audited financial statements of the Company for the year ended June 30, 2013 together with the auditors' report thereon.

Principal Activities

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 and commenced commercial operations in March 1997. 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. Our principal activities are to develop, own, operate and maintain power stations. We currently own and operate an oil-fired power station with an installed capacity of 1,292 MW at Mouza Kund, Hub in Balochistan and a 225 MW capacity oil-fired power station at Mouza Poong, Narowal in Punjab. Additionally, we also hold a 75% controlling interest in Laraib Energy Limited, a subsidiary company that has set up an 84 MW hydel power plant near the New Bong Escape, 8 km downstream of Mangla Dam in Azad Kashmir.

Nature of Business & Business Model

HUBCO is a national group of energy companies with the aim to help meet the energy needs of the country in ways that are economically, environmentally and socially responsible. We are cognizant of our role to produce enough energy to keep the economy growing whilst simultaneously reduce the environmental impact of our efforts. HUBCO, therefore, contributes to help address the energy crisis and fill the energy demand gap in a responsible way.

Since we are governed under a regulatory regime, we are required to sell electricity under long term agreements to public sector organizations Water and Power Development Authority (WAPDA) and National Transmission and Despatch Company (NTDC) – the key customers of the Company. The key financial instrument which determines the Company's income and profitability are the tariff agreements under which the price of electricity is determined. Fuel for the Hub Plant is purchased from Pakistan State Oil (PSO) whose capability to supply is guaranteed by the Government of Pakistan (GOP) under the Implementation Agreement (IA). In the case of Narowal, fuel is supplied by Bakri Trading Company Pakistan (Private) Limited which is a private sector company whose performance is not covered by any sovereign guarantee. Power Purchase Agreements (PPAs) with WAPDA/NTDC, electricity off-take and related payments are guaranteed by the GOP through a sovereign guarantee under the IA.

Our Key Projects

Hub Plant - Our Hub Plant continues to supply reliable and uninterrupted electricity to the national grid. During the year the plant generated 7,672 GWh of electricity (2012: 7,770 GWh) corresponding to a load factor of 73% (2012: 73.7%). Load factor is lower compared to last year primarily due to non availability of fuel a few times because of WAPDA's inability to settle their outstanding payments. International Power Global Developments Ltd., a subsidiary of International Power GDF Suez is the operator of the plant.

Narowal Plant - Our Narowal Plant during the period under review generated 821 GWh of electricity for the national grid (2012: 1,321 GWh) corresponding to a load factor of 43.8% (2012: 70.4%). Lower utilization of the plant was due to shortage of fuel caused by persistent delays in payments by the power purchaser. Plant operated at an average load factor of only about 14% during the last six months of the year due to fuel shortage. TNB REMACO Pakistan (Private) Limited (TNBRP) owned by Malaysia's Tenaga Nasional Berhard through its subsidiary TNB Repair and Maintenance Berhard SDN BHD (Remaco) is the operator of the plant.

Laraib Hydel Plant - The hydel plant achieved Commercial Operations Date (COD) on March 23, 2013 i.e. 71 days ahead of Required Commercial Operations Date (RCOD) defined in the PPA with the successful completion of all COD Tests. In the period under review, Plant has generated 150 GWh of electricity since COD for national grid. The minimum guaranteed payment for Laraib is based on output of 470 GWH, which covers Project's fixed costs.

It is important to note that the operations are directly dependent on the water flows released through the Mangla Power House in the Bong Canal after accounting for the loss in flows allocated to and flowing into the Upper Jhelum Canal. Further to the COD, TNB REMACO Pakistan (Private) Limited (the 'Operator'), has taken over the role as Operations and Maintenance Contractor.

Hub Plant - Generator & Turbine

Narowal Plant- Engines

Corporate Objectives

As a responsible energy company, we also aim to help the nation in reducing its costs of energy by converting our oil fired boilers at Hub plant to coal fired boilers so that the cost of generation could be reduced significantly. The Company has signed a Memorandum of Understanding with the Government on the condition that the circular debt is settled; the Company is willing to convert to coal subject to the Government coming up with proper policy for such conversion along with amendments to the existing security agreements.

Moreover, cognizant of our role in alleviating the energy crisis in the country, the Company plans to pursue its growth trajectory to be able to generate additional power to bridge the gap between supply and demand.

Financial Performance

Profitability

Turnover for the period was Rs.165,862 million (2012: Rs.174,712 million) and operating costs were Rs.149,544 million (2012: Rs.159,062 million). The Company earned a net profit of Rs. 9,388 million during the year resulting in earnings per share of Rs.8.11 compared to a net profit of Rs.8,190 million and earnings per share of Rs.7.08 last year. The increase in profit is mainly due to currency devaluation, lower financing costs and higher generation bonus partly offset by higher repair & maintenance expenditure.

Liquidity and Financing Arrangements

Liquidity management remained very challenging due to high receivables from WAPDA and NTDC till June 28, 2013 when substantial payments were received from Government on account of circular debt settlement. Due to the delayed payments, the Company had to arrange for large borrowings entailing high financial costs.

Cash Flow

Despite liquidity pressures during the year, the Company has been able to manage the cash flow to meet its obligations including investing activities and payment of dividends to shareholders.

Capital structure

The assets are financed by debt and equity in the ratio of 44:56 and our interest cover is 2.43 times.

Risk Management & Strategy for Mitigating Risks

Risk is the element of uncertainty in any given scenario. It can either be favourable or unfavourable, but following a prudent rationale, we are focused on identifying unfavourable risks so that timely management actions can be taken to handle such situations.

At the Company, we have a responsibility to safeguard our assets and protect our shareholders' interest. Therefore, we have in place a mechanism of

Laraib Energy Ltd. - Construction over the years

2010

2011

2012

identifying, assessing, evaluating and mitigating risks, which enables us to make appropriate decisions. The trade-off between risks and rewards is made with the sole purpose of maximizing shareholders' wealth.

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

1. *Operational Risk*
   The Company has made necessary plan to mitigate the operational risks and is making investment to carry out necessary rehabilitation, refurbishments and maintenance at the plants. However, non availability of fuel due to curtailment of supplies by the fuel suppliers as a result of nonpayment/ delay in payment by the power purchaser in spite of Government guarantee of the obligations of the power purchaser would result in plants not being operable resulting in power shortage in the Country.

2. *Financial Risk*
   Substantial amount of circular debt was settled on June 28, 2013; however, payments have been delayed since then. If the circular debt is allowed to build again, it will not only affect the operations of the plants but also put in jeopardy the plans for coal conversion and any expansion as no financial institution/bank would be willing to finance these projects.

WAPDA, our customer for the Hub Plant, continues to face financial difficulty and has been in default to meet its obligations to the Company under the PPA. WAPDA was required to provide by May 31, 2013 a letter of credit to the Company under our PPA for the year 2013-14 but has failed to do so. WAPDA also had not provided the letter of credit for the last few years.

However, WAPDA and NTDC's obligations under the PPAs for Hub and Narowal plants are guaranteed by the Government of Pakistan through sovereign guarantees under their respective IAs.

The Company has been relentlessly pursuing GOP to take steps so that the balance outstanding is received and the circular debt does not buildup again. The Company is also pursuing WAPDA for establishing the letter of credit for the Hub Plant as required under its PPA.

a. *Credit Risk*
   Delays in payments by WAPDA are mainly offset by delaying payments to PSO whereas delays in payments by NTDC are mainly managed through bank borrowings.

b. *Market Risk*
   There is no market risk as the requirements of our two customers and the country far exceed the capacity of our plants.

c. *Liquidity Risk*
   The Company has arranged working capital lines with various financial institutions to ensure normal business operations to cover for delay in receipt of payments from the power purchasers.

The Company's approach to manage liquidity is to ensure that it always has sufficient funds to meet its liabilities when due without incurring unacceptable losses.

Credit Rating

The Company has continuously been receiving "AA+" (Double A Plus) as long term rating and "A1+" (A One Plus) as short term rating by The Pakistan Credit Rating Agency Limited (PACRA). These ratings reflect the Company's financial management strength and denote very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

Health, Safety & Environment

The health and safety of our employees, the safety of our assets and the security of our operations always remain among the top priorities of the Company. The industry we operate in demands excellence in safety management and procedures. This is why safety is not only at the core of our sustainability efforts but at the core of our business. Safety is an all-encompassing priority for the Company, from the Board down to the business units.

The Company takes pride in the fact that it operates the first power station in Pakistan, which is recognised by ROSPA (Royal Society for the Prevention of Accident) for its excellent performance in the management of occupational Health and Safety. The Hub Plant received various awards from the ROSPA consecutively for the last many years. The plant also

Laraib Energy Ltd. - Country's first Hydel IPP

2013

received ROSPA SECTOR AWARD in the years 2008, 2011 and 2013. The plant has achieved 907 days without Loss Work Injury (LWI).

In addition, our environmental strategy requires our business to pursue greater eco-efficiency – essentially doing more with less by using natural resources more efficiently and with less impact on the environment. By focusing on eco-efficiency, we are able to maintain our focus on business growth while also reducing our environmental impacts. As a testament to our strong environmental performance, the Company is proud to be the only power plant in Pakistan which is being maintained in accordance with ISO 14001: 2004.

Human Resources

The Company has employed experienced and qualified human resources to meet the challenges ahead. Company also plans to strengthen its team, use employee performance evaluation methods and benchmark surveys to further strengthen organization structure and effectiveness.

Social Investments – CSR

As a responsible energy company, we are aware of our role in matching needs of today with the responsibilities of tomorrow. Consequently, we remain committed to our contribution in creating a sustainable development plan for our businesses. As part of our enduring commitment sustainable development, we maintained a stringent focus on the following key areas:

- Health support,
- Education programs,
- Energy conservation,
- Environmental protection measures,
- Community welfare schemes,
- Occupational safety & health,
- Business ethics & anti-corruption measures.

Towards improving the life of our stakeholders, and especially host communities, we spent Rs. 29.7 million under our social commitments during the year. We worked closely with our change partners including Edhi Foundation, The Citizens Foundation, School of Leadership, LRBT, Al-Ibrahim Trust, Sughra Shafi Hospital etc. to support their programs for Health and Education to provide socio-economic opportunities to a multitude of individuals and households.

Market share information

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

For the last four years the Company has been on average contributing about 9% of the electricity generation of the country and has kept the wheels of industry spinning despite substantial amounts being overdue from the power purchasers.

Fiscal Year	Electricity Generation (GWh)	Company's share (GWh)	% age
2006 – 07	97,814	7,214	7.4%
2007 – 08	97,451	7,205	7.4%
2008 – 09	94,663	8,257	8.7%
2009 – 10	99,856	8,337	8.4%
2010 – 11	102,484	8,352	8.2%
2011 – 12	91,850	9,091	9.9%
2012 – 13 (est.)	88,270	8,493	9.6%

Related Party Transactions

Related party transactions were placed before the Board Audit Committee and approved by the Board. These transactions were in line with the requirements of IFRS and the Companies Ordinance. The Company maintains a record of all such transactions.

Financial Statements

Financial statements of the Company have been audited without any qualification by Messrs Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, the auditors of the Company.

Corporate & Financial Reporting Framework

The Directors are pleased to confirm compliance with Corporate and Financial Reporting Framework of the SECP Code of Corporate Governance for the following:

(a) The financial statements, prepared by the management of the Company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
(b) Proper books of account of the Company have been maintained.
(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
(d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
(e) The system of internal control is sound in design and has been effectively implemented and monitored; and
(f) There are no doubts in the Company's ability to continue as a going concern.

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

Fiscal year ending June		2013	2012	2011	2010	2009	2008
Turnover	Rs. In millions	**165,862**	174,712	123,310	99,694	82,784	62,435
Profit	"	**9,388**	8,190	5,425	5,556	3,781	2,601
Assets	"	**99,313**	207,817	146,240	122,696	90,186	62,697
Dividend	"	**7,522**	6,943	5,786	5,207	2,719	3,182
Generation	(GWh)	**8,493**	9,091	8,352	8,337	8,257	7,205

Value of investments of provident fund and gratuity scheme based on their respective audited accounts as at June 30, 2012 are as follow:

	Rs. In millions
Provident Fund	75.379
Gratuity Fund	73.294

Information in relation to Luxembourg Stock Exchange

The Directors in compliance with the requirements of the 'Commission De Surveillance Du Secteur Financier, Societe de Bourse de Luxembourg SA'; are pleased to confirm that to the best of their knowledge, the financial statements for the year ended June 30, 2013 give a true and fair view of the assets, liabilities, financial position and financial results of the Company and are in conformity with approved accounting standards as applicable in Pakistan. Further, the aforementioned management report includes a fair review of the development and performance of the Company together with the potential risks and uncertainties faced, if any.

Board of Directors

The current members of the Board are listed on Page No. 19.

In September 2012 during Annual General Meeting, the Election of Directors was held and the changes were as follows:

Elected Directors w.e.f. September 27, 2012

Mr. Hussain Dawood
Syed Muhammad Ali
Mr. Iqbal Alimohamed
Mr. Muhammad Aliuddin Ansari
Mr. Abdul Samad Dawood
Mr. Ruhail Mohammed
Mr. Shahid Hamid Pracha
Mr. Shahid Aziz Siddiqui
Syed Khalid Siraj Subhani

Re-Elected Directors w.e.f. September 27, 2012

Mr. Qaiser Javed
Mr. Ali Munir
Mr. Inam ur Rahman

Retired Directors w.e.f. September 27, 2012

Mr. Mohammad Ahmed Alireza
Mr. Ali Aamir
Dr. Fereydoon Abtahi
Mr. Yousuf Ahmed Y. Alireza
Mr. Taufique Habib
Mr. Arshad A. Hashmi
Syed Nizam A Shah
Mr. Mohammed Ashraf Tumbi

Mr. Iqbal Ahmed Khosa Nominee of GOB resigned and Mr. Khaleeq Nazar Kiani was appointed as the Nominee Director of GOB on October 31, 2012.

Mr. Zafar Iqbal Sobani, CEO resigned on May 17, 2013 and Mr. Khalid Mansoor was appointed as CEO on May 20, 2013.

Mr. Muhammad Aliuddin Ansari resigned and Mr. Shabbir Hussain Hashmi was appointed as a Director on August 19, 2013

During the year 9 meetings of the Board of Directors were held. Attendance by the Directors was as follows:

Mr. Hussain Dawood	6/9
Syed Muhammad Ali	7/9
Mr. Iqbal Alimohamed	7/9
Dr. Asif A. Brohi	3/9
Mr. Abdul Samad Dawood	3/9
Mr. Qaiser Javed	4/9
Mr. Khaleeq Nazar Kiani	4/9
Mr. Khalid Mansoor	1/9
Mr. Ruhail Mohammed	4/9
Mr. Ali Munir	7/9
Mr. Shahid Hamid Pracha	7/9
Mr. Inam ur Rahman	7/9
Mr. Shahid Aziz Siddiqi	7/9
Syed Khalid Siraj Subhani	6/9

Meeting attended by outgoing Directors:

Mr. M. A. Alireza	2/9
Mr. Yousuf A. Alireza	2/9
Mr. Arshad A. Hashmi	1/9
Mr. M. Ashraf Tumbi	2/9
Syed Nizam A. Shah	1/9
Mr. Ali Aamir	2/9
Mr. Fereydoon Abtahi	2/9
Mr. Taufique Habib	2/9
Mr. Iqbal Ahmed Khosa	1/9
Mr. Muhammad Aliuddin Ansari	4/9

Mr. Muhammad A. Ansari resigned from the Board on August 19, 2013 and was replaced by Mr. Shabbir H. Hashmi.

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

Directors' Training

During the year one of the Directors participated in a formal SECP sponsored director training program and has completed the Corporate Governance Leadership Skills Program.

Appropriation

The Board of Directors have pleasure in recommending a final dividend of Rs.4.50 per share. This will be paid to the shareholders on the Company's Register on September 11, 2013. An Interim dividend of Rs.3.50 per share that was declared on February 27, 2013 has already been paid on April 12, 2013. The total dividend to be approved by the shareholders at the Annual General Meeting to be held on Monday, September 30, 2013 will be Rs.8.00 per share.

Movement in un-appropriated profit is as follows:

	Rs. in millions
Net Profit for the Year	
Un-appropriated profit at the beginning of the year	19,196
Profit available for appropriation	9,388
	28,584
Appropriations	
Final dividend for the fiscal year 2011-2012 @ Rs. 3.00	(3,472)
Interim dividend for the fiscal year 2012-2013 @ Rs. 3.50	(4,050)
Un-appropriated profit at the end of the year	21,062
Basic and diluted earnings per share	8.11

The Directors would like to draw your attention to the last paragraph in the Auditors' Report relating to note 25.6 of the financial statements.

Auditors

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

We are thankful to our shareholders for the trust and confidence reposed in the Company.

We are also grateful to our employees who are our assets for their efforts in the Company achieving its results.

By Order of the Board

Khalid Mansoor
Chief Executive

Karachi
August 19, 2013

CEO's Contract

(Under Section 218 of the Companies Ordinance, 1984

To: All Members of the Company

Subject Contract of Employment of Chief Executive Officer

Dear Shareholders,

We are pleased to inform you that the Board of Directors of the Company appointed Mr. Khalid Mansoor as the Chief Executive of the Company with effect from May 20, 2013.

In pursuance to Section 218 of the Companies Ordinance 1984 we hereby advise you that Mr. Khalid Mansoor will be presently entitled to an annual gross remuneration of Rs.44.746 million. In addition, he will also be entitled to a Company maintained car, medical expenses for himself, his wife and dependent children, leave and other benefits as per Company policy. The Company will also make payments to him for Gratuity, Provident Fund and Pension.

The above remuneration shall be subject to such adjustments, bonuses and other entitlements as may be granted at any time and from time to time by the Board of Directors of the Company and / or in accordance with the policies and the service rules of the Company for the time being in force.

Yours faithfully,

Shamsul Islam
Company Secretary

POWER OF FACILITATION

As we continue to create value for all our stakeholders our commitment as an energy leader is matched only by our determination to be the pioneer in incorporating expansion infrastructure – an effort aimed at not only helping us achieve energy sufficiency but also helping other power companies pursue an unmatched growth trajectory…

Hub of Power - Vast & Strategic Location

Investor Information

Financial Ratios

		2013	2012	2011	2010	2009	2008
Profitability Ratios							
Gross Profit margin	%	9.84	8.96	7.47	7.71	7.36	7.61
Net Profit margin	%	5.66	4.69	4.40	5.57	4.57	4.16
Operating cost to turnover	%	90.16	91.04	92.53	92.29	92.64	92.39
Fuel cost to turnover	%	85.03	86.80	87.70	86.51	86.85	85.58
EBITDA Margin to Sales	%	11.24	10.28	8.73	9.10	9.16	9.99
Operating Leverage Ratio	Times	(0.86)	1.76	0.84	1.23	0.88	0.29
Return on Equity	%	29.61	27.17	18.27	18.70	13.04	9.04
Return on Capital Employed	%	27.71	25.99	15.49	15.18	14.95	12.17
Liquidity Ratios							
Current Ratio	Times	1.18	1.04	1.04	1.01	1.03	1.04
Quick / Acid Test Ratio	Times	1.05	1.02	0.99	0.98	0.98	0.99
Cash to Current Liabilities	Times	0.396	0.003	0.018	0.012	0.021	0.025
Cash Flow from Operations to Sales	%	25.06	(0.18)	0.51	3.93	18.26	(5.46)
Working capital	Rs. in million	7,926	5,824	3,152	509	1,693	1,205
Activity / Turnover Ratios							
No. of Days in Inventory	Days	7	6	9	8	10	13
Inventory Turnover	Times	49.67	57.34	42.78	44.87	37.36	27.95
No. of Days in Receivables	Days	194	248	226	207	158	96
Receivables Turnover	Times	1.89	1.47	1.62	1.76	2.32	3.81
No. of Days in Payables	Days	200	239	209	209	132	47
Payables Turnover	Times	1.82	1.53	1.75	1.75	2.77	7.83
Operating Cycle	Days	1	15	26	6	36	62
Total Asset Turnover	Times	1.67	0.84	0.84	0.81	0.92	1.00
Fixed Assets Turnover	Times	3.82	3.79	2.52	2.01	2.18	1.84
Working Capital Turnover	Times	20.93	30.00	39.12	195.86	48.90	51.81
Investment / Market Ratios							
Earnings Per Share	Rs.	8.11	7.08	4.69	4.80	3.27	2.25
Price Earning Ratio	Times	7.60	5.92	8.00	6.66	8.28	12.71
Dividend Yield	%	12.98	14.32	14.67	15.64	12.37	7.52
Dividend Payout Ratio	Times	0.99	0.85	1.17	1.04	1.02	0.96
Dividend Cover Ratio	Times	1.01	1.18	0.85	0.96	0.98	1.05
Cash Dividend Per Share - Interim	Rs.	3.50	3.00	2.50	2.50	1.35	1.15
Cash Dividend per share - Final	Rs.	4.50	3.00	3.00	2.50	2.00	1.00
Cash Dividend per share - Total	Rs.	8.00	6.00	5.50	5.00	3.35	2.15
Market Value Per Share							
Year end	Rs.	61.65	41.89	37.50	31.96	27.09	28.60
High	Rs.	65.65	40.87	42.24	38.10	34.80	35.60
Low	Rs.	44.01	30.14	35.90	30.50	14.00	12.38
Breakup Value /(Net assets/share)	Rs.	28.21	26.59	25.52	25.83	25.53	24.61
Capital Structure Ratios							
Financial Leverage Ratio	Times	0.79	0.91	0.99	0.84	0.42	0.29
Weighted Average Cost of Debt	%	16.31	15.44	15.21	16.14	14.39	11.98
Debt to Equity Ratio	Ratio	44:56	48:52	50:50	46:54	29:71	23:77
Interest Cover Ratio	Times	2.43	2.16	2.60	4.10	2.81	2.32
No. of Ordinary Shares	No. in million	1157	1157	1157	1157	1157	1157

Horizontal & Vertical Analysis
Profit & Loss Account

	2013	13 Vs. 12	2012	12 Vs. 11	2011	11 Vs. 10
	Rs.(Millions)	%	Rs.(Millions)	%	Rs.(Millions)	%
Horizontal Analysis						
Turnover	165,862	(5.07)	174,712	41.69	123,310	23.69
Operating costs	(149,544)	(5.98)	(159,061)	39.41	(114,093)	24.01
Gross Profit	16,318	4.26	15,651	69.81	9,217	19.89
General and administration expenses	(415)	0.48	(413)	(5.49)	(437)	11.76
Other income	34	(2.86)	35	29.63	27	(49.06)
Profit from Operations	15,937	4.35	15,273	73.42	8,807	19.82
Finance costs	(6,547)	(7.57)	(7,083)	109.43	(3,382)	88.52
Profit before taxation	9,390	14.65	8,190	50.97	5,425	(2.36)
Taxation	(2)	(100.00)	-	-	-	-
Profit for the year	9,388	14.63	8,190	50.97	5,425	(2.36)

	2013		2012		2011	
	Rs.(Millions)	% of turnover	Rs.(Millions)	% of turnover	Rs.(Millions)	% of turnover
Vertical Analysis						
Turnover	165,862	100.00	174,712	100.00	123,310	100.00
Operating costs	(149,544)	(90.16)	(159,061)	(91.04)	(114,093)	(92.53)
Gross Profit	16,318	9.84	15,651	8.96	9,217	7.47
General and administration expenses	(415)	(0.25)	(413)	(0.24)	(437)	(0.35)
Other income	34	0.02	35	0.02	27	0.02
Profit from Operations	15,937	9.61	15,273	8.74	8,807	7.14
Finance costs	(6,547)	(3.95)	(7,083)	(4.05)	(3,382)	(2.74)
Profit before taxation	9,390	5.66	8,190	4.69	5,425	4.40
Taxation	(2)	(0.00)	-	-	-	-
Profit for the year	9,388	5.66	8,190	4.69	5,425	4.40

2010	10 Vs. 09	2009	09 Vs. 08	2008	08 Vs. 07	2007
Rs.(Millions)	%	Rs.(Millions)	%	Rs.(Millions)	%	Rs.(Millions)
99,694	20.43	82,784	32.59	62,435	41.48	44,131
(92,006)	19.98	(76,687)	32.94	(57,685)	44.33	(39,967)
7,688	26.09	6,097	28.36	4,750	14.07	4,164
(391)	8.61	(360)	24.57	(289)	14.23	(253)
53	(61.59)	138	31.43	105	(34.78)	161
7,350	25.11	5,875	28.67	4,566	12.13	4,072
(1,794)	(14.33)	(2,094)	6.51	(1,966)	38.65	(1,418)
5,556	46.95	3,781	45.42	2,600	(2.03)	2,654
-	-	-	-	-	-	-
5,556	46.95	3,781	45.42	2,600	(2.03)	2,654

2010		2009		2008		2007
Rs.(Millions)	% of turnover	Rs.(Millions)	% of turnover	Rs.(Millions)	% of turnover	Rs.(Millions)
99,694	100.00	82,784	100.00	62,435	100.00	44,131
(92,006)	(92.29)	(76,687)	(92.64)	(57,685)	(92.39)	(39,967)
7,688	7.71	6,097	7.36	4,750	7.61	4,164
(391)	(0.39)	(360)	(0.43)	(289)	(0.46)	(253)
53	0.05	138	0.17	105	0.17	161
7,350	7.37	5,875	7.10	4,566	7.31	4,072
(1,794)	(1.80)	(2,094)	(2.53)	(1,966)	(3.15)	(1,418)
5,556	5.57	3,781	4.57	2,600	4.16	2,654
-	-	-	-	-	-	-
5,556	5.57	3,781	4.57	2,600	4.16	2,654

Balance Sheet Horizontal Analysis

	2013 (Rs. Millions)	13 Vs. 12 %	2012 (Rs. Millions)	12 Vs. 11 %	2011 (Rs. Millions)	11 Vs. 10 %
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, Plant and equipments	43,463	(5.59)	46,038	(5.83)	48,890	(1.46)
Intangibles	27	8.00	25	257.14	7	(12.50)
Stores and spares	-	-	-	(100.00)	637	-
Other assets	-	-	-	-	-	-
Investment in subsidiary	4,674	-	4,674	15.87	4,034	54.56
Long term loan and advance	87	171.88	32	(28.89)	45	100.00
Long term deposits and prepayments	8	-	8	33.33	6	50.00
	48,259	(4.96)	50,777	(5.30)	53,619	1.41
CURRENT ASSETS						
Stores and spares	1,574	45.07	1,085	202.23	359	100.00
Stock-in-trade	4,248	139.46	1,774	(52.99)	3,774	141.92
Trade debts	24,799	(83.59)	151,161	76.17	85,806	28.62
Loan and advances	108	332 .00	25	(37.50)	40	700.00
Prepayments and other receivables	3,256	30.34	2,498	143.23	1,027	39.54
Cash and bank balances	17,069	3334.41	497	(69.23)	1,615	99.63
	51,054	(67.49)	157,040	69.55	92,621	32.65
TOTAL ASSETS	99,313	(52.21)	207,817	42.11	146,240	19.19
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVE						
Share Capital						
Authorised	12,000	-	12,000	-	12,000	-
Issued, subscribed and paid-up	11,572	-	11,572	-	11,572	-
Revenue Reserve						
Unappropriated profit	21,061	9.72	19,195	6.94	17,949	(1.97)
TOTAL EQUITY	32,633	6.06	30,767	4.22	29,521	(1.21)
NON-CURRENT LIABILITIES						
Long term loans	23,551	(8.84)	25,834	(5.13)	27,231	16.15
Share premium payable	-	-	-	-	-	(100.00)
Deferred liability - Gratuity	-	-	-	(100.00)	19	26.67
CURRENT LIABILITIES						
Trade and other payables	34,815	(72.74)	127,723	72.19	74,177	24.47
Interest/mark-up accrued	1,422	(13.24)	1,639	2 .63	1,597	21.17
Short term borrowings	4,527	(77.01)	19,688	68 .53	11,682	73.22
Current maturity of long term loans	2,365	9.19	2,166	7 .60	2,013	21.56
	43,129	(71.48)	151,216	69 .01	89,469	29.08
TOTAL EQUITY AND LIABILITIES	99,313	(52.21)	207,817	42.11	146,240	19.19

2010 (Rs. Millions)	10 Vs. 09 %	2009 (Rs. Millions)	09 Vs. 08 %	2008 (Rs. Millions)	08 Vs. 07 %	2007 (Rs. Millions)
49,615	30.92	37,896	11.66	33,938	6.53	31,857
8	300.00	2	(33.33)	3	(40.00)	5
637	(0.16)	638	2.24	624	1.79	613
-	(100.00)	4	(55.56)	9	100.00	-
2,610	297.87	656	100.00	-	-	-
-	-	-	0.00	-	-	-
4	100.00	-	0.00	-	(100.00)	6
52,874	34.90	39,196	13.37	34,574	6.44	32,481
-	-	-	-	-	-	-
1,560	(38.61)	2,541	62.47	1,564	(39.00)	2,564
66,712	43.07	46,629	87.48	24,871	213.36	7,937
5	(76.19)	21	(95.08)	427	20.96	353
736	(3.79)	765	27.71	599	(34.61)	916
809	(21.76)	1,034	56.19	662	(10.90)	743
69,822	36.93	50,990	81.31	28,123	124.75	12,513
122,696	36.05	90,186	43.84	62,697	39.35	44,994
12,000	-	12,000	-	12,000	-	12,000
11,572	-	11,572	-	11,572	-	11,572
18,310	1.94	17,961	6.28	16,899	(3.33)	17,481
29,882	1.18	29,533	3.73	28,471	(2.00)	29,053
23,445	106.73	11,341	55.53	7,292	(11.84)	8,271
41	100.00	-	-	-	-	-
15	-	15	-	15	(16.67)	18
59,595	35.54	43,970	274.21	11,750	198.37	3,938
1,318	72.06	766	(11.24)	863	33.80	645
6,744	88.27	3,582	(73.12)	13,327	537.66	2,090
1,656	69.15	979	-	979	-	979
69,313	40.60	49,297	83.13	26,919	251.79	7,652
122,696	36.05	90,186	43.84	62,697	39.35	44,994

Balance Sheet Vertical Analysis

	2013 (Rs. Millions)	%	2012 (Rs. Millions)	%	2011 (Rs. Millions)	%
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, Plant and equipments	43,463	43.76	46,038	22.15	48,890	33.43
Intangibles	27	0.03	25	0.01	7	0.00
Stores and spares	-	-	-	-	637	0.44
Other assets	-	-	-	-	-	-
Investment in subsidiary	4,674	4.71	4,674	2.25	4,034	2.76
Long term loan and advance	87	0.09	32	0.02	45	0.03
Long term deposits and prepayments	8	0.01	8	0.00	6	0.00
	48,259	48.59	50,777	24.43	53,619	36.67
CURRENT ASSETS						
Stores and spares	1,574	1.58	1,085	0.52	359	0.25
Stock-in-trade	4,248	4.28	1,774	0.85	3,774	2.58
Trade debts	24,799	24.97	151,161	72.74	85,806	58.67
Loan and advances	108	0.11	25	0.01	40	0.03
Prepayments and other receivables	3,256	3.28	2,498	1.20	1,027	0.70
Cash and bank balances	17,069	17.19	497	0.24	1,615	1.10
	51,054	51.41	157,040	75.57	92,621	63.33
TOTAL ASSETS	99,313	100.00	207,817	100.00	146,240	100.00
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVE						
Share Capital						
Authorised	12,000	-	12,000	-	12,000	-
Issued, subscribed and paid-up	11,572	11.65	11,572	5.57	11,572	7.91
Revenue Reserve						
Unappropriated profit	21,061	21.21	19,195	9.24	17,949	12.27
TOTAL EQUITY	32,633	32.86	30,767	14.80	29,521	20.19
NON-CURRENT LIABILITIES						
Long term loans	23,551	23.71	25,834	12.43	27,231	18.62
Share premium payable	-	-	-	-	-	-
Deferred liability - Gratuity	-	-	-	-	19	0.01
CURRENT LIABILITIES						
Trade and other payables	34,815	35.06	127,723	61.46	74,177	50.72
Interest/mark-up accrued	1,422	1.43	1,639	0.79	1,597	1.09
Short term borrowings	4,527	4.56	19,688	9.47	11,682	7.99
Current maturity of long term loans	2,365	2.38	2,166	1.04	2,013	1.38
	43,129	43.43	151,216	72.76	89,469	61.18
TOTAL EQUITY AND LIABILITIES	99,313	100.00	207,817	100.00	146,240	100.00

2010 (Rs. Millions)	%	2009 (Rs. Millions)	%	2008 (Rs. Millions)	%
49,615	40.44	37,896	42.02	33,938	54.13
8	0.01	2	0.00	3	0.00
637	0.52	638	0.71	624	1.00
-	-	4	0.00	9	0.01
2,610	2.13	656	0.73	-	-
-	-	-	-	-	-
4	0.00	-	-	-	-
52,874	43.09	39,196	43.46	34,574	55.14
-	-	-	-	-	-
1,560	1.27	2,541	2.82	1,564	2.49
66,712	54.37	46,629	51.70	24,871	39.67
5	0.00	21	0.02	427	0.68
736	0.60	765	0.85	599	0.96
809	0.66	1,034	1.15	662	1.06
69,822	56.91	50,990	56.54	28,123	44.86
122,696	100.00	90,186	100.00	62,697	100.00
12,000	-	12,000	-	12,000	-
11,572	9.43	11,572	12.83	11,572	18.46
18,310	14.92	17,961	19.92	16,899	26.95
29,882	24.35	29,533	32.75	28,471	45.41
23,445	19.11	11,341	12.58	7,292	11.63
41	0.03	-	-	-	-
15	0.01	15	0.02	15	0.02
59,595	48.57	43,970	48.75	11,750	18.74
1,318	1.07	766	0.85	863	1.38
6,744	5.50	3,582	3.97	13,327	21.26
1,656	1.35	979	1.09	979	1.56
69,313	56.49	49,297	54.66	26,919	42.94
122,696	100.00	90,186	100.00	62,697	100.00

Six Years Profit & Loss Account at a glance

	2013	2012	2011	2010	2009	2008
	(Rs. Millions)					
Turnover	165,862	174,712	123,310	99,694	82,784	62,435
Operating costs	(149,544)	(159,061)	(114,093)	(92,006)	(76,687)	(57,685)
GROSS PROFIT	16,318	15,651	9,217	7,688	6,097	4,750
General and administration expense	(415)	(413)	(437)	(391)	(360)	(289)
Other income	34	35	27	53	138	105
Worker's profit participation fund	-	-	-	-	-	-
PROFIT FROM OPERATIONS	15,937	15,273	8,807	7,350	5,875	4,566
Finance costs	(6,547)	(7,083)	(3,382)	(1,794)	(2,094)	(1,966)
PROFIT BEFORE TAXATION	9,389	8,190	5,425	5,556	3,781	2,600
Taxation	(2)	-	-	-	-	-
PROFIT FOR THE YEAR	9,388	8,190	5,425	5,556	3,781	2,600
Basic and diluted earnings per share (Rupees)	8.11	7.08	4.69	4.80	3.27	2.25

EBITDA						
Profit for the year	9,388	8,190	5,425	5,556	3,781	2,600
Finance costs	6,547	7,083	3,382	1,794	2,094	1,966
Taxation	2	-	-	-	-	-
Depreciation	2,684	2,673	1,954	1,719	1,707	1,666
Amortisation	15	16	4	2	2	3
EBITDA	18,636	17,962	10,765	9,071	7,584	6,235

EBIT						
Profit for the year	9,388	8,190	5,425	5,556	3,781	2,600
Finance costs	6,547	7,083	3,382	1,794	2,094	1,966
Taxation	2	-	-	-	-	-
EBIT	15,937	15,273	8,807	7,350	5,875	4,566

Six Years Balance Sheet at a glance

	2013	2012	2011	2010	2009	2008
	(Rs. Millions)					
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, Plant and equipments	43,463	46,038	48,890	49,615	37,896	33,938
Intangibles	27	25	7	8	2	3
Stores and spares	-	-	637	637	638	624
Other assets	-	-	-	-	4	9
Investment in subsidiary	4,674	4,674	4,034	2,610	656	-
Long term loan and advance	87	32	45	-	-	-
Long term deposits and prepayments	8	8	6	4	-	-
	48,259	50,777	53,619	52,874	39,196	34,574
CURRENT ASSETS						
Stores and spares	1,574	1,085	359	-	-	-
Stock-in-trade	4,248	1,774	3,774	1,560	2,541	1,564
Trade debts	24,799	151,161	85,806	66,712	46,629	24,871
Loan and advances	108	25	40	5	21	427
Prepayments and other receivables	3,256	2,498	1,027	736	765	599
Cash and bank balances	17,069	497	1,615	809	1,034	662
	51,054	157,040	92,621	69,822	50,990	28,123
TOTAL ASSETS	99,313	207,817	146,240	122,696	90,186	62,697
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVE						
Share Capital						
Authorised	12,000	12,000	12,000	12,000	12,000	12,000
Issued, subscribed and paid-up	11,572	11,572	11,572	11,572	11,572	11,572
Revenue Reserve						
Unappropriated profit	21,061	19,195	17,949	18,310	17,961	16,899
TOTAL EQUITY	32,633	30,767	29,521	29,882	29,533	28,471
NON-CURRENT LIABILITIES						
Long term loans	23,551	25,834	27,231	23,445	11,341	7,292
Share premium payable	-	-	-	41	-	-
Deferred liability - Gratuity	-	-	19	15	15	15
CURRENT LIABILITIES						
Trade and other payables	34,815	127,723	74,177	59,595	43,970	11,750
Interest/mark-up accrued	1,422	1,639	1,597	1,318	766	863
Short term borrowings	4,527	19,688	11,682	6,744	3,582	13,327
Current maturity of long term loans	2,365	2,166	2,013	1,656	979	979
	43,129	151,216	89,469	69,313	49,297	26,919
TOTAL EQUITY AND LIABILITIES	99,313	207,817	146,240	122,696	90,186	62,697

Summary of Six Years Cash Flow at a glance

	2013	2012	2011	2010	2009	2008
	(Rs. Millions)					
Opening	(19,191)	(10,067)	(5,934)	(1,400)	(9,218)	(1,347)
Net Cashflow from operating activities	41,572	(309)	635	3,913	15,114	(3,407)
Net Cashflow from investing activities	(190)	(579)	(3,123)	(14,885)	(6,331)	(3,760)
Net Cashflow from financing activities	(9,649)	(8,236)	(1,645)	6,438	(965)	(704)
Closing Balance	12,542	(19,191)	(10,067)	(5,934)	(1,400)	(9,218)

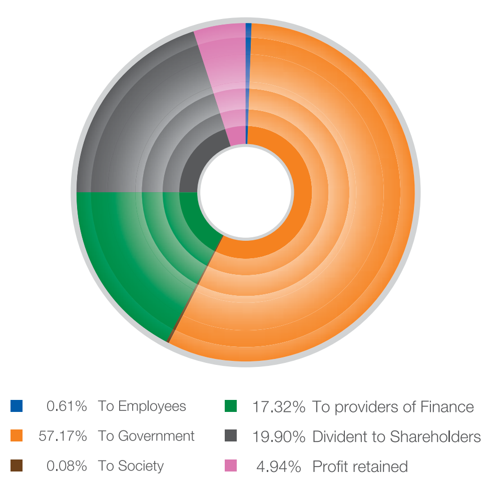
Comments on Analysis

- The decrease in turnover by 5.07% compared to last year is mainly due to lower RFO prices, lower Net Electrical Output (NEO) partly offset by higher generation bonus and currency devaluation.
- The decrease in operating cost by 5.98% compared to last year is mainly due to lower RFO prices, lower NEO partly offset by higher repair and maintenance expenditures.
- The decrease in finance cost by 7.57% compared to last year is mainly due to lower interest rates and lower borrowings from banks.
- The current year net profit has gone up by 14.63% compared to last year resulting in increase in earnings per share from Rs.7.08 to Rs.8.11 and return on equity is also increased from 27% to 30%. The increase in profit is mainly due to currency devaluation, lower financing costs and higher generation bonus partly offset by higher repair & maintenance expenditures.
- Because of increased earnings this year, the dividend per share is also higher over previous year i.e. Rs.8 per share.
- Despite problems in recovering trade debts during the year company was able to maintain current ratio and quick ratio. Further the Company was also able to increase working capital in terms of absolute amount from Rs.5,824 million to Rs.7,926 million and no. of days in trade debtors also decreased from 284 days to 194 days. Due to better working capital management and circular debt settlement at the year end the operating cycle is also shortened from 15 days to 1 day.
- Significant increase in cash flow from operating activity is mainly due to circular debt settlement on June 28, 2013 just before the end of the fiscal year.

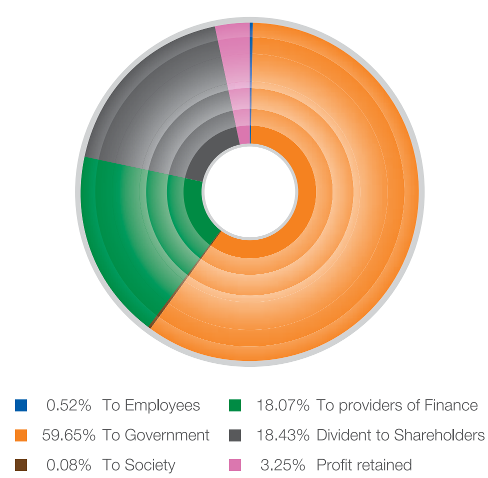
Statement of Value Addition

	2013 Rs.(Millions)	%	2012 Rs.(Millions)	%
Wealth Created				
Total Revenue inclusive sales tax and other income	187,506	495.97	197,668	514.45
Less: Operating cost & other general expenses	(149,700)	(395.97)	(159,245)	(414)
	37,806	100.00	38,423	100.00
Wealth distributed				
To employees				
Salaries, wages and other benefits	229	0.61	198	0.52
To Government				
Sales tax	21,610	57.16	22,921	59.65
Income tax	2	0.01		
To Society				
Donation	30	0.08	32	0.08
To providers of Finance as Financial charges	6,547	17.32	7,082	18.43
Dividend to Shareholders	7,522	19.90	6,943	18.07
Retained in the Company	1,866	4.94	1,247	3.25
	37,806	100.00	38,423	100.00

Wealth Distribution 2013

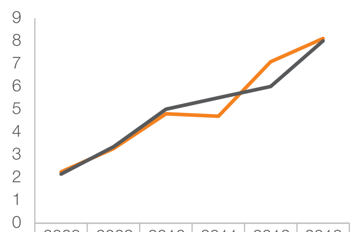


Wealth Distribution 2012



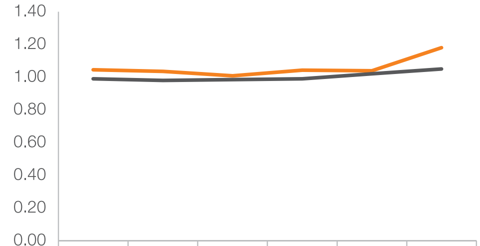
Graphical Presentation

EPS vs Dividend per share



	2008	2009	2010	2011	2012	2013
EPS	2.25	3.27	4.80	4.69	7.08	8.11
Dividend per share	2.15	3.35	5	5.5	6	8

Current Ratio vs Quick/ Acid Test Ratio

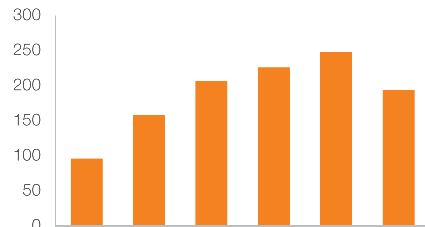


	2008	2009	2010	2011	2012	2013
Current Ratio	1.04	1.03	1.01	1.04	1.04	1.18
Quick / Acid Test Ratio	0.99	0.98	0.98	0.99	1.02	1.05

PE Ratio

	2008	2009	2010	2011	2012	2013
PE Ratio	12.71	8.28	6.66	8.00	5.92	7.60

No. of Days in Receivables

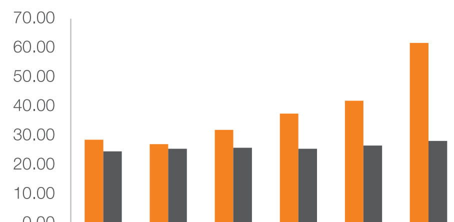


	2008	2009	2010	2011	2012	2013
No. of Days in Receivables	96	158	207	226	248	194

Dividend Yield

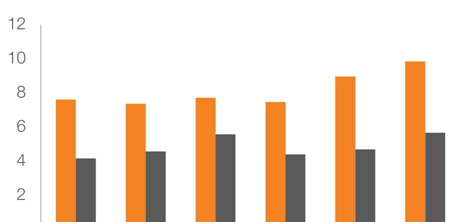
	2008	2009	2010	2011	2012	2013
Dividend Yield	7.52%	12.37%	15.64%	14.67%	14.32%	12.98%

Market Value vs Break up Value



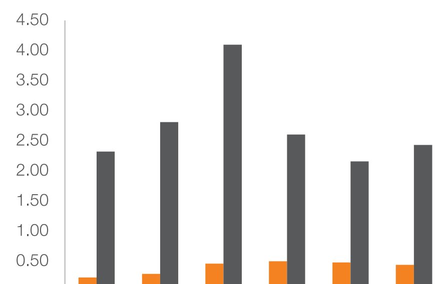
	2008	2009	2010	2011	2012	2013
Market Value	28.60	27.09	31.96	37.50	41.89	61.65
Break up Value	24.61	25.53	25.83	25.52	26.59	28.21

GP % vs NP %



	2008	2009	2010	2011	2012	2013
Gross Profit Ratio	7.61	7.36	7.71	7.47	8.96	9.84
Net Profit Ratio	4.16	4.57	5.57	4.40	4.69	5.66

Debt Management

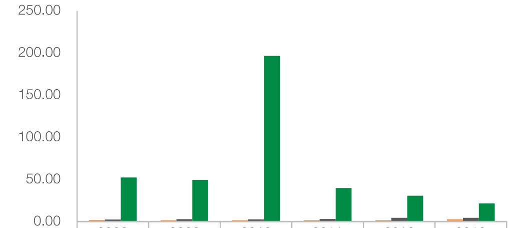


	2008	2009	2010	2011	2012	2013
Debt to Equity Ratio	0.23	0.29	0.46	0.50	0.48	0.44
Interest Cover Ratio	2.32	2.81	4.10	2.60	2.16	2.43

Graphical Presentation

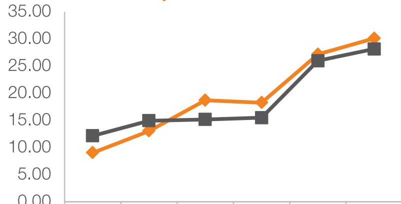
Growth of Turnover and Profitability

Turnover Ratio



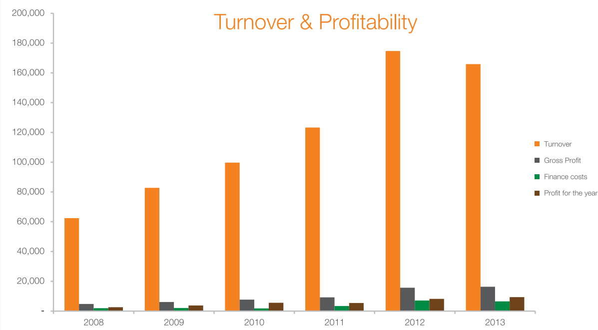
	2008	2009	2010	2011	2012	2013
Total Asset Turnover	1.00	0.92	0.81	0.84	0.84	1.67
Fixed assets turnover	1.84	2.18	2.01	2.52	3.79	3.82
Working capital turnover	51.81	48.90	195.86	39.12	30.00	20.93

Profitability Ratio

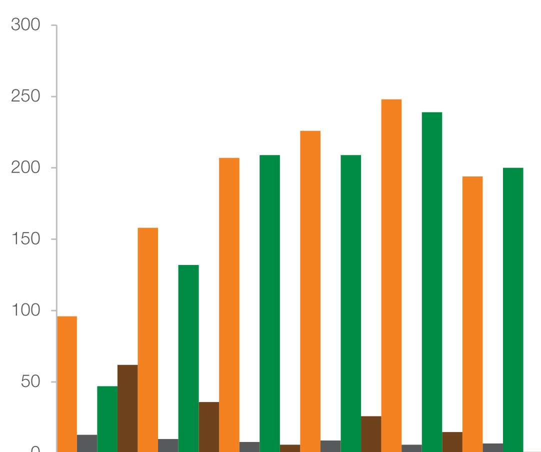


	2008	2009	2010	2011	2012	2013
Return on Equity	9.04	13.04	18.70	18.27	27.17	29.61
Return on Capital Employed	12.17	14.95	15.18	15.49	25.99	27.71

Turnover & Profitability



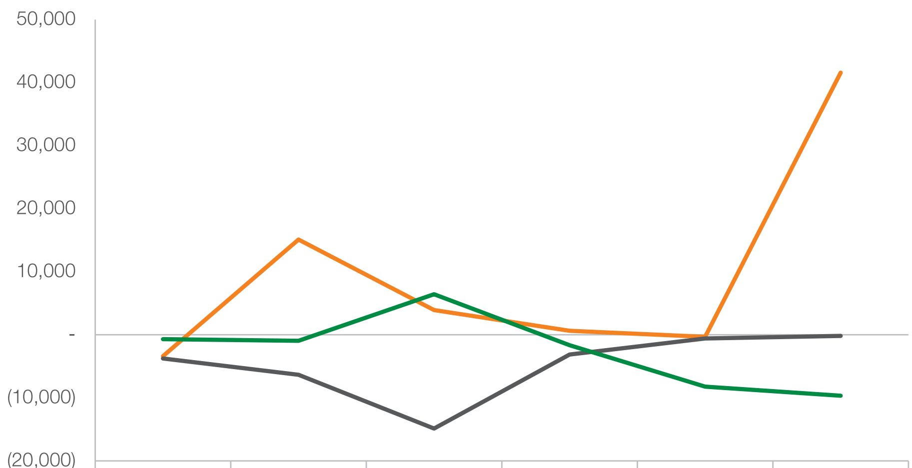
Activity Ratio



	2008	2009	2010	2011	2012	2013
No. of Days in Receivables	96	158	207	226	248	194
No. of Days in Inventory	13	10	8	9	6	7
No. of Days in Payables	47	132	209	209	239	200
Operating Cycle	62	36	6	26	15	1

Graphical Presentation

Cashflow for six years at a glance

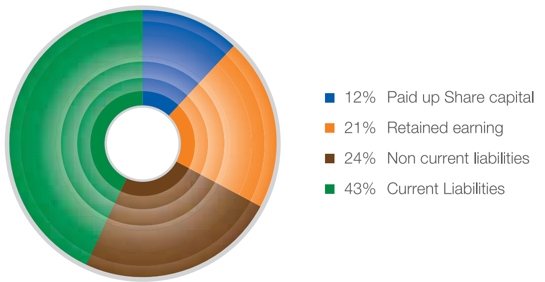


	2008	2009	2010	2011	2012	2013
Net Cashflow from operating activities	(3,407)	15,114	3,913	635	(309)	41,572
Net Cashflow from investing activities	(3,760)	(6,331)	(14,885)	(3,123)	(579)	(190)
Net Cashflow from financing activities	(704)	(965)	6,438	(1,645)	(8,236)	(9,649)

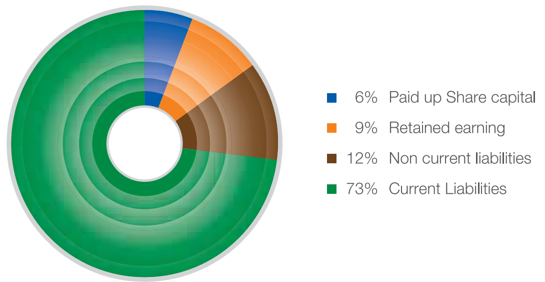
Hub Plant - Intake Channel

Graphical Presentation

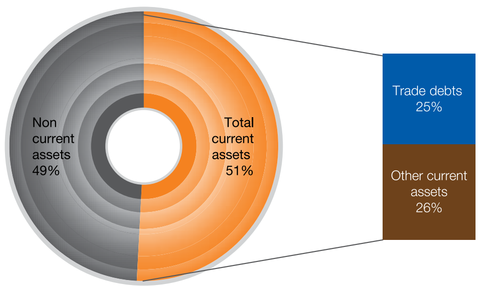
Graphic presentation of Capital Structure 2013



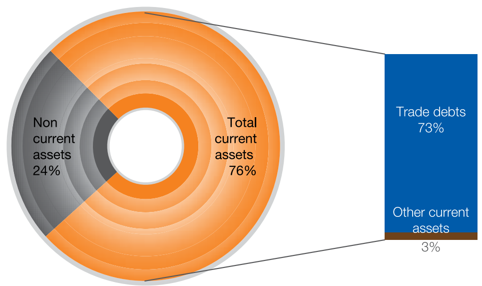
Graphic presentation of Capital Structure 2012



Composition of Total Assets - 2013



Composition of Total Assets - 2012



Hub Plant - Outfall Channel

As the single largest Independent Power Producer in the country contributing 9% to the country's power needs we continue to touch and improve lives of millions of households through innovative and pioneering initiatives. As we embark ahead with a renewed zeal we believe we will be leading the way in providing the new-age solutions to the energy needs of the country.

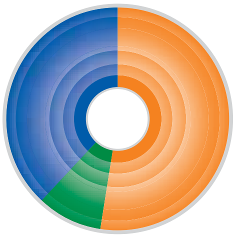
POWER OF LEADING

Empowering Our People

Our employees are the driving force behind our success. We take all the necessary steps to ensure merit orientation while inducting individuals in the organization as our employees. We foster a culture of respect, integrity and fairness and believe that our employees are an integral part of our 'hub of power'.

Being a relatively young organization, the focus is more on taking experienced professionals on board and this philosophy has given the required kick start to the organization for its initial growth. However, as the organization matures further, we have a strong inclination towards developing our future leaders through our rigorous training programs that we aim to deploy going forward.

Employee Workforce



As an organization truly committed to creating the power of synergy, we are cognizant of the importance sound industrial relations play in smooth operations of our plants and facilities. As an immediate corollary, therefore, we ensure that we work towards providing an enabling environment by ensuring fair labour practices, effective and efficient grievance handling and ensuring labour related compliances as per the statutes. Moreover, we strive to ensure that our Company provides transparent HR policies including succession planning, hiring, developing and retaining the best talent in our industry.

One of our foremost priorities is to provide a safe and healthy working environment to our employees. Safety implementation on plant guidelines have to be followed by everyone. Due to difference in nature of work environment at plants and corporate office, the level and responsibilities pertaining to safety, health and environment vary according to the location. At Plants the O&M Operator is primarily responsible for developing HSE policies and their execution, whereas at Head Office level the responsibility lies with the Head of HR and Admin.

At our Hub Plant we continue to adopt a proactive approach to safety management. The site's unyielding commitment to various safety protocols has already earned it the Royal Society for Prevention of Accidents (RoSPA) Gold Awards consecutively for the last many years. Furthermore, the Hub site has also been rewarded with Commendation Sector Award (Electrical Sector) for 2008; Presidential Award 2009 and the prestigious RoSPA Sector Award for the years 2010, 2011 & 2013.

As we continue to prepare for an increased level of preparedness we have been able to maintain our Lost Time Accident (LTA) at zero. Moreover, our Narowal plant is aiming to go a step further and achieve the coveted ISO 14001 certification in December 2013.

We believe that it is our duty to protect the health, safety and welfare of our workers and other people who might be affected by our business. This means; we make sure that all stakeholders are protected from anything that may cause harm and we effectively control any risks to injury or health that could arise at the workplace.

Building a Sustainable Future – for now and generations to come

Social responsibility is one of the core values of the Company towards which the Company has an uncompromising commitment and hence it incurs heavy community investments. The Company tends to work towards the welfare of the underserved sections of the society to help them provide a quality life. The Company's activities are wide and far ranging. Its initiatives include innovative projects that foster sustainable growth through building and honing skill sets, through education and training, healthcare, extensive development and infrastructural facilities. As such, through these steps the Company strives to build stable communities whilst also taking care of the environment in which we operate. As a leader in our category we believe that we can truly emerge as the hub of power if we fulfil our responsibilities today in a sustainable manner thereby providing a better future to the generations that have yet to follow.

We share a symbiotic relationship with our community and believe in the concept of establishing and delivering on trust. The communities around us give us the license to operate and other valuable resources that help us sustain the environment. Therefore, it is vital to us that communities around us grow and see us as crucial towards the achievement of their aspirations.

We constantly look for issues and concerns where we can partner with communities to contribute to inclusive growth. This approach is both stressed upon top-down where the Board too is regularly briefed on our sustainable efforts. It is the culmination of this philosophy and approach that in the year 2012-13, HUBCO spent Rs.27 million on various CSR initiatives – an effort we are geared to maximize as we forge ahead.

Through a rigorous planning and analysis approach, majority of our efforts are focused on the following key areas:

- Health
- Education
- Corporate Philanthropy (donations)

In the area of health we successfully held eye camps for the children of various local government schools in the vicinity of our Hub plant that culminated in 207 surgeries and over 1100 OPDs. In addition we provided free eye screening to students of various local government schools including those of TCF reaching out to over 1200 students who were provided with free medicines and glasses.

TCF HUBCO - IPGDL Campus

As an ongoing strategy to provide education to the communities where we operate we have established a fully funded TCF HUBCO-IPGDL Campus replete with the state of the art schooling infrastructure. The campus which is purpose built to suit the education needs has also been equipped with solar panels to provide with a renewable source of electricity generation benefitting close to 500 students currently enrolled in the school. In the academic year 2012-13 twenty-one students appeared in their matriculation exams out of which 20 cleared with flying colours.

Furthermore, as a one-time effort we provided scholarship to 50 female students of Sardar Bahadur Khan Women University Quetta (SBKWU) whilst we also helped 20 students from Balochistan realize their dream of participating in the Young Leaders Conference by providing them with full financial support through the duration of the conference.

Promoting Environmental Stewardship:

Environment friendly business practices and responsibility to conserve the environment has always been on the forefront at HUBCO. We have always played a vital role in promoting the environmental stewardship in our industry. We consistently endeavour to control hazards and environmental risks that could harm people, property and cause loss to business or Company's image. The management strongly believes in following environmentally sustainable practices and, therefore, follows a comprehensive environmental management and monitoring plan. We strive to bring continuous improvement in our environmental management system to enhance the health, safety & environmental performance of our operations.

Our plants continue to follow a rigorous environmental stewardship plan and ensure that emissions at both Hub and Narowal plants are maintained within the World Bank and National Environmental Quality Standards (NEQS) respectively. To pursue our philosophy of protecting the environment we continue to actively monitor the air quality around our Hub Plant for emissions of Sulphur Dioxide and Nitrogen Dioxide. During the year 2012-13 the inspections conducted revealed zero deviation from the guidelines set by World Bank for polluted areas whilst for unpolluted areas the occurrences for sulphur dioxide stood at 2 – a considerable reduction from the corresponding period last year. Furthermore, we have invested in constructing a state of the art sewage treatment plant with a water treatment facility to conserve and reuse water at the plants. This has significantly reduced our water emissions and helped us conserve our precious water resource.

We have always shown a front line demeanour in adopting all possible means of being an environmentally and socially responsible corporate player. We ensure that environment preservation and progress go hand in hand, and we have initiated and invested in a number of programs that have shown results and will go a long way in maintaining a clean and green environment for our future generations. We have joined hands with the local authorities to acquire 1470 acres of land around our Hub Plant where massive tree forestation programs have been invested. To ensure that the program remains sustainable we have hired 20 local individuals to look after the plants ensuring livelihoods for the locals whilst protecting the environment. In addition, two tractors and a water-bowzer are also continuously working throughout the day to provide water to the plants.

We strongly believe that as the next step towards protecting the environment, corporations must display a sense of responsibility towards enhancing bio-diversity. It is with this objective that we continue to regularly inspect the beach shore line to initiate cleaning activities for debris and other suspended material that can adversely affect the aquatic life consequently disrupting the marine eco-system. Such activities are conducted every year after each monsoon season whereby the debris is collected and disposed at the plant site.

As an energy leader we are continuously striving to reduce our energy footprint and consumption. To promote a greater eco-friendly orientation in our operations and at the plant, all external sodium lights are being replaced with LED lights whilst the buildings are also being upgraded with auto-switching system in a phased approach. To ensure that our protection of the environment goes beyond the ordinary we also plan to invest in installing in VFDs on our electrical equipment to ensure reduction in our electrical consumption.

Financial Statement

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Building a better working world

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Auditors' Report To The Members

We have audited the annexed balance sheet of The Hub Power Company Limited as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

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c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

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

We draw attention to note 25.6 to the financial statements which describes the uncertainty related to the outcome of the tax contingency. Our opinion is not qualified in respect of this matter.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

19 August 2013

Karachi

Profit and Loss Account

For the year ended June 30, 2013

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Turnover	3	165,861,776	174,712,187
Operating costs	4	(149,543,719)	(159,061,500)
GROSS PROFIT		16,318,057	15,650,687
General and administration expenses	5	(415,200)	(413,326)
Other income	6	34,105	35,107
Workers' profit participation fund	7	-	-
PROFIT FROM OPERATIONS		15,936,962	15,272,468
Finance costs	8	(6,547,562)	(7,082,790)
PROFIT BEFORE TAXATION		9,389,400	8,189,678
Taxation	9	(1,520)	-
PROFIT FOR THE YEAR		9,387,880	8,189,678
Basic and diluted earnings per share (Rupees)	32	8.11	7.08

The annexed notes from 1 to 39 form an integral part of these financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Statement of Comprehensive Income

For the year ended June 30, 2013

	2013 (Rs. '000s)	2012 (Rs. '000s)
Profit for the year	9,387,880	8,189,678
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	9,387,880	8,189,678

The annexed notes from 1 to 39 form an integral part of these financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Balance Sheet

As at June 30, 2013

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	10	43,462,670	46,037,896
Intangibles	11	27,194	24,796
Investment in subsidiary		4,674,189	4,674,189
Long term loan and advance	12	87,342	31,810
Long term deposits and prepayments	13	8,267	8,028
CURRENT ASSETS			
Stores and spares	14	1,574,038	1,084,981
Stock-in-trade	15	4,247,498	1,774,241
Trade debts	16	24,799,191	151,161,169
Loan and advances	17	108,333	24,317
Prepayments and other receivables	18	3,255,814	2,498,202
Cash and bank balances	19	17,068,953	497,031
		51,053,827	157,039,941
TOTAL ASSETS		99,313,489	207,816,660
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised	20	12,000,000	12,000,000
Issued, subscribed and paid-up	20	11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		21,061,922	19,195,545
		32,633,466	30,767,089
NON-CURRENT LIABILITIES			
Long term loans	21	23,551,136	25,834,390
CURRENT LIABILITIES			
Trade and other payables	22	34,814,899	127,722,434
Interest / mark-up accrued	23	1,422,134	1,638,555
Short term borrowings	24	4,526,903	19,688,469
Current maturity of long term loans	21	2,364,951	2,165,723
		43,128,887	151,215,181
COMMITMENTS AND CONTINGENCIES	25		
TOTAL EQUITY AND LIABILITIES		99,313,489	207,816,660

The annexed notes from 1 to 39 form an integral part of these financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Cash Flow Statement

For the year ended June 30, 2013

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		9,389,400	8,189,678
Adjustments for:			
Depreciation		2,683,533	2,673,691
Amortisation		15,112	15,854
Loss / (gain) on disposal of fixed assets		263	(73)
Staff gratuity		10,482	22,175
Interest income		(26,158)	(7,194)
Interest / mark-up		6,370,333	6,842,300
Amortisation of transaction cost		59,075	67,787
Operating profit before working capital changes		18,502,040	17,804,218
Working capital changes	30	29,669,484	(11,289,153)
Cash generated from operations		48,171,524	6,515,065
Interest received		8,567	7,219
Interest / mark-up paid		(6,586,754)	(6,800,569)
Staff gratuity paid		(19,268)	(30,843)
Taxes paid		(1,520)	-
Net cash generated from / (used in) operating activities		41,572,549	(309,128)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure - net		(127,972)	139,960
Proceeds from disposal of fixed assets		1,892	5,054
Investment in subsidiary		-	(735,345)
Long term loan and advance		(63,572)	13,286
Long term deposits and prepayments		(239)	(2,472)
Net cash used in investing activities		(189,891)	(579,517)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(7,506,069)	(6,924,212)
Proceeds from long term loans - Laraib's investment		80,395	738,263
Repayment of long term loans - Hub plant		(979,061)	(979,062)
Repayment of long term loans - Narowal plant		(1,244,435)	(1,070,709)
Net cash used in financing activities		(9,649,170)	(8,235,720)
Net increase / (decrease) in cash and cash equivalents		31,733,488	(9,124,365)
Cash and cash equivalents at the beginning of the year		(19,191,438)	(10,067,073)
Cash and cash equivalents at the end of the year	31	12,542,050	(19,191,438)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Statement of Changes in Equity

For the year ended June 30, 2013

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Issued capital			
Balance at the beginning of the year		11,571,544	11,571,544
Balance at the end of the year	20	11,571,544	11,571,544
Unappropriated profit			
Balance at the beginning of the year		19,195,545	17,948,793
Total comprehensive income for the year		9,387,880	8,189,678
Transactions with owners in their capacity as owners			
Final dividend for the fiscal year 2011-2012 @ Rs. 3.00 (2010-2011 @ Rs. 3.00) per share		(3,471,463)	(3,471,463)
Interim dividend for the fiscal year 2012-2013 @ Rs. 3.50 (2011-2012 @ Rs. 3.00) per share		(4,050,040)	(3,471,463)
		(7,521,503)	(6,942,926)
Balance at the end of the year		21,061,922	19,195,545
Total equity		32,633,466	30,767,089

The annexed notes from 1 to 39 form an integral part of these financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Notes to the Financial Statements

For the year ended June 30, 2013

1. THE COMPANY AND ITS OPERATIONS

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.2 Accounting convention

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

2.3 Property, plant and equipment

(a) Operating property, plant, equipment and depreciation

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

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

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

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

(b) Capital work-in-progress

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

2.4 Intangible assets and amortisation

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

2.5 Impairment of non-current assets

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

2.6 Stores and spares

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

Stores and spares of Narowal plant are valued at moving average cost except for the items in transit which are stated at cost. Provision is made for slow moving and obsolete items, if any.

2.7 Stock-in-trade

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

2.8 Cash and cash equivalents

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

2.9 Provisions

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

2.10 Staff retirement benefits

The Company operates a funded defined benefit gratuity plan covering eligible employees whose period of service with the Company is at least five years. Actuarial gains and losses are amortised over the expected average remaining lives of employees as allowed under the relevant provision of IAS 19 "Employee Benefits".

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 Revenue recognition

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

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

2.12 Interest income

Interest income is recorded on accrual basis.

2.13 Foreign currency transactions and translation

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

2.14 Taxation

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

2.15 Dividend

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

2.16 Financial instruments

(a) Trade debts and other receivables

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

(b) Borrowings

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

(c) Trade and other payables

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

2.17 Borrowing costs

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

2.18 Long term loans

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

2.19 Investment in subsidiary

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

2.20 Off-setting

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

2.21 Use of estimates and judgements

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

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

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)

3. TURNOVER

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Turnover		187,471,505	197,632,951
Less: Sales tax		(21,609,729)	(22,920,764)
		165,861,776	174,712,187

4. OPERATING COSTS

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Fuel cost		141,030,609	151,647,873
Stores and spares		175,876	155,717
Operation and Maintenance		3,664,270	3,366,478
Insurance		857,350	696,722
Depreciation	10.3	2,660,968	2,648,484
Amortisation	11.1	12,134	11,290
Repairs, maintenance and other costs		1,142,512	534,936
		149,543,719	159,061,500

5. GENERAL AND ADMINISTRATION EXPENSES

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Salaries, benefits and other allowances	5.1 & 5.4	229,277	198,160
Travel and transportation		17,313	35,931
Fuel and power		3,615	4,835
Property, vehicles and equipment rentals		10,614	10,336
Repairs and maintenance		10,701	9,114
Legal and professional		33,364	42,668
Insurance		8,407	9,109
Auditors' remuneration	5.2	6,919	7,980
Donation	5.3	29,651	32,160
Printing and stationary		8,826	5,724
Depreciation	10.3	22,565	25,207
Amortisation	11.1	2,978	4,564
Loss on disposal of fixed assets		263	-
Miscellaneous		30,707	27,538
		415,200	413,326

5.1 These include Rs. 17.862 million (2012: Rs. 29.420 million) in respect of staff retirement benefits.

5.2 Auditors' remuneration

	2013 (Rs. '000s)	2012 (Rs. '000s)
Statutory audit	1,805	1,805
Half yearly review	552	552
Tax and other services	4,118	5,295
Out-of-pocket expenses	444	328
	6,919	7,980

5.3 No directors or their spouses had any interest in any donee to which donations were made.

5.4 Number of persons employed as at year end were 46 (2012: 45) and the average number of persons employed during the year were 46 (2012: 47).

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
6. OTHER INCOME			
Interest income	6.1	26,158	7,194
Gain on disposal of fixed assets		-	73
Exchange gain		7,947	27,840
		34,105	35,107

6.1 This includes Rs. 4.344 million (2012: Rs. Nil) relating to subordinated loan to subsidiary and Rs. 3.746 million (2012: Rs. Nil) relating to short term placement with National Bank of Pakistan (NBP), an associated undertaking.

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
7. WORKERS' PROFIT PARTICIPATION FUND			
Provision for Workers' profit participation fund	22	469,470	409,484
Workers' profit participation fund recoverable from WAPDA / NTDC	18	(469,470)	(409,484)
		-	-

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

	2013 (Rs. '000s)	2012 (Rs. '000s)
8. FINANCE COSTS		
Interest / mark-up on long term loans	3,577,950	4,419,819
Mark-up on short term borrowings	2,792,383	2,422,481
Amortisation of transaction cost	59,075	67,787
Other finance costs	118,154	172,703
	6,547,562	7,082,790
9. TAXATION		
Current		
- For the year	1,023	-
- Prior year	497	-
	1,520	-

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
10. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	10.1	43,395,401	46,011,800
Capital work-in-progress			
Plant betterments (Hub plant)	10.4	53,708	26,096
Narowal plant	10.5	13,561	-
		67,269	26,096
		43,462,670	46,037,896

10.1 Operating property, plant and equipment

	Freehold land	Building on freehold land	Leasehold property	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Total
	(Rs. '000s)							
Cost:								
As at July 1, 2011	68,624	528,663	862	71,651,087	29,024	96,361	8,627	72,383,248
Additions	-	290,289	-	236,779	12,709	16,494	348	556,619
Adjustments	-	-	-	(203,200)	-	-	-	(203,200)
Disposals	-	-	-	(3,195)	(1,489)	(12,110)	(316)	(17,110)
As at June 30, 2012	68,624	818,952	862	71,681,471	40,244	100,745	8,659	72,719,557
Additions	-	30,125	-	25,540	1,100	12,524	-	69,289
Disposals	-	-	-	(2,467)	-	(12,494)	-	(14,961)
As at June 30, 2013	68,624	849,077	862	71,704,544	41,344	100,775	8,659	72,773,885
Depreciation:								
Depreciation rate % per annum	-	3.33 to 20	3.33	3.33 to 33.33	20	25	20	-
As at July 1, 2011	-	106,462	480	23,852,995	27,380	53,671	5,207	24,046,195
Charge for the year	-	24,791	29	2,627,728	1,445	20,729	1,092	2,675,814
Adjustments	-	-	-	(2,123)	-	-	-	(2,123)
Disposals	-	-	-	(2,242)	(397)	(9,352)	(138)	(12,129)
As at June 30, 2012	-	131,253	509	26,476,358	28,428	65,048	6,161	26,707,757
Charge for the year	-	35,237	29	2,625,071	2,689	19,549	958	2,683,533
Disposals	-	-	-	(2,309)	-	(10,497)	-	(12,806)
As at June 30, 2013	-	166,490	538	29,099,120	31,117	74,100	7,119	29,378,484
Net book value as at June 30, 2013	68,624	682,587	324	42,605,424	10,227	26,675	1,540	43,395,401
Net book value as at June 30, 2012	68,624	687,699	353	45,205,113	11,816	35,697	2,498	46,011,800
Cost of fully depreciated assets as at June 30, 2013	-	19,148	-	320,055	27,535	40,839	5,239	412,816
Cost of fully depreciated assets as at June 30, 2012	-	19,148	-	245,385	27,535	19,035	3,319	314,422

10.2 Disposal of operating property, plant and equipment

Assets	Cost	Accumulated depreciation	Net book value	Sale price	Mode of disposal	Particulars of buyer
	------------------- (Rs. '000s)			----------------		
Vehicle	1,882	1,372	510	520	Company policy	Huma Pasha - Ex-employee
Vehicle	1,873	1,639	234	-	Ex-gratia	Lesley Ann Middlecoat - Ex-employee
Vehicle	2,148	895	1,253	1,263	Company policy	Zafar Iqbal Sobani - Ex-CEO
Computer	158	79	79	-	Ex-gratia	Huma Pasha - Ex-employee
Computer	158	105	53	-	Ex-gratia	Lesley Ann Middlecoat - Ex-employee
Items having a net book value not exceeding Rs. 50,000 each						
Vehicles	6,591	6,591	-	40	Company policy	Various
Computers	2,151	2,125	26	69	Company policy	Various
Total - June 30, 2013	14,961	12,806	2,155	1,892		
Total - June 30, 2012	17,110	12,129	4,981	5,054		

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
10.3 Depreciation charge for the year has been allocated as follows:			
Operating costs	4	2,660,968	2,648,484
General and administration expenses	5	22,565	25,207
		2,683,533	2,673,691
10.4 Capital work-in-progress - Plant betterments (Hub plant)			
Opening balance		26,096	37,751
Additions during the year		51,447	6,065
Transfers during the year		(23,835)	(17,720)
		53,708	26,096
10.5 Capital work-in-progress - Narowal plant			
Opening balance		-	515,676
Additions during the year		25,761	(10,483)
Transfers during the year		(12,200)	(505,193)
		13,561	-

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
11. INTANGIBLES - Computer softwares			
Cost			
Opening balance		72,693	38,741
Additions		17,510	33,952
		90,203	72,693
Amortisation			
Opening balance		(47,897)	(32,043)
Charge for the year	11.1	(15,112)	(15,854)
		(63,009)	(47,897)
Net book value		27,194	24,796
Amotisation rate % per annum		33.33%	33.33%

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
11.1 Amortisation charge for the year has been allocated as follows:			
Operating costs	4	12,134	11,290
General and administration expenses	5	2,978	4,564
		15,112	15,854

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
12. LONG TERM LOAN AND ADVANCE			
Considered good			
Subordinated loan to subsidiary - unsecured	12.1	80,395	-
Less : Current portion	17	(8,040)	-
		72,355	-
Advance against fixed Operation and Maintenance fee - secured against bank guarantee		14,987	31,810
		87,342	31,810

12.1 During the year, the Company entered into a subordinated loan agreement of Rs. 170 million with the subsidiary pursuant to the Sponsor Support Agreement for cost overrun support. The loan carries mark-up at the rate of 4.60% per annum above six month KIBOR. The mark-up on the loan is payable on semi-annual basis in arrear starting from October 01, 2013 and the principal amount will be repaid semi-annually in 10 equal installments starting from April 01, 2014. Any late payment will be compounded semi-annually.

		2013 (Rs. '000s)	2012 (Rs. '000s)

13. LONG TERM DEPOSITS AND PREPAYMENTS

	2013 (Rs. '000s)	2012 (Rs. '000s)
Deposits	5,629	5,629
Prepayments	2,638	2,399
	8,267	8,028

14. STORES AND SPARES

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

15. STOCK-IN-TRADE

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Furnace oil		4,207,165	1,732,600
Diesel		22,863	24,397
Lubricating oil		10,401	7,330
Light diesel oil		7,069	9,914
		4,247,498	1,774,241

16. TRADE DEBTS - Secured

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Considered good	16.1 & 16.2	24,799,191	151,161,169

16.1 This includes an amount of Rs. 12,047 million (2012: Rs. 118,585 million) receivable from WAPDA and Rs. 627 million (2012: Rs. 11,047 million) receivable from NTDC which are overdue but not impaired because the trade debts are secured by a guarantee from the GOP under Implementation Agreements.

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

The aging of these receivables are as follows:

	2013 (Rs. '000s)	2012 (Rs. '000s)
Not yet due	12,124,796	21,528,810
Up to 3 months	4,569,910	50,727,482
3 to 6 months	1,761,682	48,778,269
Over 6 months	6,342,803	30,126,608
	24,799,191	151,161,169

16.2 This includes Rs. 373 million (2012: Rs. 373 million) relating to a tax matter (Refer note 25.7).

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
17. LOAN AND ADVANCES			
Considered good			
Current portion of subordinated loan to subsidiary - unsecured	12	8,040	-
Advances			
Executives		669	19
Employees		2	89
Suppliers		99,622	24,209
		100,293	24,317
		108,333	24,317
18. PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments			
LC commission and other loan related costs		5,030	20
Miscellaneous		11,070	6,422
		16,100	6,442
Other receivables			
Interest accrued	18.1	17,599	8
Income tax	25.6	1,912,347	1,912,347
Sales tax		558,314	11,484
Receivable from Subsidiary against reimbursement of expenses		89,889	-
Workers' profit participation fund recoverable from WAPDA / NTDC	7	469,470	409,484
Miscellaneous		192,095	158,437
		3,239,714	2,491,760
		3,255,814	2,498,202

18.1 This includes Rs. 4.344 million (2012: Rs. Nil) relating to subordinated loan to subsidiary and Rs. 3.746 million (2012: Rs. Nil) related to short term placement with NBP (an associated undertaking).

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)

19. CASH AND BANK BALANCES

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Savings accounts		34,053	496,872
Call and term deposits	19.1	16,818,692	-
		16,852,745	496,872
In hand		216,208	159
	19.2 & 19.3	17,068,953	497,031

19.1 Included herein is a sum of Rs. 5,152 million (2012: Rs. Nil) deposited with NBP (an associated undertaking).

19.2 Savings and deposits accounts carry mark-up rates ranging between 0.50% to 9.00% (2012: 0.50% to 6.00%) per annum.

19.3 This includes Rs. 29.366 million (2012: Rs. 44.658 million) restricted for Narowal project related payments.

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

2013 (No. of Shares)	2012 (No. of Shares)		2013 (Rs. '000s)	2012 (Rs. '000s)
		Authorised :		
1,200,000,000	1,200,000,000	Ordinary shares of Rs.10/- each	12,000,000	12,000,000
		Issued, subscribed and paid-up : Ordinary shares of Rs.10/- each		
818,773,317	818,773,317	For cash	8,187,733	8,187,733
		For consideration other than cash		
338,022,463	338,022,463	- against project development cost	3,380,225	3,380,225
358,607	358,607	- against land	3,586	3,586
338,381,070	338,381,070		3,383,811	3,383,811
1,157,154,387	1,157,154,387		11,571,544	11,571,544

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

20.2 Associated undertakings held 277,452,000 (2012: 279,694,222) shares in the Company as at year end.

21. LONG TERM LOANS - Secured

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

From Banks / Financial Institutions	Note	As at July 01, 2011	Drawn	Repaid	Current portion	Amortisation of transaction cost	As at June 30, 2012
		(Rs. '000s)					
Hub plant							
Under the Private Sector Energy Development Fund's (PSEDF I) Facility	21.1 & 21.1.1	3,934,074	-	(722,107)	(722,109)	-	2,489,858
Under the Private Sector Energy Development Fund's (PSEDF II) Facility	21.1 & 21.1.2	1,399,902	-	(256,955)	(256,953)	-	885,994
Sub Total		5,333,976	-	(979,062)	(979,062)	-	3,375,852
Narowal plant							
Commercial Facility	21.2.1	6,283,447	-	(358,425)	(408,021)	-	5,517,001
Expansion Facility	21.2.2	14,718,588	-	(712,284)	(836,414)	-	13,169,890
Transaction cost		(459,971)	-	-	57,774	67,787	(334,410)
Sub Total		20,542,064	-	(1,070,709)	(1,186,661)	67,787	18,352,481
Laraib's investment							
Syndicated term finance facility	21.3.1	2,681,874	738,263	-	-	-	3,420,137
Islamic finance facility	21.3.2	759,000	-	-	-	-	759,000
Transaction cost		(73,080)	-	-	-	-	(73,080)
Sub Total		3,367,794	738,263	-	-	-	4,106,057
Total		29,243,834	738,263	(2,049,771)	(2,165,723)	67,787	25,834,390

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

(a) a fixed charge over each of the following, namely:
(i) the Tangible Moveable Property of the Company;
(ii) the Intellectual Property of the Company; and
(iii) all goodwill belonging to the Company.

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

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

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

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

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

The outstanding balance of PSEDF I and PSEDF II facilities is repayable to NBP (an associated undertaking).

21.1.1 Interest is payable @ 14% per annum.

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

21.2 In connection with Narowal plant:

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

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

The loan is secured pari passu by way of:

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

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

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

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

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

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

The outstanding balance of long term loans include Rs. 1,154 million (2012: Rs. Nil) repayable to Askari Bank Limited (an associated undertaking) and Rs. 5,652 million (2012: Rs. Nil) repayable to NBP (an associated undertaking).

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

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

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

The outstanding balance of long term loans include Rs. 1,701 million (2012: Rs. Nil) out of the total available facility of Rs. 1,750 million from NBP (an associated undertaking).

The outstanding balance of long term loans also include Rs. 200 million (2012: Rs. Nil) out of the total available facility of Rs. 241 million from Askari Bank Limited (an associated undertaking).

22. TRADE AND OTHER PAYABLES

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Creditors			
Trade	22.1	32,281,752	125,082,404
Other		19,208	10,558
		32,300,960	125,092,962
Accrued liabilities			
Operation & Maintenance fee and services		240,966	473,557
Project cost - Narowal plant		27,452	110,741
Finance costs		12,135	12,308
Miscellaneous		571,717	452,447
		852,270	1,049,053
Unearned income	22.2	1,031,754	983,158
Unclaimed dividend		120,214	104,780
Other payables			
Provision for Workers' profit participation fund	7	469,470	409,484
Staff gratuity	22.4	1,866	10,652
Retention money		38,188	54,592
Withholding tax		177	17,753
		509,701	492,481
	22.3	34,814,899	127,722,434

22.1 This includes Rs. 29,785 million (2012: Rs. 122,895 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 20,520 million (2012: Rs. 108,497 million).

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

22.3 This includes Rs. 12.135 million (2012: Rs. Nil) payable to NBP (an associated undertaking).

	2013 (Rs. '000s)	2012 (Rs. '000s)
22.4 STAFF GRATUITY		
Staff gratuity	1,866	10,652

Actuarial valuation was carried out as on June 30, 2013. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost method.

	2013 (Rs. '000s)	2012 (Rs. '000s)
Reconciliation of the net liability recognised in the balance sheet		
Present value of defined benefit obligation	110,181	108,968
Fair value of plan assets	(84,962)	(88,253)
Net actuarial losses not recognised	(23,353)	(10,063)
Net liability recognised in the balance sheet	1,866	10,652
Reconciliation of the movements during the year in the net liability recognised in the balance sheet		
Opening net liability	10,652	19,320
Expense recognised	10,482	22,175
Contributions to the fund made during the year	(19,268)	(30,843)
Closing net liability	1,866	10,652
Expense recognised		
Current service cost	8,673	8,912
Interest cost	11,981	12,827
Expected return on plan assets	(10,172)	(6,615)
Actuarial loss recognised	-	7,051
Expense recognised	10,482	22,175
Actual return on plan assets		
Expected return on plan assets	10,172	6,615
Actuarial (loss) / gain on plan assets	(3,683)	773
Actual return on plan assets	6,489	7,388

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

	2013	2012
- Valuation discount rate per annum	11.50%	12.50%
- Expected return on plan assets per annum	11.50%	12.00%
- Expected rate of increase in salary level per annum	13.25%	12.50%

	2013	2012	2011	2010	2009
	(Rs. '000s)				
As at June 30					
Present value of defined benefit obligation	110,181	108,968	97,139	110,529	92,557
Fair value of plan assets	(84,962)	(88,253)	(61,054)	(81,095)	(70,391)
Deficit / (Surplus)	25,219	20,715	36,085	29,434	22,166
Experience adjustment on obligation losses	-	(7,051)	(2,692)	-	-
Experience adjustment on plan assets (losses) / gain	(3,683)	773	(1,985)	(3,641)	(2,308)

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)

23. INTEREST / MARK-UP ACCRUED

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Interest / mark-up accrued on long term loans		930,642	1,185,141
Mark-up accrued on short term borrowings		491,492	453,414
	23.1	1,422,134	1,638,555

23.1 Included herein is a sum of Rs. 252.101 million (2012: Rs. 21.383 million) payable to related parties.

24. SHORT TERM BORROWINGS - Secured

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Finances under mark-up arrangements	24.1 to 24.4	4,526,903	19,688,469

24.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 21,965 million (2012: Rs. 20,850 million) at mark-up ranging between 0.75% to 3.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities expire during the period from June 30, 2013 to May 31, 2014. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

24.1.1 The facilities amounting to Rs. 17,040 million (2012: Rs. 16,200 million) are secured by way of charge over the trade debts and stocks of the Company pari passu with the existing charge.

24.1.2 The facilities amounting to Rs. 4,925 million (2012: Rs. 4,650 million) are secured by way of:

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

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

24.1.3 This includes a sum of Rs. Nil (2012: Rs. 1,160 million) payable to an associated undertaking. The available facilities amounting to Rs. 5,275 million (2012: Rs. 2,000 million). These facilities are secured by way of securities mentioned in note 24.1.1 and 24.1.2.

24.2 The Company has issued privately placed Sukuk certificates based on Musharaka amounting to Rs. 4,500 million (2012: Rs. 3,046 million) at a mark-up of 1.25% per annum above six month KIBOR. The mark-up and principal is payable on the expiry of six months from the commencement date ranging between February 15, 2013 to March 14, 2013. Any late payment by the Company is subject to mark-up at a rate of 16% per annum. These facilities are secured by way of securities mentioned in note 24.1.1.

This includes a sum of Rs. 15 million (2012: Rs. Nil) payable to a related party.

24.3 The Company also has Murabahah facility agreements with banks for an amount of Rs. 625 million (2012: Rs. 625 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on July 29, 2013. Any late payment by the Company is subject to an additional payment of 4.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 24.1.2.

24.4 The Company also entered into a Musharaka agreement amounting to Rs. 635 million (2012: Rs. 635 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on September 30, 2013. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 24.1.2 (a).

25. COMMITMENTS AND CONTINGENCIES

25.1 Commitments in respect of capital and revenue expenditures amount to Rs. 348.070 million (2012: Rs. 1,423.099 million).

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

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

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

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

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

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

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

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

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

25.5 Due to continuous delay in payments by NTDC in connection with the Narowal plant, the Company called on the Sovereign Guarantee for recovery of overdue receivables. Subsequently, the Company also filed a petition in the Honourable Supreme Court of Pakistan (SCP) seeking inter alia an immediate recovery of these overdue receivables and to protect itself against reduction in capacity purchase price in the form of Liquidated Damages (LDs) due to non availability of power plant for electricity generation because of lack of fuel caused by delay in payments by NTDC. On February 15, 2013, the SCP passed an interim order that there shall be no reduction in capacity payment. On June 28, 2013, the Company and other IPPs agreed with GOP that on settlement of all overdue amounts, the Company and other IPPs would withdraw the SCP case and pursue expert adjudication and arbitration in accordance with the PPA with regards to the LDs imposed by power purchaser. If the decision is in favour of the Company, an amount of Rs. 872 million deducted by power purchaser (out of which LDs amounting to Rs. 647 million pertaining to the period prior to January 2013 have been charged to Profit & Loss account as a matter of prudence) will become refundable.

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

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

The Company's case in the SCP will continue as provided in the above SRO. The management and their tax and legal advisors are of the opinion that the position of the Company is sound on technical basis and eventual outcome ought to be in favour of the Company in the case filed before the SCP. Pending the outcome of the case, no provision has been made in these financial statements. (Refer note 18)

25.7 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 PPA with WAPDA, any tax paid by the Company on behalf of construction contractors and sub-contractors was to be reimbursed by WAPDA.

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

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

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

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

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

25.8 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 person who falls within the definition of the term "Worker" as it has been defined in the Act.

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

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

Both HUBCO and WAPDA agreed that this petition should proceed and a judgement obtained on merits. During the year ended June 30, 2011, the petition was dismissed by the HC. Against the decision of the HC, the Company filed petition for leave to appeal before the SCP. In December 2011, the SCP set aside the judgment of the HC and directed it to decide the case afresh. No provision has been made in these financial statements as any payment made by the Company is a pass through item under the PPA.

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

25.9 (i) Under the IA with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, in September 2011 tax authorities issued a tax demand of Rs. 143 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The Company's appeal before the Commissioner of Inland Revenue Appeals (CIR- A) and the Appellate Tribunal Inland Revenue (ATIR) were rejected. Against the order of the ATIR the Company filed Income Tax Reference Applications (ITRAs) before the Honorable Islamabad High Court (IHC). The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. No date has yet been fixed by the ATIR.

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

(ii) FBR also imposed 2% WWF from tax years 2006-2010 and issued a demand for Rs. 191 million which was subsequently reduced to Rs. 8 million by the CIR (A). The Company's appeals filed in IHC mentioned in (i) above also included this matter. The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. WWF is a pass through under the PPA and is recoverable from the WAPDA. No provision has been made in these financial statements as any payment made by the Company is a pass through item under the PPA.

25.10 Under the IA with the GOP and the Income Tax Ordinance, 2001 ("Ordinance"), the Company is exempt from the levy of minimum tax. During the year, FBR issued demand notices amounting to Rs. 442 million relating to the tax years 2006 to 2008, 2010 and 2011. After the Company's appeals were rejected by the CIR-A, Islamabad, further appeals were filed with the ATIR, Islamabad. Subsequent to the year end, the ATIR has rendered a decision in favour of the Company.

25.11 The FBR passed an order for the recovery of Rs. 8,691 million relating to fiscal years ended June 2008 to 2011. In FBR's view the Company had claimed input tax in excess of what was allowed under the law. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which decided the case in favour of the Company. Against the judgement of the ATIR, the FBR has filed a case with the HC. No date has yet been fixed for hearing.

26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
		Chief Executive	
Managerial remuneration		12,261	9,600
Ex-gratia payment to Ex-CEO		20,016	-
Bonus		4,814	-
House rent		4,557	4,320
Utilities		1,238	960
Retirement benefits	26.1	1,547	1,096
Other benefits		3,396	2,046
		47,829	18,022
Number of persons		1	1
		Directors	
Fees	26.2	15,715	4,750
Number of persons		14	5
		Executives	
Managerial remuneration		61,500	58,608
Ex-gratia payment		9,067	9,523
Bonus		18,361	16,668
House rent		27,675	26,373
Utilities		6,150	5,861
Retirement benefits		16,155	26,992
Other benefits		15,894	19,414
		154,802	163,439
Number of persons		36	36
		Total	
Managerial remuneration / Fees		89,476	72,958
Ex-gratia payment		29,083	9,523
Bonus		23,175	16,668
House rent		32,232	30,693
Utilities		7,388	6,821
Retirement benefits		17,702	28,088
Other benefits		19,290	21,460
		218,346	186,211
Number of persons		51	42

26.1 Retirement benefits to the current Chief Executive are paid as part of monthly emoluments.

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

26.3 The Chief Executive and certain Executives are provided with the use of Company maintained automobiles in accordance with the terms of their employment.

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

27. RELATED PARTY TRANSACTIONS

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

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Subsidiary			
Investment in Subsidiary		-	639,828
Subordinated loan to Subsidiary	12	80,395	-
Reimbursement of expenses from Subsidiary	18	89,889	-
Associated Undertakings			
Amounts paid for services rendered		7,424	3,643,677
Reimbursement of expenses and others		-	2,206
Proceeds from long term loan	21	80,395	-
Repayment of long term loans	21	777,050	-
Interest / Mark-up on long term loans		1,158,128	-
Mark-up on short term borrowings		307,673	109,277
Other finance costs		27,774	-
Other related parties			
Mark-up on short term borrowings	24.2	488	-
Remuneration to key management personnel			
Salaries, benefits and other allowances		60,880	45,673
Ex-gratia payment		20,016	-
Retirement benefits		6,129	7,024
	27.1 & 27.2	87,025	52,697
Directors' fee	26.2	15,715	4,750
Contribution to staff retirement benefit plans		27,769	36,967

27.1 In addition to this, certain assets having book value of Rs. 1.279 million against proceeds of Rs. 1.292 million were sold to Ex-Chief Executive as per Company policy.

27.2 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.

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

28. PROVIDENT FUND TRUST

	2013	2012
Size of the trust (Rupees in thousands)	78,081	78,107
Cost of investments made (Rupees in thousands)	75,155	72,225
Percentage of investments made (%)	96.25%	92.47%
Fair value of investments made (Rupees in thousands)	75,424	75,379

	2013 (Rs. '000s)	2012 (Rs. '000s)
Break-up of Investments		
Treasury Bills	15,152	8,385
Short term Deposit	9,000	22,933
Other	51,272	44,061
	75,424	75,379

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

29. PLANT CAPACITY AND PRODUCTION

	2013	2012
HUB PLANT		
Theoretical Maximum Output	10,512 GWh	10,541 GWh
Total Output	7,673 GWh	7,770 GWh
Load Factor	73%	74%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,216 GWh (2012: 9,245 GWh). Output produced by the plant is dependent on the load demanded by WAPDA and the plant availability.

	2013	2012
NAROWAL PLANT		
Theoretical Maximum Output	1,873 GWh	1,878 GWh
Total Output	820 GWh	1,321 GWh
Load Factor	44%	70%

Practical maximum output for the power plant taking into account all the scheduled outages is 1,730 GWh (2012: 1,734 GWh). Output produced by the plant is dependent on the load demanded by NTDC and the plant availability.

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
30. WORKING CAPITAL CHANGES			
Decrease / (Increase) in current assets			
Stores and spares		(489,057)	(89,161)
Stock-in-trade		(2,473,257)	1,999,458
Trade debts		126,361,978	(65,355,100)
Prepayments and other receivables		(815,997)	(1,455,846)
		122,583,667	(64,900,649)
(Decrease) / Increase in current liabilities			
Trade and other payables		(92,914,183)	53,611,496
		29,669,484	(11,289,153)

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
31. CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	17,068,953	497,031
Finances under mark-up arrangements	24	(4,526,903)	(19,688,469)
		12,542,050	(19,191,438)

		2013	2012
32.	BASIC AND DILUTED EARNINGS PER SHARE		

32.1 Basic

	2013	2012
Profit for the year (Rupees in thousands)	9,387,880	8,189,678
Number of shares in issue during the year	1,157,154,387	1,157,154,387
Basic earnings per share (Rupees)	8.11	7.08

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

33. PROPOSED FINAL DIVIDEND

The Board of Directors proposed a final dividend for the year ended June 30, 2013 of Rs. 4.50 per share, amounting to Rs. 5,207.195 million, at their meeting held on August 19, 2013, for approval of the members at the Annual General Meeting to be held on September 30, 2013. These financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

34. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

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

(i) Foreign exchange risk

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

Financial assets of the Company include Rs. 271.383 million (2012: Rs. 87.315 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Company include Rs. 82.040 million (2012: Rs. 145.418 million) in foreign currencies which are subject to currency risk exposure.

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

(ii) Interest rate risk

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

Cash flow and fair value interest rate risks

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

	2013 (Rs. '000s)	2012 (Rs. '000s)
Fixed rate instruments at carrying amount:		
Financial assets		
Bank balances	16,852,745	496,872
Financial liabilities		
Long term loans	2,489,861	3,211,967
Variable rate instruments at carrying amount:		
Financial assets		
Subordinated loan to subsidiary	80,395	-
Trade debts	12,674,395	129,632,359
Total	12,754,790	129,632,359
Financial liabilities		
Long term loans	23,426,226	24,788,146
Trade and other payables	22,791,827	108,497,206
Short term borrowings	4,526,903	19,688,469
Total	50,744,956	152,973,821

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

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

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

The Company has another long term loan for Narowal plant (Refer note 21.2.1). The Company has to manage the related finance cost from its own sources which exposes the Company to the risk of change in 3 month KIBOR. As at June 30, 2013, if interest rate on the Company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 56.757 million.

In order to meet its investment obligations in the Subsidiary, the Company has entered into long term loan facilities (Refer note 21.3). The Company has to manage related finance cost from its own sources which exposes the Company to the risk of change in 6 month KIBOR. As at June 30, 2013, if interest rate on the Company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 42.093 million.

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

(b) Credit risk

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

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

	2013 (Rs. '000s)	2012 (Rs. '000s)
Subordinated loan to subsidiary - unsecured	80,395	-
Deposits	5,629	5,629
Trade debts	24,799,191	151,161,169
Other receivables	769,053	567,929
Bank balances	16,852,745	496,872
Total	42,507,013	152,231,599

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

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

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

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

(c) Liquidity risk

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

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

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

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

	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 5 to 10 years	Total
	(Rs. '000s)				
2012-13					
Long term loans	2,805,266	3,010,935	24,455,219	10,971,192	41,242,612
Trade and other payables	33,311,632	-	-	-	33,311,632
Short term borrowings	5,018,395	-	-	-	5,018,395
Total	41,135,293	3,010,935	24,455,219	10,971,192	79,572,639
2011-12					
Long term loans	3,178,732	3,149,689	25,611,183	16,264,330	48,203,934
Trade and other payables	126,301,387	-	-	-	126,301,387
Short term borrowings	20,141,883	-	-	-	20,141,883
Total	149,622,002	3,149,689	25,611,183	16,264,330	194,647,204

Fair value estimation

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

Capital risk management

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

35. FINANCIAL INSTRUMENTS BY CATEGORY

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

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

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

Assets as per balance sheet	Loans and receivables (Rs. '000s)	Total June 30, 2012 (Rs. '000s)
Subordinated loan to subsidiary	-	-
Deposits	5,629	5,629
Trade debts	151,161,169	151,161,169
Other receivables	567,929	567,929
Cash and bank balances	497,031	497,031
Total	152,231,758	152,231,758

Liabilities as per balance sheet	Financial liabilities measured at amortised cost (Rs. '000s)	Total June 30, 2012 (Rs. '000s)
Long term loans	29,185,254	29,185,254
Trade and other payables	126,301,387	126,301,387
Short term borrowings	20,141,883	20,141,883
Total	175,628,524	175,628,524

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

Revised and amended standards and interpretation effective and adopted in 2013

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

Revised and amended standards and interpretation not yet effective

Certain revised and amended standards and interpretation are effective for accounting periods beginning on or after January 01, 2013. These standards and interpretation are neither relevant to the Company nor are expected to have a significant impact on the Company's financial statements except as disclosed below.

IAS 19 - Employees benefits (Revised)

Amendments to IAS 19 range from fundamental changes to simple clarification and re-wording. The significant changes include the following:

For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognised in other comprehensive income when they occur. Amounts recorded in profit & loss are limited to current and past service cost, gain or losses on settlements and net interest income (expenses). All other changes in net defined benefit assets (liability) are recognised in other comprehensive income with no subsequent recycling to profit and loss. The amendments also require additional disclosure and retrospective application with certain exception.

Further, the distinction between short-term and other long term employees benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.

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

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

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

	2013 (Rs. '000s)	2012 (Rs. '000s)
Decrease in unappropriated profit at the beginning of the year	(9,500,694)	(10,048,538)
Increase in profit for the year	779,482	547,844
Decrease in unappropriated profit at the end of the year	(8,721,212)	(9,500,694)

37. RECLASSIFICATION

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

38. DATE OF AUTHORISATION

These financial statements were authorised for issue on August 19, 2013 in accordance with the resolution of the Board of Directors.

39. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Pattern of Shareholding

As at June 30, 2013

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
1	100	406	24,908
101	500	5,483	2,680,625
501	1,000	1,529	1,441,481
1,001	5,000	2,497	7,551,293
5,001	10,000	937	7,609,442
10,001	15,000	396	5,102,072
15,001	20,000	310	5,712,981
20,001	25,000	194	4,539,623
25,001	30,000	163	4,708,492
30,001	35,000	83	2,772,081
35,001	40,000	69	2,655,146
40,001	45,000	75	3,239,948
45,001	50,000	122	6,006,304
50,001	55,000	50	2,659,535
55,001	60,000	38	2,241,735
60,001	65,000	28	1,765,869
65,001	70,000	21	1,439,882
70,001	75,000	27	1,998,966
75,001	80,000	19	1,491,033
80,001	85,000	29	2,415,869
85,001	90,000	17	1,498,979
90,001	95,000	6	559,095
95,001	100,000	71	7,069,148
100,001	105,000	17	1,755,588
105,001	110,000	12	1,302,596
110,001	115,000	8	907,716
115,001	120,000	14	1,650,207
120,001	125,000	5	622,000
125,001	130,000	6	767,619
130,001	135,000	6	798,500
135,001	140,000	12	1,667,200
140,001	145,000	6	857,000
145,001	150,000	20	2,995,042
150,001	155,000	8	1,221,327
155,001	160,000	5	788,500
160,001	165,000	5	823,000
165,001	170,000	7	1,172,510
170,001	175,000	6	1,040,000
175,001	180,000	3	538,042
180,001	185,000	6	1,091,923
185,001	190,000	4	755,078
190,001	195,000	8	1,542,402
195,001	200,000	28	5,591,960
200,001	205,000	4	812,000
205,001	210,000	2	413,300
210,001	215,000	4	855,000
215,001	220,000	4	870,966
220,001	225,000	2	450,000
225,001	230,000	2	456,000
230,001	235,000	3	699,850
235,001	240,000	4	955,100

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
240,001	245,000	4	967,784
245,001	250,000	7	1,748,000
250,001	255,000	1	251,000
255,001	260,000	3	774,244
260,001	265,000	4	1,044,751
265,001	270,000	2	535,500
270,001	275,000	1	271,500
275,001	280,000	3	834,500
280,001	285,000	3	851,000
285,001	290,000	3	867,000
290,001	295,000	6	1,755,840
295,001	300,000	10	2,990,600
300,001	305,000	2	606,500
305,001	310,000	1	310,000
310,001	315,000	1	312,000
315,001	320,000	1	319,000
320,001	325,000	5	1,619,000
325,001	330,000	3	983,514
330,001	335,000	3	997,485
335,001	340,000	2	673,071
340,001	345,000	1	345,000
345,001	350,000	4	1,400,000
355,001	360,000	1	358,607
360,001	365,000	1	364,895
365,001	370,000	1	370,000
370,001	375,000	4	1,492,900
375,001	380,000	3	1,138,081
380,001	385,000	3	1,152,348
385,001	390,000	2	773,500
390,001	395,000	3	1,183,000
395,001	400,000	7	2,794,905
405,001	410,000	2	814,000
415,001	420,000	2	834,561
425,001	430,000	3	1,282,705
435,001	440,000	2	873,700
445,001	450,000	1	450,000
460,001	465,000	1	462,000
465,001	470,000	1	470,000
495,001	500,000	7	3,500,000
515,001	520,000	2	1,031,690
520,001	525,000	3	1,571,300
540,001	545,000	2	1,085,303
555,001	560,000	5	2,788,701
575,001	580,000	1	578,500
580,001	585,000	1	582,176
585,001	590,000	1	590,000
590,001	595,000	1	594,000
595,001	600,000	1	600,000
605,001	610,000	1	605,604
615,001	620,000	1	616,000
620,001	625,000	1	622,376

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
630,001	635,000	2	1,266,130
635,001	640,000	1	640,000
640,001	645,000	2	1,289,367
645,001	650,000	1	647,000
680,001	685,000	2	1,365,089
690,001	695,000	2	1,384,000
695,001	700,000	2	1,400,000
700,001	705,000	1	700,125
705,001	710,000	1	710,000
715,001	720,000	1	716,581
720,001	725,000	2	1,448,500
730,001	735,000	1	734,251
745,001	750,000	1	750,000
750,001	755,000	1	750,675
760,001	765,000	1	764,671
795,001	800,000	2	1,600,000
800,001	805,000	1	802,500
815,001	820,000	2	1,635,914
820,001	825,000	2	1,645,500
830,001	835,000	1	833,940
845,001	850,000	1	846,951
865,001	870,000	1	869,665
870,001	875,000	1	874,000
895,001	900,000	1	900,000
920,001	925,000	1	920,900
930,001	935,000	1	932,066
940,001	945,000	1	940,146
950,001	955,000	1	955,000
960,001	965,000	1	965,000
980,001	985,000	1	980,500
990,001	995,000	2	1,989,030
995,001	1,000,000	3	3,000,000
1,000,001	1,005,000	1	1,000,334
1,005,001	1,010,000	1	1,006,000
1,010,001	1,015,000	2	2,028,717
1,045,001	1,050,000	1	1,048,455
1,065,001	1,070,000	2	2,134,229
1,070,001	1,075,000	1	1,075,000
1,105,001	1,110,000	1	1,105,192
1,150,001	1,155,000	3	3,463,245
1,155,001	1,160,000	1	1,156,500
1,170,001	1,175,000	1	1,172,783
1,185,001	1,190,000	1	1,190,000
1,195,001	1,200,000	2	2,396,494
1,210,001	1,215,000	1	1,213,500
1,215,001	1,220,000	1	1,215,500
1,245,001	1,250,000	2	2,496,000
1,270,001	1,275,000	1	1,273,500
1,275,001	1,280,000	1	1,277,500
1,280,001	1,285,000	1	1,282,013
1,310,001	1,315,000	1	1,315,000

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
1,315,001	1,320,000	1	1,316,500
1,375,001	1,380,000	1	1,375,131
1,385,001	1,390,000	1	1,387,000
1,395,001	1,400,000	1	1,398,806
1,400,001	1,405,000	1	1,405,000
1,405,001	1,410,000	1	1,406,500
1,435,001	1,440,000	1	1,435,462
1,485,001	1,490,000	1	1,488,500
1,505,001	1,510,000	1	1,509,500
1,510,001	1,515,000	1	1,511,800
1,515,001	1,520,000	1	1,517,800
1,535,001	1,540,000	2	3,076,500
1,695,001	1,700,000	1	1,700,000
1,770,001	1,775,000	1	1,775,000
1,820,001	1,825,000	1	1,824,000
1,840,001	1,845,000	1	1,844,990
1,845,001	1,850,000	1	1,850,000
1,860,001	1,865,000	1	1,862,128
1,900,001	1,905,000	1	1,903,943
1,925,001	1,930,000	1	1,928,000
1,940,001	1,945,000	1	1,943,147
1,945,001	1,950,000	1	1,950,000
1,950,001	1,955,000	1	1,954,500
1,995,001	2,000,000	1	2,000,000
2,065,001	2,070,000	1	2,067,065
2,295,001	2,300,000	1	2,300,000
2,320,001	2,325,000	1	2,324,420
2,360,001	2,365,000	1	2,364,500
2,475,001	2,480,000	1	2,477,000
2,545,001	2,550,000	1	2,550,000
2,645,001	2,650,000	1	2,650,000
2,670,001	2,675,000	1	2,674,312
2,690,001	2,695,000	2	5,389,310
2,760,001	2,765,000	1	2,764,401
2,775,001	2,780,000	1	2,776,800
2,845,001	2,850,000	1	2,850,000
2,910,001	2,915,000	1	2,910,100
2,915,001	2,920,000	1	2,919,890
2,975,001	2,980,000	1	2,979,850
2,995,001	3,000,000	2	6,000,000
3,025,001	3,030,000	1	3,028,399
3,070,001	3,075,000	1	3,071,100
3,075,001	3,080,000	1	3,076,500
3,185,001	3,190,000	1	3,187,910
3,265,001	3,270,000	1	3,265,245
3,470,001	3,475,000	1	3,471,710
3,535,001	3,540,000	1	3,539,500
3,545,001	3,550,000	1	3,548,500
3,560,001	3,565,000	1	3,562,500
3,655,001	3,660,000	1	3,657,575
3,735,001	3,740,000	1	3,738,637

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
3,760,001	3,765,000	1	3,764,000
3,945,001	3,950,000	1	3,949,045
4,015,001	4,020,000	1	4,017,325
4,350,001	4,355,000	1	4,352,000
4,495,001	4,500,000	1	4,500,000
4,550,001	4,555,000	1	4,552,887
4,645,001	4,650,000	1	4,650,000
5,305,001	5,310,000	1	5,306,000
5,715,001	5,720,000	1	5,718,400
5,840,001	5,845,000	1	5,844,949
5,850,001	5,855,000	1	5,851,000
5,950,001	5,955,000	1	5,951,589
6,090,001	6,095,000	1	6,090,944
6,235,001	6,240,000	1	6,236,000
6,240,001	6,245,000	1	6,241,300
6,675,001	6,680,000	1	6,679,195
6,690,001	6,695,000	1	6,692,602
6,740,001	6,745,000	1	6,742,500
6,790,001	6,795,000	1	6,790,622
7,725,001	7,730,000	1	7,725,467
8,195,001	8,200,000	1	8,197,135
8,240,001	8,245,000	1	8,241,493
8,285,001	8,290,000	1	8,289,250
9,995,001	10,000,000	1	10,000,000
10,125,001	10,130,000	1	10,126,814
10,195,001	10,200,000	1	10,196,297
10,890,001	10,895,000	1	10,890,500
11,035,001	11,040,000	1	11,037,000
12,325,001	12,330,000	1	12,326,000
12,605,001	12,610,000	1	12,608,450
13,120,001	13,125,000	1	13,124,741
15,365,001	15,370,000	1	15,367,500
15,690,001	15,695,000	1	15,692,216
17,940,001	17,945,000	1	17,942,241
20,430,001	20,435,000	1	20,432,459
21,245,001	21,250,000	1	21,248,016
25,330,001	25,335,000	1	25,331,982
30,225,001	30,230,000	1	30,228,500
39,705,001	39,710,000	1	39,707,000
57,735,001	57,740,000	1	57,740,000
98,390,001	98,395,000	1	98,391,000
111,995,001	112,000,000	1	112,000,000
125,135,001	125,140,000	1	125,140,000
	TOTAL	13,081	1,157,154,387

Categories of Shareholdings

As on June 30, 2013

Categories	No. of Shareholders	No. of Shares Held	Percentage
Individual	12,527	196,899,817	17.02
Joint Stock companies	143	63,528,307	5.49
Financial Institutions	78	347,375,924	30.02
Investment Companies	26	36,504,051	3.15
Insurance Companies	23	54,388,794	4.70
Associated Companies	8	277,452,000	23.98
NIT	1	10,196,297	0.88
Modaraba/Mutual Fund & Leasing Companies	69	69,955,920	6.05
OTHERS			
Government of Balochistan	1	358,607	0.03
GDR Depository	1	13,124,741	1.13
Charitable Trusts	35	11,397,552	0.98
Cooperative Societies	11	4,575,500	0.40
Provident/Pension/Gratuity Fund	157	67,739,302	5.85
Employees Old Age Benefits Inst	1	3,657,575	0.32
Total	13,081	1,157,154,387	100.00

The above two statements include 7,851 shareholders holding 1,096,812,706 shares through the Central Depository Company of Pakistan Limited (CDC).

Key Shareholdings

As on June 30, 2013

Information of Shareholding required under reporting framework is as follows

Associated Companies, Undertakings and Related Parties:	No. of Shares
Adamjee Insurance Company Limited	115,500
Cyan Limited	10,000,000
Committee of Admin. Fauji Foundation	98,391,000
Dawood Foundation	350,000
Dawood Hercules Corporation Limited	39,707,000
DH Fertilizers Limited	125,140,000
Patek (Pvt) Limited	3,548,500
Trustee MCB Employees Foundation	200,000
	277,452,000

MODARABA/MUTUAL FUND AND LEASING COMPANIES

B.F..Modaraba	100,000
BRR. Guardian Modaraba	5,100
BMA Funds Limited	724,000
CDC - Trustee PICIC Energy Fund	3,265,245
CDC - Trustee ABL Stock Fund	1,154,500
CDC - Trustee AKD Aggressive Income Fund - Mt	293,000
CDC - Trustee AKD Index Tracker Fund	193,941
CDC - Trustee Al Meezan Mutual Fund	3,562,500
CDC - Trustee Alfalah GHP Islamic Fund	542,303
CDC - Trustee Alfalah GHP Value Fund	290,840
CDC - Trustee APIF-Equity Sub Fund	395,000
CDC - Trustee Atlas Income Fund - Mt	2,364,500
CDC - Trustee Atlas Islamic Stock Fund	2,477,000
CDC - Trustee Atlas Stock Market Fund	1,775,000
CDC - Trustee Crosby Dragon Fund	152,000
CDC - Trustee First Habib Stock Fund	185,078
CDC - Trustee HHB - Stock Fund	3,949,045
CDC - Trustee HBL LPF Equity Sub Fund	107,133
CDC - Trustee HBL Multi - Asset Fund	522,000
CDC - Trustee HBL Pf Equity Sub Fund	88,500
CDC - Trustee IGI Stock Fund	644,367
CDC - Trustee Js Islamic Pension Savings Fund-equity Account	50,000
CDC - Trustee KASB Income Opportunity Fund - Mt	100,000
CDC - Trustee KSE Meezan Index Fund	1,435,462
CDC - Trustee Lakson Equity Fund	100,000
CDC - Trustee Lakson Income Fund - Mt	15,500
CDC - Trustee MCB Dynamic Allocation Fund	219,000
CDC - Trustee MCB Dynamic Stock Fund	1,375,131
CDC - Trustee Meezan Balanced Fund	1,943,147

MODARABA/MUTUAL FUND AND LEASING COMPANIES

CDC - Trustee Meezan Islamic Fund	15,692,216
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1,153,745
CDC - Trustee NAFA Islamic Multi Asset Fund	166,760
CDC - Trustee NAFA Multi Asset Fund	383,348
CDC - Trustee NAFA Stock Fund	932,066
CDC - Trustee NIT-Equity Market Opportunity Fund	437,400
CDC - Trustee Pak Strategic Allocation Fund	337,571
CDC - Trustee Pakistan Capital Market Fund	399,513
CDC - Trustee Pakistan Stock Market Fund	1,862,128
CDC - Trustee PICIC Growth Fund	4,017,325
CDC - Trustee PICIC Income Fund - Mt	1,156,500
CDC - Trustee PICIC Investment Fund	2,324,420
CDC - Trustee PICIC Stock Fund	262,000
CDC - Trustee UBL Sharia Stock Fund	1,406,500
CDC - Trustee UBL Stock Advantage Fund	1,316,500
CDC - Trustee Unit Trust of Pakistan	1,000,000
CDC - Trustee First Habib Islamic Balanced Fund	300,000
CDC - Trustee HBL Islamic Stock Fund	750,675
CDC - Trustee Meezan Capital Protected Fund-II	29,870
CDC - Trustee NAFA Asset Allocation Fund	341
CDC - Trustee NAFA Savings Plus Fund - Mt	108,500
CDC - Trustee Pak. Int. Element Islamic Asset Allocation Fund	257,244
CDC - Trustee Pakistan Premier Fund	869,665
Famandsforeningen Laerernes Pension Invest	335,500
First Capital Mutual Fund Limited	260,500
First Elite Capital Modaraba	5,000
First Habib Bank Modaraba	250,000
First Pak Modaraba	8,000
First Prudential Modaraba	15,000
Goldman Sachs Trust -Goldman Sachs N-11 Equity Fund	1,824,000
Intereffekt Investment Funds NV	350,000
MCBFSL - Trustee Js Kse-30 Index Fund	42,341
MCBFSL - Trustee ABL Islamic Stock Fund	1,315,000
MCBFSL - Trustee Js Value Fund	1,700,000
MCBFS - Trustee Namco Balanced Fund - Mt	164,000
MCBFS - Trustee UIRSF-Equity Sub Fund	155,000
MCBFS - Trustee URSF-Equity Sub Fund	193,000
Nationwide Modaraba (Pvt) Ltd	3,000
The Nomura Trust and Banking Co., Ltd.	142,000
	69,955,920

NIT	10,196,297

DIRECTORS AND THEIR SPOUSES

DIRECTORS

Hussain Dawood	10,890,500
Abdul Samad Dawood	297,000
Ali Munir	1,000
Iqbal Alimohamed	6,679,195
Inam ur Rahman	4,000
Muhammad Aliuddin Ansari	10,000
Qaiser Javed	5,000
Ruhail Muhammad	500
Syed Khalid Siraj Subhani	1,000
Syed Muhammad Ali	500
	17,888,695

SPOUSES

Mrs. Kulsum Dawood (W/o. Mr. Hussain Dawood)	427,105
Mrs. Ayesha Dawood (W/o. Mr. Abdul Samad Dawood)	200,000
	627,105

EXECUTIVES	30,000
PUBLIC SECTOR COMPANIES & CORRPORATION	29,348,164
Banks, development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies and Investment Companies	451,393,510

Shareholders holding five percent or more voting interest in Listed companies (Name wise details)

DH Fertilizers Limited	125,140,000	10.81%
Allied Bank Limited	112,000,000	9.68%
Fauji Foundation	98,391,000	8.50%
National Bank of Pakistan	57,747,876	5.00%

Details of trading in the shares by the Directors, Chief Financial Officer, Company Secretary and their spouses and minor children:

Name of Directors	Shares purchased	Shares sold
Mr. Hussain Dawood		10,000
Mr. Muhammad Aliuddin Ansari		250,000
Mrs. Ayesha Dawood W/o. A. Samad Dawood (Director)		100,000
Mr. Iqbal Alimohamed	1,220,000	

Shareholders' Information

Shareholders' Enquiries

General enquiries relating to the Company should be addressed to:

The Company Secretary,
The Hub Power Company Limited,
3rd Floor, Islamic Chamber Building,
ST-2/A, Block 9, Clifton,
P. O .Box No. 13841, Karachi.

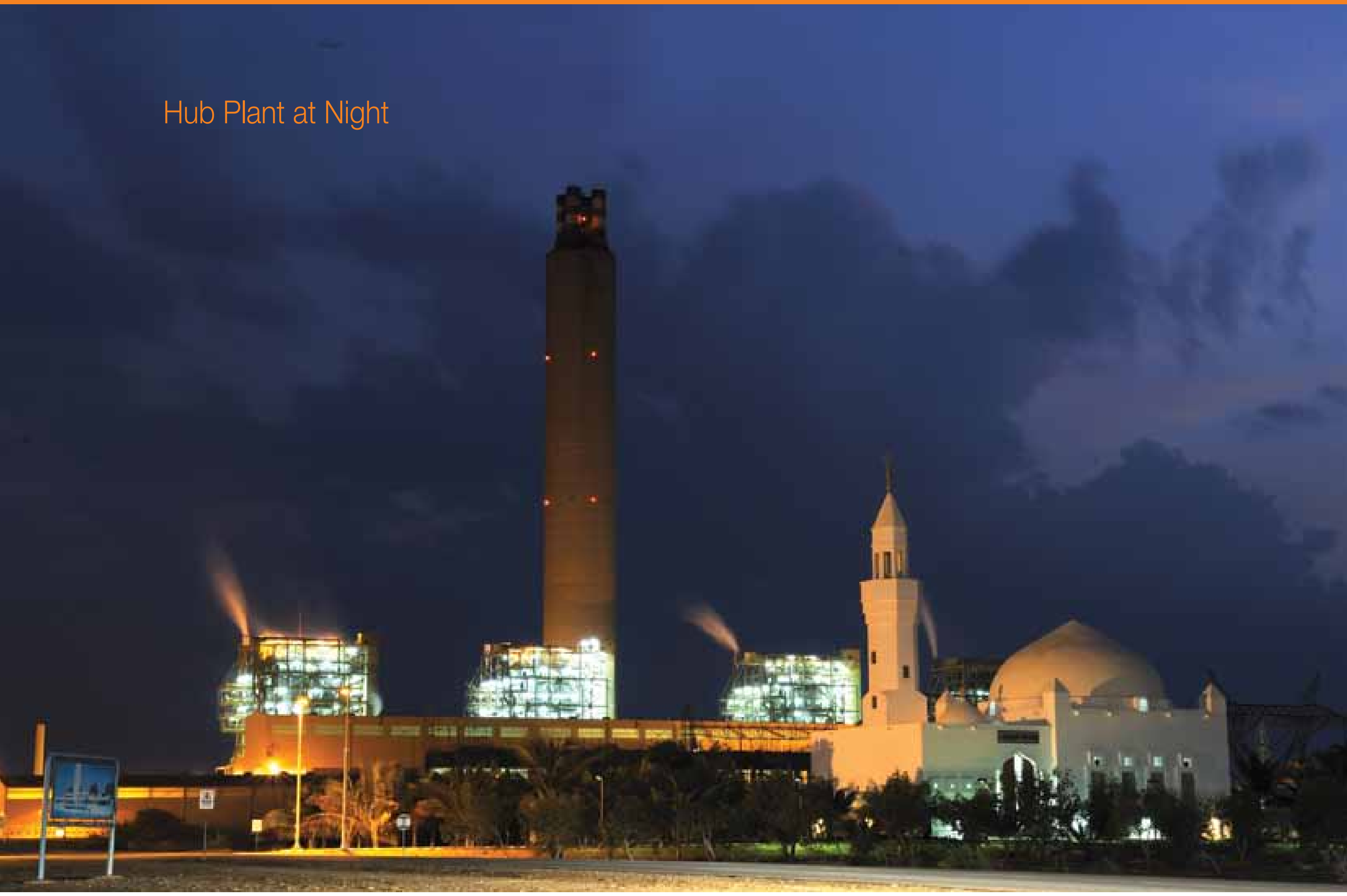
Enquiries relating to Shares should be addressed to:

Famco Associates (Pvt) Limited,
8F, Next to Hotel Faran, Nursery,
Block 6, PECHS, Shahrah-e-Faisal,
Karachi.

Enquiries relating to GDRs should be addressed to either:-

(1) Bank of New York,
ADR Division,
101 Barclay Street,
22, West New York,
NY 12086, U. S. A.

(2) Standard Chartered Bank (Pakistan) Limited,
I. I. Chundrigar Road,
Karachi.


Hub Plant at Night


Narowal Plant at Night

Laraib Energy Limited

Laraib Energy Limited (LEL), the Company's 75% owned subsidiary, is the first independent power producer of Pakistan to establish and commission an environmentally friendly run of the river hydropower project in Azad Jammu & Kashmir (AJ&K). The 84 MW New Bong Hydro Power Project has been set up about 8 km downstream of the 1,000 MW Mangla Dam in the AJ&K province ushering in a new era of prosperity and development for the inhabitants of the community.

The Project has been registered as a Clean Development Mechanism (CDM) project by CDM Executive Board under the United Nations Framework Convention on Climate Change (UNFCCC) and has the distinction of being the first Hydropower Project in Pakistan/AJ&K to have been registered with UNFCCC as a CDM project.

The project is environmentally friendly with negligible impact on hydrological regime and complies with the applicable standards of ADB and IFC. In recognition of its landmark achievements, the project has received the "Euromoney Project Finance Middle East Renewable Deal of the Year" award for 2009.

The Project achieved commercial operations on March 23, 2013 and has been in operations since then.

Consolidated Financial Statement

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Report of the Directors on Consolidated Financial Statements

The Board of Directors is pleased to present the Consolidated Audited Financial Statements of The Hub Power Company Limited (the Company) and its subsidiary Laraib Energy Limited (the Subsidiary) for the year ended June 30, 2013.

Your Company holds 75% shares in the subsidiary - Laraib Energy Limited (LEL) which has set up an 84 MW hydel power plant near the New Bong Escape, 8 km downstream of Mangla Dam in Azad Kashmir. The project achieved Commercial Operation on March 23, 2013, 71 days ahead of schedule. The Plant is in operations since then.

The consolidated financials are as follows:

	2013 (Rs. '000s)
Turnover	167,235,519
Gross profit	17,248,020
Profit for the year	10,229,763
Attributable to:	
- Owners of the holding company	10,090,087
- Non Controlling interest	139,676
	10,229,763
Earnings per share attributable to owners of the holding company (Rupees)	8.72

The Directors would like to draw your attention to the Auditors' Report relating to note 25.6 to the consolidated financial statements.

The Directors' Report on The Hub Power Company Limited for the year ended June 30, 2013 has been separately presented in this report.

By Order of the Board

Khalid Mansoor
Chief Executive

Karachi – August 19, 2013

Building a better working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

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Auditors' Report
on Consolidated Financial Statements to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of The Hub Power Company Limited (the Holding Company) and its subsidiary company (together referred to as Group) as at 30 June 2013 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company Laraib Energy Limited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary company as at 30 June 2013 and the results of their operations for the year then ended.

We draw attention to note 25.6 to the consolidated financial statements which describes the uncertainty related to the outcome of the tax contingency. Our opinion is not qualified in respect of this matter.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

19 August 2013

Karachi

Consolidated Profit and Loss Account

For the year ended June 30, 2013

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Turnover	3	167,235,519	174,712,187
Operating costs	4	(149,987,499)	(159,061,500)
GROSS PROFIT		17,248,020	15,650,687
General and administration expenses	5	(490,130)	(465,133)
Other income	6	42,066	59,755
Workers' profit participation fund	7	-	-
PROFIT FROM OPERATIONS		16,799,956	15,245,309
Finance costs	8	(6,568,673)	(6,664,720)
PROFIT BEFORE TAXATION		10,231,283	8,580,589
Taxation	9	(1,520)	(5,141)
PROFIT FOR THE YEAR		10,229,763	8,575,448
Attributable to:			
- Owners of the holding company		10,090,087	8,583,800
- Non-controlling interest		139,676	(8,352)
		10,229,763	8,575,448
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)	33	8.72	7.42

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

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2013

	2013 (Rs. '000s)	2012 (Rs. '000s)
Profit for the year	10,229,763	8,575,448
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	10,229,763	8,575,448
Attributable to:		
- Owners of the holding company	10,090,087	8,583,800
- Non-controlling interest	139,676	(8,352)
	10,229,763	8,575,448

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

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Consolidated Balance Sheet

As at June 30, 2013

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	10	63,858,995	62,320,696
Intangibles	11	1,441,365	1,439,350
Long term advance, deposits and prepayments	12	32,790	60,768
CURRENT ASSETS			
Stores and spares	13	1,690,334	1,084,981
Stock-in-trade	14	4,247,498	1,774,241
Trade debts	15	25,925,964	151,161,169
Advances, deposit, prepayments and other receivables	16	3,365,639	2,561,558
Cash and bank balances	17	18,378,649	1,340,198
		53,608,084	157,922,147
TOTAL ASSETS		118,941,234	221,742,961
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised	18	12,000,000	12,000,000
Issued, subscribed and paid-up	18	11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		22,191,743	19,622,261
Attributable to owners of the holding company		33,763,287	31,193,805
Advance against issue of shares to minority shareholders		-	74,481
NON-CONTROLLING INTEREST		1,159,273	946,014
		34,922,560	32,214,300
NON-CURRENT LIABILITIES			
Long term loans	19	35,540,428	34,558,489
Liabilities against assets subject to finance lease	20	3,423,721	2,449,659
Deferred liability	21	3,674	2,184
CURRENT LIABILITIES			
Trade and other payables	22	35,522,372	128,631,222
Interest / mark-up accrued	23	1,959,175	2,029,842
Short term borrowings	24	4,526,903	19,688,469
Current maturity of long term loans	19	2,899,733	2,165,723
Current maturity of liabilities against assets subject to finance lease	20	142,668	-
Taxation - net		-	3,073
		45,050,851	152,518,329
COMMITMENTS AND CONTINGENCIES	25		
TOTAL EQUITY AND LIABILITIES		118,941,234	221,742,961

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

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Consolidated Cash Flow Statement

For the year ended June 30, 2013

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		10,231,283	8,580,589
Adjustments for:			
Depreciation		2,983,953	2,679,603
Amortisation		15,317	16,551
Loss / (gain) on disposal of fixed assets		179	(256)
Staff gratuity		11,106	22,456
Interest income		(32,260)	(16,486)
Interest / mark-up		6,258,720	6,422,994
Amortisation of transaction cost		59,075	67,787
Operating profit before working capital changes		19,527,373	17,773,238
Working capital changes	31	28,091,380	(11,121,911)
Cash generated from operations		47,618,753	6,651,327
Interest received		18,436	15,029
Interest / mark-up paid		(6,167,571)	(6,381,263)
Staff gratuity paid		(19,268)	(30,843)
Taxes paid		(6,949)	(12,110)
Net cash generated from operating activities		41,443,401	242,140
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure - net		(3,968,321)	(6,709,588)
Proceeds from disposal of fixed assets		5,874	7,431
Share premium paid		-	(95,517)
Long term advances, deposits and prepayments		27,978	6,343
Net cash used in investing activities		(3,934,469)	(6,791,331)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance against issue of shares to minority shareholders		-	221,112
Dividends paid to owners of the holding company		(7,506,069)	(6,924,212)
Proceeds from long term loans - Laraib's investment		80,395	738,263
Proceeds from long term loans - Subsidiary		3,381,595	4,327,160
Proceeds from liabilities against assets subject to finance lease		958,660	1,008,120
Repayment of long term loans - Hub plant		(979,061)	(979,062)
Repayment of long term loans - Narowal plant		(1,244,435)	(1,070,709)
Net cash used in financing activities		(5,308,915)	(2,679,328)
Net increase / (decrease) in cash and cash equivalents		32,200,017	(9,228,519)
Cash and cash equivalents at the beginning of the year		(18,348,271)	(9,119,752)
Cash and cash equivalents at the end of the year	32	13,851,746	(18,348,271)

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

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2013

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Attributable to owners of the holding company			
Issued capital			
Balance at the beginning of the year		11,571,544	11,571,544
Balance at the end of the year	18	11,571,544	11,571,544
Unappropriated profit			
Balance at the beginning of the year		19,622,261	17,981,332
Total comprehensive income for the year		10,090,087	8,583,800
Transactions with owners in their capacity as owners			
Final dividend for the fiscal year 2011-2012 @ Rs. 3.00 (2010-2011 @ Rs. 3.00) per share		(3,471,463)	(3,471,463)
Interim dividend for the fiscal year 2012-2013 @ Rs. 3.50 (2011-2012 @ Rs. 3.00) per share		(4,050,040)	(3,471,463)
Reduction in controlling interest of the holding company		898	55
		(7,520,605)	(6,942,871)
Balance at the end of the year		22,191,743	19,622,261
Attributable to owners of the holding company		33,763,287	31,193,805
Advance against issue of shares to minority shareholders			
Balance at the beginning of the year		74,481	202,100
Advance received during the year		-	221,112
Shares issued during the year		(74,481)	(348,731)
Balance at the end of the year		-	74,481
Non-controlling interest			
Balance at the beginning of the year		946,014	605,690
Shares issued during the year		74,481	348,731
Total comprehensive income for the year		139,676	(8,352)
Reduction in controlling interest of the holding company		(898)	(55)
Balance at the end of the year		1,159,273	946,014
Total equity		34,922,560	32,214,300

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

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Notes to the Consolidated Financial Statements

For the year ended June 30, 2013

1. STATUS AND NATURE OF BUSINESS

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

The Group consists of:

- The Hub Power Company Limited (the holding company); and

- Laraib Energy Limited (the subsidiary) - Holding of 74.95%.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.2 Accounting convention

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

2.3 Basis of consolidation

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

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

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

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

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

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

2.4 Property, plant and equipment

(a) Operating property, plant, equipment and depreciation

Owned

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

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

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

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

Leased

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

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

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

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

(b) Capital work-in-progress

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

2.5 Intangible assets and amortisation

(a) Goodwill

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

(b) Other intangible assets

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

2.6 Impairment of non-current assets

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

2.7 Stores and spares

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

Stores and spares of Narowal plant and subsidiary are valued at moving average cost except for the items in transit which are stated at cost. Provision is made for slow moving and obsolete items, if any.

2.8 Stock-in-trade

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

2.9 Cash and cash equivalents

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

2.10 Provisions

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

2.11 Staff retirement benefits

The holding company operates:

- a funded defined benefit gratuity plan covering eligible employees whose period of service with the holding company is at least five years. Actuarial gains and losses are amortised over the expected average remaining lives of employees as allowed under the relevant provision of IAS 19 “Employee Benefits”.
- a defined contribution provident fund for all its employees who are eligible for the plan. Equal contributions thereto are made by the holding company and the employees in accordance with the fund’s rules.

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

2.12 Revenue recognition

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

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

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

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

2.13 Interest income

Interest income is recorded on accrual basis.

2.14 Operating lease

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

2.15 Foreign currency transactions and translation

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

During the operations phase, exchange differences relating to foreign currency borrowings have been capitalized in the related 'operating property, plant and equipment' and all other exchange differences have been included in the 'profit and loss account'. Had the exchange differences, as allowed by the above mentioned directives of the SECP would not have been capitalized, the profit for the year would have been lower by Rs. 68.88 million and operating property, plant and equipment would have been lower by Rs. 68.88 million.

2.16 Taxation

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

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

2.17 Dividend

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

2.18 Segment reporting

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

2.19 Financial instruments

(a) Trade debts and other receivables

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

(b) Borrowings

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

(c) Trade and other payables

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

2.20 Borrowing costs

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

2.21 Off-setting

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

2.22 Use of estimates and judgements

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

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

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
3. TURNOVER			
Turnover		188,849,123	197,632,951
Less: Sales tax		(21,613,604)	(22,920,764)
		167,235,519	174,712,187
4. OPERATING COSTS			
Fuel cost		141,030,609	151,647,873
Water use charges		20,671	-
Stores and spares		182,214	155,717
Operation and Maintenance		3,740,185	3,366,478
Insurance		888,671	696,722
Depreciation	10.3	2,955,801	2,648,484
Amortisation	11.1	12,134	11,290
Repairs, maintenance and other costs	4.1	1,157,214	534,936
		149,987,499	159,061,500

4.1 These include Rs. 0.34 million (2012: Rs. Nil) in respect of staff retirement benefits.

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
5. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, benefits and other allowances	5.1 & 5.4	259,231	219,354
Travel and transportation		23,543	40,725
Fuel and power		7,663	9,080
Property, vehicles and equipment rentals		15,141	14,221
Repairs and maintenance		16,672	13,644
Legal and professional		38,689	43,812
Insurance		10,662	10,901
Auditors' remuneration	5.2	7,769	8,648
Donation	5.3	29,851	32,160
Printing and stationary		9,274	6,329
Depreciation	10.3	28,152	31,119
Amortisation	11.1	3,183	5,261
CER related expenses		4,962	-
Loss on disposal of fixed assets		179	-
Miscellaneous		35,159	29,879
		490,130	465,133

5.1 These include Rs. 19.382 million (2012: Rs. 30.590 million) in respect of staff retirement benefits.

5.2 Auditors' remuneration	2013 (Rs. '000s)	2012 (Rs. '000s)
Statutory audits	2,205	2,205
Half yearly review	552	552
Tax and other services	4,466	5,463
Out-of-pocket expenses	546	428
	7,769	8,648

5.3 No directors or their spouses had any interest in any donee to which donations were made.

5.4 Number of persons employed as at year end were 80 (2012: 80) and the average number of persons employed during the year were 83 (2012: 82).

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
6. OTHER INCOME			
Interest income	6.1	32,260	16,486
Gain on disposal of fixed assets		-	256
Exchange gain		9,806	43,013
		42,066	59,755

6.1 This includes Rs. 3.746 million (2012: Rs. Nil) relating to short term placement with National Bank of Pakistan (NBP), an associated undertaking.

7. WORKERS' PROFIT PARTICIPATION FUND

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Provision for Workers' profit participation fund	22	497,349	409,484
Workers' profit participation fund recoverable from WAPDA / NTDC	16	(497,349)	(409,484)
		-	-

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

8. FINANCE COSTS

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Interest / mark-up on long term loans		4,929,481	5,687,137
Interest on finance lease		175,709	108,889
Mark-up on short term borrowings		2,792,383	2,422,481
Amortisation of transaction cost		59,075	67,787
Other finance costs		250,878	226,864
		8,207,526	8,513,158
Less: amount capitalised in the cost of qualifying assets	10.6	(1,638,853)	(1,848,438)
		6,568,673	6,664,720

9. TAXATION

	2013 (Rs. '000s)	2012 (Rs. '000s)
Current		
- For the year	1,023	5,141
- Prior year	497	-
	1,520	5,141

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
10. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	10.1	63,743,063	46,060,165
Capital work-in-progress			
Plant betterments (Hub plant)	10.4	53,708	26,096
Narowal plant	10.5	13,561	-
Subsidiary	10.6	48,663	16,234,435
		115,932	16,260,531
		63,858,995	62,320,696

10.1 Operating property, plant and equipment

	Owned									Leased	
	Freehold land	Building on freehold land	Buildings and civil structures on leasehold land	Leasehold property	Plant & machinery	Major spares parts and stand-by equipment	Furniture & fixtures	Vehicles	Office equipment	Plant & machinery (Note 10.1.2)	Total
	(Rs. '000s)										
Cost:											
As at July 1, 2011	68,624	528,663	-	862	71,659,614	-	37,032	128,301	15,669	-	72,438,765
Additions	-	290,289	-	-	240,316	-	12,815	31,393	8,283	-	583,096
Adjustments	-	-	-	-	(203,200)	-	-	-	-	-	(203,200)
Disposals	-	-	-	-	(3,436)	-	(1,489)	(15,111)	(526)	-	(20,562)
As at June 30, 2012	68,624	818,952	-	862	71,693,294	-	48,358	144,583	23,426	-	72,798,099
Additions (Note 10.1.1)	-	30,125	9,026,982	-	6,513,060	201,705	2,593	25,368	4,416	4,877,286	20,681,535
Disposals	-	-		-	(3,216)	-	-	(22,921)	-	-	(26,137)
As at June 30, 2013	68,624	849,077	9,026,982	862	78,203,138	201,705	50,951	147,030	27,842	4,877,286	93,453,497
Depreciation:											
Depreciation rate % per annum	-	3.33 to 20	4	3.33	3.33 to 33.33	6.67	10 to 20	25	10 to 20	4 to 6.67	-
As at July 1, 2011	-	106,462	-	480	23,855,269	-	34,555	60,390	7,232	-	24,064,388
Charge for the year	-	24,791	-	29	2,630,757	-	1,666	29,505	2,308	-	2,689,056
Adjustments	-	-	-	-	(2,123)	-	-	-	-	-	(2,123)
Disposals	-	-	-	-	(2,457)	-	(397)	(10,332)	(201)	-	(13,387)
As at June 30, 2012	-	131,253	-	509	26,481,446	-	35,824	79,563	9,339	-	26,737,934
Charge for the year	-	35,237	120,362	29	2,728,179	4,483	3,007	31,109	2,532	67,646	2,992,584
Disposals	-	-		-	(2,984)	-	-	(17,100)	-	-	(20,084)
As at June 30, 2013	-	166,490	120,362	538	29,206,641	4,483	38,831	93,572	11,871	67,646	29,710,434
Net book value as at June 30, 2013	68,624	682,587	8,906,620	324	48,996,497	197,222	12,120	53,458	15,971	4,809,640	63,743,063
Net book value as at June 30, 2012	68,624	687,699	-	353	45,211,848	-	12,534	65,020	14,087	-	46,060,165
Cost of fully depreciated assets as at June 30, 2013	-	19,148	-	-	322,408	-	34,151	40,839	5,591	-	422,137
Cost of fully depreciated assets as at June 30, 2012	-	19,148	-	-	245,958	-	34,134	19,035	3,571	-	321,846

10.1.1 Includes exchange loss capitalised amounting to Rs. 94.921 million (2012: Rs. Nil).

10.1.2 The transfer from CWIP to leased assets during the year include Rs. 1,547.837 million representing delivery and handling cost, installation and assembly cost, borrowing cost, professional fees and other directly attributable costs incurred for bringing the asset to the usable condition.

10.2 Disposal of operating property, plant and equipment

Assets	Cost	Accumulated depreciation	Net book value	Sale price	Mode of disposal	Particulars of buyer
	(Rs. '000s)					
Vehicle	1,882	1,372	510	520	Holding company policy	Huma Pasha - Ex-employee
Vehicle	1,873	1,639	234	-	Ex-gratia	Lesley Ann Middlecoat - Ex-employee
Vehicle	2,148	895	1,253	1,263	Holding company policy	Zafar Iqbal Sobani - Ex-CEO
Vehicle	1,537	736	801	811	Subsidiary company policy	Javid Rashid ex-Employee
Vehicle	1,960	1,266	694	704	Subsidiary company policy	Sultan Ahmad ex-Employee
Vehicle	1,493	964	529	539	Subsidiary company policy	Sajjad H. Akhtar ex-Employee
Vehicle	1,507	816	691	702	Subsidiary company policy	Kiran Fatima ex-Employee
Vehicle	2,003	1,418	585	595	Subsidiary company policy	Saiyed Abid Hussain ex-Employee
Vehicle	1,927	1,403	524	534	Subsidiary company policy	Aurangzeb Khan ex-Employee
Computer	158	79	79	-	Ex-gratia	Huma Pasha - Ex-employee
Computer	158	105	53	-	Ex-gratia	Lesley Ann Middlecoat - Ex-employee
Items having a net book value not exceeding Rs. 50,000 each						
Vehicles	6,591	6,591	-	40	Holding company policy	Various
Computers	2,900	2,800	100	166	Holding / Subsidiary company policy	Various
Total - June 30, 2013	26,137	20,084	6,053	5,874		
Total - June 30, 2012	20,562	13,387	7,175	7,255		

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
10.3 Depreciation charge for the year has been allocated as follows:			
Operating costs	4	2,955,801	2,648,484
General and administration expenses	5	28,152	31,119
Capital work-in-progress - Subsidiary		8,631	7,330
		2,992,584	2,686,933
10.4 Capital work-in-progress - Plant betterments (Hub plant)			
Opening balance		26,096	37,751
Additions during the year		51,447	6,065
Transfers during the year		(23,835)	(17,720)
		53,708	26,096
10.5 Capital work-in-progress - Narowal plant			
Opening balance		-	515,676
Additions during the year		25,761	(10,483)
Transfers during the year		(12,200)	(505,193)
		13,561	-

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
10.6 Capital work-in-progress - Subsidiary			
Opening balance		16,234,435	9,402,978
Additions during the year			
EPC costs		2,298,850	4,427,924
Payment to other contractors		122,987	178,988
Professional services		117,657	190,781
Insurance cost		39,100	71,461
Borrowing cost		1,638,853	1,795,513
Other finance costs		-	52,925
Other directly attributable cost	10.6.1	95,016	113,865
		4,312,463	6,831,457
Transfers during the year		(20,498,235)	-
		48,663	16,234,435

10.6.1 Included herein exchange differences of Rs. 24.775 million (2012: Rs. 20.370 million) capitalised due to waiver granted by the SECP (see note 2.15).

11 INTANGIBLES

	Goodwill (note 11.2)	Computer software	Total
	(Rs. '000s)		
Cost:			
As at July 1, 2011	1,414,096	41,471	1,455,567
Additions	-	33,952	33,952
Disposals	-	-	-
As at June 30, 2012	1,414,096	75,423	1,489,519
Additions	-	17,510	17,510
Disposals	-	-	-
As at June 30, 2013	1,414,096	92,933	1,507,029
Amortisation:			
Amortisation rate % per annum	-	33.33	-
As at July 1, 2011	-	33,405	33,405
Charge for the year	-	16,764	16,764
Disposals	-	-	-
As at June 30, 2012	-	50,169	50,169
Charge for the year	-	15,495	15,495
Disposals	-	-	-
As at June 30, 2013	-	65,664	65,664
Net book value as at June 30, 2013	1,414,096	27,269	1,441,365
Net book value as at June 30, 2012	1,414,096	25,254	1,439,350

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
11.1 Amortisation charge for the year has been allocated as follows:			
Operating costs	4	12,134	11,290
General and administration expenses	5	3,183	5,261
Capital work-in-progress - Subsidiary		178	213
		15,495	16,764

11.2 For impairment testing, goodwill has been allocated to 'Laraib plant' as Cash Generating Unit (CGU), which is also a reportable segment. No goodwill has been impaired as a result of annual impairment test carried out on June 30, 2013. The recoverable amount for the purpose of assessing impairment on goodwill on acquisition of the subsidiary is determined based on value in use. The calculations are based on the cash flows derived mainly under the PPA between the subsidiary and the Power Purchaser for a term of 25 years from COD. These cash flows are denominated in USD and have been discounted using a discount rate which reflects the current market rate appropriate for the business. For the calculation, the Group has used a discount rate of 4.25% and the cash flows are discounted over whole of the life of the project. The management believes that any reasonable possible change to the key assumptions on which calculation of recoverable amount is based, would not cause the carrying amount to exceed the recoverable amount.

12. LONG TERM ADVANCES, DEPOSITS AND PREPAYMENTS

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Considered good			
Advances to O&M contractors			
- secured against bank guarantees		14,987	39,764
Deposits		5,924	5,894
Prepaid operating lease rentals		9,241	12,711
Other prepayments		2,638	2,399
		32,790	60,768

13. STORES AND SPARES

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
In hand	13.1	1,682,806	1,084,981
In transit		7,528	-
		1,690,334	1,084,981

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

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
14. STOCK-IN-TRADE			
Furnace oil		4,207,165	1,732,600
Diesel		22,863	24,397
Lubricating oil		10,401	7,330
Light diesel oil		7,069	9,914
		4,247,498	1,774,241
15. TRADE DEBTS - Secured			
Considered good	15.1 & 15.2	25,925,964	151,161,169

15.1 This includes an amount of Rs. 12,047 million (2012: Rs. 118,585 million) receivable from WAPDA and Rs. 843 million (2012: Rs. 11,047 million) receivable from NTDC which are overdue but not impaired because the trade debts are secured by a guarantee from the GOP under Implementation Agreements.

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

The aging of these receivables are as follows:

	2013 (Rs. '000s)	2012 (Rs. '000s)
Not yet due	13,035,310	21,528,810
Up to 3 months	4,786,169	50,727,482
3 to 6 months	1,761,682	48,778,269
Over 6 months	6,342,803	30,126,608
	25,925,964	151,161,169

15.2 This includes Rs. 373 million (2012: Rs. 373 million) relating to a tax matter (Refer note 25.7).

16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Considered good			
Advances			
Executives		669	19
Employees		118	220
Suppliers		115,476	35,680
		116,263	35,919
Deposits		972	972
Prepayments			
Current portion of prepaid operating lease rentals		3,308	3,314
LC commission and other loan related costs		5,030	20
Miscellaneous		38,671	14,554
		47,009	17,888
Other receivables			
Interest accrued	16.1	15,314	1,490
Income tax	25.6	1,912,347	1,912,347
Sales tax		567,755	11,484
Workers' profit participation fund recoverable from WAPDA / NTDC	7	497,349	409,484
Miscellaneous		208,630	171,974
		3,201,395	2,506,779
		3,365,639	2,561,558

16.1 This includes Rs. 3.746 million (2012: Rs. Nil) related to short term placement with NBP (an associated undertaking).

17. CASH AND BANK BALANCES

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Savings accounts		1,343,668	1,339,932
Call and term deposits	17.1	16,818,692	-
		18,162,360	1,339,932
In hand		216,289	266
	17.2 & 17.3	18,378,649	1,340,198

17.1 Included herein is a sum of Rs. 5,152 million (2012: Rs. Nil) deposited with NBP (an associated undertaking).

17.2 Savings and deposits accounts carry mark-up rates ranging between 0.25% to 9.00% (2012: 0.25% to 8.50%) per annum.

17.3 This includes Rs. 1,187.166 million (2012: Rs. 44.658 million) restricted by Lenders for construction related payments for Narowal plant and subsidiary.

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

2013	2012		2013	2012
(No. of Shares)			(Rs. '000s)	(Rs. '000s)
		Authorised :		
1,200,000,000	1,200,000,000	Ordinary shares of Rs.10/- each	12,000,000	12,000,000
		Issued, subscribed and paid-up : Ordinary shares of Rs.10/- each		
818,773,317	818,773,317	For cash	8,187,733	8,187,733
		For consideration other than cash		
338,022,463	338,022,463	- against project development cost	3,380,225	3,380,225
358,607	358,607	- against land	3,586	3,586
338,381,070	338,381,070		3,383,811	3,383,811
1,157,154,387	1,157,154,387		11,571,544	11,571,544

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

18.2 Associated undertakings held 277,452,000 (2012: 279,694,222) shares in the holding company as at year end.

19. LONG TERM LOANS - Secured

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

From Banks / Financial Institutions	Note	As at July 01, 2011	Drawn / Adjustment in transaction cost	Repaid	Current portion	Amortisation of transaction cost	As at June 30, 2012
		....	....	.... (Rs. '000s)	....	....	....
Holding company							
Hub plant							
Under the Private Sector Energy Development Fund's (PSEDF I) Facility	19.1 & 19.1.1	3,934,074	-	(722,107)	(722,109)	-	2,489,858
Under the Private Sector Energy Development Fund's (PSEDF II) Facility	19.1 & 19.1.2	1,399,902	-	(256,955)	(256,953)	-	885,994
Sub Total		5,333,976	-	(979,062)	(979,062)	-	3,375,852
Narowal plant							
Commercial Facility	19.2.1	6,283,447	-	(358,425)	(408,021)	-	5,517,001
Expansion Facility	19.2.2	14,718,588	-	(712,284)	(836,414)	-	13,169,890
Transaction cost		(459,971)	-	-	57,774	67,787	(334,410)
Sub Total		20,542,064	-	(1,070,709)	(1,186,661)	67,787	18,352,481
Laraib's investment							
Syndicated term finance facility	19.3.1	2,681,874	738,263	-	-	-	3,420,137
Islamic finance facility	19.3.2	759,000	-	-	-	-	759,000
Transaction cost		(73,080)	-	-	-	-	(73,080)
Sub Total		3,367,794	738,263	-	-	-	4,106,057
Long term loans of the holding company		29,243,834	738,263	(2,049,771)	(2,165,723)	67,787	25,834,390
Subsidiary							
Foreign currency loans	19.4.1	3,631,310	3,153,300	-	-	-	6,784,610
Local currency loans	19.4.2	1,385,000	994,000	-	-	-	2,379,000
Transaction cost		(436,246)	(3,265)	-	-	-	(439,511)
Long term loans of the subsidiary		4,580,064	4,144,035	-	-	-	8,724,099
		33,823,898	4,882,298	(2,049,771)	(2,165,723)	67,787	34,558,489

Holding company

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

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

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

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

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

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

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

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

The outstanding balance of PSEDF I and PSEDF II facilities is repayable to NBP (an associated undertaking).

19.1.1 Interest is payable @ 14% per annum.

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

19.2 In connection with Narowal plant:

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

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

The loan is secured pari passu by way of:

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

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

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

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

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

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

The outstanding balance of long term loans include Rs. 1,154 million (2012: Rs. Nil) repayable to Askari Bank Limited (an associated undertaking) and Rs. 5,652 million (2012: Rs. Nil) repayable to NBP (an associated undertaking).

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

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

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

The outstanding balance of long term loans include Rs. 1,701 million (2012: Rs. Nil) out of the total available facility of Rs. 1,750 million from NBP (an associated undertaking).

The outstanding balance of long term loans also include Rs. 200 million (2012: Rs. Nil) out of the total available facility of Rs. 241 million from Askari Bank Limited (an associated undertaking).

Subsidiary

19.4 In connection with the power plant of the subsidiary:

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

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

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

The loan facilities are secured by way of:

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

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

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

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

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

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

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

   (vii) all Insurances;

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

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

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

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

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

	As at July 01, 2011	Drawn / Adjustment in transaction cost	Repaid	Current portion	As at June 30, 2012
	.... (Rs. '000s)				....
Islamic Development Bank	1,258,414	1,191,245	-	-	2,449,659

20.1 The subsidiary entered into a finance lease agreement with Islamic Development Bank in respect of plant and machinery of USD 37.3 million. The rate of return used as the discounting factor is 5.84% (2012: 6.56%) per annum. The lease rentals are payable in 24 semi-annual installments, the first such payment commencing on November 5, 2013 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on November 5, 2024. Any delay in payments by the subsidiary is subject to an additional payment of 2% per annum above normal return rate. The lease finance facility is secured against securities mentioned in note 19.4.2.

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

	2013		2012	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	.... (Rs. '000s)			....
Within one year	345,171	142,668	142,794	-
After one year but not more than five years	1,804,897	1,229,363	1,216,609	725,371
Later than five years	2,676,560	2,194,358	2,208,286	1,724,288
Total minimum lease payments	4,826,628	3,566,389	3,567,689	2,449,659
Less: Amount representing finance charges	(1,260,239)	-	(1,118,030)	-
Present value of minimum lease payments	3,566,389	3,566,389	2,449,659	2,449,659
Less: Current portion	(142,668)	(142,668)	-	-
	3,423,721	3,423,721	2,449,659	2,449,659

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
21. DEFERRED LIABILITY			
Opening balance		2,184	1,060
Provision for the year	21.1	1,490	1,124
Closing balance		3,674	2,184

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

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
22. TRADE AND OTHER PAYABLES			
Creditors			
Trade	22.1	32,281,752	125,082,404
Other		19,208	10,558
		32,300,960	125,092,962
Accrued liabilities			
Operation & Maintenance fee and services		305,609	481,224
Project cost - Narowal plant		27,452	110,741
Finance costs		12,135	12,308
Miscellaneous		605,672	465,659
		950,868	1,069,932
Unearned income	22.2	1,031,754	983,158
Unclaimed dividend		120,214	104,780
Other payables			
Provision for Workers' profit participation fund	7	497,349	409,484
Payable to EPC contractor of the subsidiary		551,816	811,504
Payable in respect of project development cost of the subsidiary		27,135	76,405
Staff gratuity	22.4	1,866	10,652
Retention money		38,743	54,592
Withholding tax		1,667	17,753
		1,118,576	1,380,390
	22.3	35,522,372	128,631,222

22.1 This includes Rs. 29,785 million (2012: Rs. 122,895 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 20,520 million (2012: Rs. 108,497 million).

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

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

22.3 This includes Rs. 12.135 million (2012: Rs. Nil) payable to NBP (an associated undertaking).

22.4 STAFF GRATUITY

	2013 (Rs. '000s)	2012 (Rs. '000s)
Staff gratuity - Holding company	1,866	10,652

Actuarial valuation was carried out as on June 30, 2013. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost method.

	2013 (Rs. '000s)	2012 (Rs. '000s)
Reconciliation of the net liability recognised in the balance sheet		
Present value of defined benefit obligation	110,181	108,968
Fair value of plan assets	(84,962)	(88,253)
Net actuarial losses not recognised	(23,353)	(10,063)
Net liability recognised in the balance sheet	1,866	10,652
Reconciliation of the movements during the year in the net liability recognised in the balance sheet		
Opening net liability	10,652	19,320
Expense recognised	10,482	22,175
Contributions to the fund made during the year	(19,268)	(30,843)
Closing net liability	1,866	10,652
Expense recognised		
Current service cost	8,673	8,912
Interest cost	11,981	12,827
Expected return on plan assets	(10,172)	(6,615)
Actuarial loss recognised	-	7,051
Expense recognised	10,482	22,175
Actual return on plan assets		
Expected return on plan assets	10,172	6,615
Actuarial (loss) / gain on plan assets	(3,683)	773
Actual return on plan assets	6,489	7,388

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

	2013	2012
- Valuation discount rate per annum	11.50%	12.50%
- Expected return on plan assets per annum	11.50%	12.00%
- Expected rate of increase in salary level per annum	13.25%	12.50%

As at June 30	2013	2012	2011	2010	2009
	(Rs. '000s)				
Present value of defined benefit obligation	110,181	108,968	97,139	110,529	92,557
Fair value of plan assets	(84,962)	(88,253)	(61,054)	(81,095)	(70,391)
Deficit / (Surplus)	25,219	20,715	36,085	29,434	22,166
Experience adjustment on obligation losses	-	(7,051)	(2,692)	-	-
Experience adjustment on plan assets (losses) / gain	(3,683)	773	(1,985)	(3,641)	(2,308)

23. INTEREST / MARK-UP ACCRUED

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Interest / mark-up accrued on long term loans		1,374,295	1,513,155
Liabilities against assets subject to finance lease		93,388	63,273
Mark-up accrued on short term borrowings		491,492	453,414
	23.1	1,959,175	2,029,842

23.1 Included herein is a sum of Rs. 252.101 million (2012: Rs. 21.383 million) payable to related parties.

24. SHORT TERM BORROWINGS - Secured

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Finances under mark-up arrangements - Holding company	24.1 to 24.4	4,526,903	19,688,469

24.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 21,965 million (2012: Rs. 20,850 million) at mark-up ranging between 0.75% to 3.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities expire during the period from June 30, 2013 to May 31, 2014. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

24.1.1 The facilities amounting to Rs. 17,040 million (2012: Rs. 16,200 million) are secured by way of charge over the trade debts and stocks of the holding company pari passu with the existing charge.

24.1.2 The facilities amounting to Rs. 4,925 million (2012: Rs. 4,650 million) are secured by way of:

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

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

24.1.3 This includes a sum of Rs. Nil (2012: Rs. 1,160 million) payable to an associated undertaking. The available facilities amounting to Rs. 5,275 million (2012: Rs. 2,000 million). These facilities are secured by way of securities mentioned in note 24.1.1 and 24.1.2.

24.2 The holding company has issued privately placed Sukuk certificates based on Musharaka amounting to Rs. 4,500 million (2012: Rs. 3,046 million) at a mark-up of 1.25% per annum above six month KIBOR. The mark-up and principal is payable on the expiry of six months from the commencement date ranging between February 15, 2013 to March 14, 2013. Any late payment by the holding company is subject to mark-up at a rate of 16% per annum. These facilities are secured by way of securities mentioned in note 24.1.1.

This includes a sum of Rs. 15 million (2012: Rs. Nil) payable to a related party.

24.3 The holding company also has Murabahah facility agreements with banks for an amount of Rs. 625 million (2012: Rs. 625 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on July 29, 2013. Any late payment by the holding company is subject to an additional payment of 4.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 24.1.2.

24.4 The holding company also entered into a Musharaka agreement amounting to Rs. 635 million (2012: Rs. 635 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on September 30, 2013. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 24.1.2 (a).

25. COMMITMENTS AND CONTINGENCIES

25.1 Commitments by the holding company in respect of capital and revenue expenditures amount to Rs. 348.070 million (2012: Rs. 1,423.099 million).

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

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

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

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

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

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

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

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

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

25.5 Due to continuous delay in payments by NTDC in connection with the Narowal plant, the holding company called on the Sovereign Guarantee for recovery of overdue receivables. Subsequently, the holding company also filed a petition in the Honourable Supreme Court of Pakistan (SCP) seeking inter alia an immediate recovery of these overdue receivables and to protect itself against reduction in capacity purchase price in the form of Liquidated Damages (LDs) due to non availability of power plant for electricity generation because of lack of fuel caused by delay in payments by NTDC. On February 15, 2013, the SCP passed an interim order that there shall be no reduction in capacity payment. On June 28, 2013, the holding company and other IPPs agreed with GOP that on settlement of all overdue amounts, the holding company and other IPPs would withdraw the SCP case and pursue expert adjudication and arbitration in accordance with the PPA with regards to the LDs imposed by power purchaser. If the decision is in favour of the holding company, an amount of Rs. 872 million deducted by power purchaser (out of which LDs amounting to Rs. 647 million pertaining to the period prior to January 2013 have been charged to Profit & Loss account as a matter of prudence) will become refundable.

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

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

The holding company's case in the SCP will continue as provided in the above SRO. The management and their tax and legal advisors are of the opinion that the position of the holding company is sound on technical basis and eventual outcome ought to be in favour of the holding company in the case filed before the SCP. Pending the outcome of the case, no provision has been made in these consolidated financial statements, (Refer note 16).

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

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

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

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

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

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

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

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

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

Both HUBCO and WAPDA agreed that this petition should proceed and a judgement obtained on merits. During the year ended June 30, 2011, the petition was dismissed by the HC. Against the decision of the HC, the holding company filed petition for leave to appeal before the SCP. In December 2011, the SCP set aside the judgment of the HC and directed it to decide the case afresh. No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

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

25.9 (i) Under the IA with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, in September 2011 tax authorities issued a tax demand of Rs. 143 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The holding company's appeal before the Commissioner of Inland Revenue Appeals (CIR- A) and the Appellate Tribunal Inland Revenue (ATIR) were rejected. Against the order of the ATIR the holding company filed Income Tax Reference Applications (ITRAs) before the Honorable Islamabad High Court (IHC). The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. No date has yet been fixed by the ATIR.

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

(ii) FBR also imposed 2% WWF from tax years 2006-2010 and issued a demand for Rs. 191 million which was subsequently reduced to Rs. 8 million by the CIR (A). The holding company's appeals filed in IHC mentioned in (i) above also included this matter. The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. WWF is a pass through under the PPA and is recoverable from the WAPDA. No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

25.10 Under the IA with the GOP and the Income Tax Ordinance, 2001 ("Ordinance"), the holding company is exempt from the levy of minimum tax. During the year, FBR issued demand notices amounting to Rs. 442 million relating to the tax years 2006 to 2008, 2010 and 2011. After the holding company's appeals were rejected by the CIR-A, Islamabad, further appeals were filed with the ATIR, Islamabad. Subsequent to the year end, the ATIR has rendered a decision in favour of the holding company.

25.11 The FBR passed an order for the recovery of Rs. 8,691 million relating to fiscal years ended June 2008 to 2011. In FBR's view the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which decided the case in favour of the holding company. Against the judgement of the ATIR, the FBR has filed a case with the HC. No date has yet been fixed for hearing.

25.12 In connection with the development and operation of the power plant of the subsidiary:

(i) the subsidiary has entered into contracts for construction and operation of a hydel power plant. The subsidiary's remaining capital and revenue commitments against these contracts amount to Rs. 539.000 million (2012: Rs. 2,631.459 million).

(ii) the subsidiary entered into land lease agreements with the GOAJK for (i) 424 kanals and (ii) 7,243 kanals of land for the project. The lease of 424 kanals is for a term of 30 years starting from October 2003 and is renewable after the end of the lease term. The subsidiary had paid advance rental for the lease of 7,243 kanals for a period of 5 years starting from July 2009 after which land measuring 3,515 kanals, required for permanent structures, will be leased again for a period of 20 years while the remaining land will revert to the Government. Under AJK Implementation Agreement, the GOAJK is committed to extend the term of the land lease agreement over the project life.

The amount of future payments under the non-cancellable operating leases and the period in which these payments will become due are as follows:

	2013 (Rs. '000s)	2012 (Rs. '000s)
Not later than one year	170	170
Later than one year but not later than five years	6,247	4,840
Later than five years	25,146	26,723
	31,563	31,733

(iii) The subsidiary's appeals filed before CIR-A against the Order of the Taxation Officer for the alleged non-withholding of tax on payments made to lenders' legal counsel and Islamic Development Bank have been decided against the subsidiary. The CIR-A while deciding the case against the subsidiary has enhanced the original demand of Rs 13.45 million to Rs. 24.63 million out of which the subsidiary has already paid Rs. 11.39 million in prior years. Consequently withholding tax amounting to Rs. 13.24 million has not been paid. Against the decision of CIR-A the subsidiary has filed appeals before the ATIR which are pending adjudication. The management of the subsidiary expects a favourable outcome due to favourable decisions of the Appellate authorities in similar cases. No provision has been made in these consolidated financial statements as any payment made by the subsidiary is a pass through item under the PPA.

26. REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

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

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
		Chief Executives	
Managerial remuneration		19,610	16,342
Ex-gratia payment to Ex-CEO		20,016	-
Bonus		7,314	-
House rent		7,864	7,354
Utilities		1,973	1,634
Retirement benefits	26.1	3,773	2,894
Other benefits		8,259	7,026
		68,809	35,250
Number of persons		2	2
		Directors	
Fees	26.2	17,565	4,750
Number of persons		16	5
		Executives	
Managerial remuneration		81,594	75,718
Ex-gratia payment		9,067	9,523
Bonus		21,999	16,668
House rent		36,717	34,073
Utilities		8,159	7,572
Retirement benefits		17,298	28,163
Other benefits		26,021	26,809
		200,855	198,526
Number of persons		46	49
		Total	
Managerial remuneration / Fees		118,769	96,810
Ex-gratia payment		29,083	9,523
Bonus		29,313	16,668
House rent		44,581	41,427
Utilities		10,132	9,206
Retirement benefits		21,071	31,057
Other benefits		34,280	33,835
		287,229	238,526
Number of persons		64	56

26.1 Retirement benefits to the current Chief Executive of the holding company are paid as part of monthly emoluments.

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

26.3 The Chief Executives and certain Executives are provided with the use of Company maintained automobiles in accordance with the terms of their employment.

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

27. SEGMENT INFORMATION

27.1 SEGMENT ANALYSIS

The Group has three reportable segments on the basis of power plants; the Hub plant and Narowal plant are in operation and Laraib plant (Hydel power plant) which achieved COD on March 23, 2013.

The unallocated items of profit and loss relate to costs incurred by the holding company for investment in the subsidiary. The unallocated liabilities represent amounts payable in respect of investment in the subsidiary.

	2013				
	Hub plant	Narowal plant	Laraib plant	Unallocated	Total
	(Rs. '000s)				
Turnover	145,852,003	20,009,773	1,373,743	-	167,235,519
Operating costs	(135,414,958)	(14,132,062)	(440,479)	-	(149,987,499)
GROSS PROFIT	10,437,045	5,877,711	933,264	-	17,248,020
General and administration expenses	(358,364)	(56,356)	(74,930)	(480)	(490,130)
Other income	23,888	5,873	12,305	-	42,066
Workers' profit participation fund	-	-	-	-	-
PROFIT FROM OPERATIONS	10,102,569	5,827,228	870,639	(480)	16,799,956
Finance costs	(1,682,149)	(4,393,171)	(228,720)	(264,633)	(6,568,673)
PROFIT BEFORE TAXATION	8,420,420	1,434,057	641,919	(265,113)	10,231,283
Taxation	-	(1,266)	-	(254)	(1,520)
PROFIT FOR THE YEAR	8,420,420	1,432,791	641,919	(265,367)	10,229,763
Assets	69,261,622	25,199,749	24,479,863	-	118,941,234
Liabilities	40,719,554	21,581,481	17,419,046	4,298,593	84,018,674
Depreciation and amortisation	1,733,036	965,609	309,434	-	3,008,079
Capital expenditure - net	98,580	29,392	4,331,555	-	4,459,527

	2012				
	Hub plant	Narowal plant	Laraib plant	Unallocated	Total
	(Rs. '000s)				
Turnover	148,903,742	25,808,445	-	-	174,712,187
Operating costs	(138,712,401)	(20,349,099)	-	-	(159,061,500)
GROSS PROFIT	10,191,341	5,459,346	-	-	15,650,687
General and administration expenses	(353,298)	(59,571)	(51,807)	(457)	(465,133)
Other income	37,027	444	24,648	(2,364)	59,755
Workers' profit participation fund	-	-	-	-	-
PROFIT FROM OPERATIONS	9,875,070	5,400,219	(27,159)	(2,821)	15,245,309
Finance costs	(1,927,976)	(4,571,112)	(1,236)	(164,396)	(6,664,720)
PROFIT BEFORE TAXATION	7,947,094	829,107	(28,395)	(167,217)	8,580,589
Taxation	-	-	(5,141)	-	(5,141)
PROFIT FOR THE YEAR	7,947,094	829,107	(33,536)	(167,217)	8,575,448
Assets	162,244,624	40,897,847	18,600,490	-	221,742,961
Liabilities	146,508,954	26,305,844	12,479,090	4,234,773	189,528,661
Depreciation and amortisation	1,739,062	950,483	14,152	-	2,703,697
Capital expenditure - net	164,590	(304,550)	6,857,934	-	6,717,974

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

28. RELATED PARTY TRANSACTIONS

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

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Associated undertakings			
Shares issued to an associated undertaking of the subsidiary		74,481	348,731
Amounts paid for services rendered		7,424	3,643,677
Reimbursement of expenses and others		-	2,206
Proceeds from long term loan	19	80,395	-
Repayment of long term loans	19	777,050	-
Interest / Mark-up on long term loans		1,158,128	-
Mark-up on short term borrowings		307,673	109,277
Other finance costs		27,774	-
Other related parties			
Mark-up on short term borrowings	24.2	488	-
Remuneration to key management personnel			
Salaries, benefits and other allowances		85,600	45,673
Ex-gratia payment		20,016	-
Retirement benefits		8,629	7,024
	28.1 & 28.2	114,245	52,697
Directors' fee	26.2	17,565	4,750
Contribution to staff retirement benefit plans		29,972	36,967

28.1 In addition to this, certain assets having book value of Rs. 1.279 million against proceeds of Rs. 1.292 million were sold to Ex-Chief Executive of the holding company as per holding company's policy.

28.2 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.

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

29. PROVIDENT FUND TRUSTS

The following figures include figures of holding company's provident fund trust and its subsidiary.

	2013	2012
Size of the trust (Rupees in thousands)	87,225	85,136
Cost of investments made (Rupees in thousands)	84,299	79,254
Percentage of investments made (%)	96.65%	93.09%
Fair value of investments made (Rupees in thousands)	84,568	82,408

	2013 (Rs. '000s)	2012 (Rs. '000s)
Break-up of Investments		
Treasury Bills	15,152	8,385
Short term Deposit	18,144	29,962
Other	51,272	44,061
	84,568	82,408

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

30. PLANT CAPACITY AND PRODUCTION

Holding company

HUB PLANT

	2013	2012
Theoretical Maximum Output	10,512 GWh	10,541 GWh
Total Output	7,673 GWh	7,770 GWh
Load Factor	73%	74%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,216 GWh (2012: 9,245 GWh). Output produced by the plant is dependent on the load demanded by WAPDA and the plant availability.

NAROWAL PLANT

	2013	2012
Theoretical Maximum Output	1,873 GWh	1,878 GWh
Total Output	820 GWh	1,321 GWh
Load Factor	44%	70%

Practical maximum output for the power plant taking into account all the scheduled outages is 1,730 GWh (2012: 1,734 GWh). Output produced by the plant is dependent on the load demanded by NTDC and the plant availability.

Subsidiary

The subsidiary 's hydel power plant achieved COD on March 23, 2013. The following data covers the period starting from COD.

	2013	2012
Theoretical Maximum Output	202 GWh	-
Average Energy	160 GWh	-
Total Output	138 GWh	-

Output produced by the plant is dependent on the load demanded by NTDC, available hydrology and the plant availability.

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)

31. WORKING CAPITAL CHANGES

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Decrease / (Increase) in current assets			
Stores and spares		(605,353)	(89,161)
Stock-in-trade		(2,473,257)	1,999,458
Trade debts		125,235,205	(65,355,100)
Advances, deposits, prepayments and other receivables		(787,900)	(1,477,999)
		121,368,695	(64,922,802)
(Decrease) / Increase in current liabilities			
Trade and other payables		(93,277,315)	53,800,891
		28,091,380	(11,121,911)

32. CASH AND CASH EQUIVALENTS

	Note	2013 (Rs. '000s)	2012 (Rs. '000s)
Cash and bank balances	17	18,378,649	1,340,198
Finances under mark-up arrangements	24	(4,526,903)	(19,688,469)
		13,851,746	(18,348,271)

33. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY

33.1 Basic

	2013	2012
Profit for the year attributable to owners of the holding company (Rupees in thousand)	10,090,087	8,583,800
Number of shares in issue during the year	1,157,154,387	1,157,154,387
Basic earnings per share attributable to owners of the holding company (Rupees)	8.72	7.42

33.2 There is no dilutive effect on the earnings per share of the holding company.

34. PROPOSED FINAL DIVIDEND

The Board of Directors of the holding company proposed a final dividend for the year ended June 30, 2013 of Rs. 4.50 per share, amounting to Rs. 5,207.195 million, at their meeting held on August 19, 2013, for approval of the members of the holding company at the Annual General Meeting to be held on September 30, 2013. These consolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

35. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

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

(i) Foreign exchange risk

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

Financial assets of the Group include Rs. 1,300.203 million (2012: Rs. 703.925 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Group include Rs. 14,361.920 million (2012: Rs. 10,448.058 million) in foreign currencies which are subject to currency risk exposure. The Group is minimizing the foreign exchange risk by maintaining the bank balance in respective foreign currencies in order to match the payments. The Group is also covered under the PPA to recover the forex loss under the tariff. Therefore, the Group believes that its exposure to foreign exchange risk is not material.

(ii) Interest rate risk

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

Cash flow and fair value interest rate risks

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

	2013 (Rs. '000s)	2012 (Rs. '000s)
<u>Fixed rate instruments at carrying amount:</u>		
Financial assets		
Bank balances	18,162,360	1,339,932
Financial liabilities		
Long term loans	2,489,861	3,211,967
<u>Variable rate instruments at carrying amount:</u>		
Financial assets		
Trade debts	12,890,654	129,632,359
Other receivables	11,388	-
Total	12,902,042	129,632,359
Financial liabilities		
Long term loans	35,950,300	33,512,245
Liabilities against assets subject to finance lease	3,566,389	2,449,659
Trade and other payables	22,856,470	108,497,206
Short term borrowings	4,526,903	19,688,469
Total	66,900,062	164,147,579

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

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

The holding company has a long term loan for Narowal plant (Refer note 19.2.2). Under the Narowal PPA, the related finance cost up to a mark-up rate of 3 month KIBOR is allowed as a pass through to the Power Purchaser. Therefore, there is no significant impact of any change in interest rates on profit or loss.

The holding company has another long term loan for Narowal plant (Refer note 19.2.1). The holding company has to manage the related finance cost from its own sources which exposes the holding company to the risk of change in 3 month KIBOR. As at June 30, 2013, if interest rate on the holding company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 56.757 million.

In order to meet its investment obligations in the subsidiary, the holding company has entered into long term loan facilities (Refer note 19.3). The holding company has to manage related finance cost from its own sources which exposes the holding company to the risk of change in 6 month KIBOR. As at June 30, 2013, if interest rate on the holding company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 42.093 million.

The subsidiary has long term loan facilities with various banks / financial institutions (see note 19.4). As the subsidiary's hydel project was under construction and the related finance cost up to the construction period has been capitalised. Further, the subsidiary is also covered under the PPA to recover any interest rate risk from NTDC. Therefore, a change in interest rate does not have any impact on profit or loss.

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

(b) Credit risk

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

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

	2013 (Rs. '000s)	2012 (Rs. '000s)
Deposits	6,896	6,866
Trade debts	25,925,964	151,161,169
Other receivables	721,293	582,948
Bank balances	18,162,360	1,339,932
Total	44,816,513	153,090,915

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

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

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

(c) Liquidity risk

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

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

The Group is exposed to liquidity risk to the extent that the returns from the Narowal plant are not sufficient to meet the funding requirement for the Narowal plant's long term loans mentioned in note 19.2.1 and 19.2.2. The Group is also exposed to liquidity risk for the differential margin not allowed by NEPRA above the 3 month KIBOR as mentioned in note 19.2.2. The Group will manage this liquidity risk on remaining term of the loans from its own sources and future earnings.

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

	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 5 to 10 years	Over 10 years	Total
	-----------------	-----------------	-----(Rs. '000s)-----	-----------------	-----------------	-----------------
2012-13						
Long term loans	3,525,540	3,767,437	31,673,056	18,356,457	1,794,671	59,117,161
Liabilities against assets subject to finance lease	173,071	172,100	1,804,897	1,995,571	680,989	4,826,628
Trade and other payables	33,989,736	-	-	-	-	33,989,736
Short term borrowings	5,018,395	-	-	-	-	5,018,395
Total	42,706,742	3,939,537	33,477,953	20,352,028	2,475,660	102,951,920
2011-12						
Long term loans	3,505,720	3,556,075	31,634,962	22,802,578	2,420,654	63,919,989
Liabilities against assets subject to finance lease	71,984	70,810	1,216,609	1,473,954	734,332	3,567,689
Trade and other payables	127,210,175	-	-	-	-	127,210,175
Short term borrowings	20,141,883	-	-	-	-	20,141,883
Total	150,929,762	3,626,885	32,851,571	24,276,532	3,154,986	214,839,736

Fair value estimation

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

Capital risk management

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

36. FINANCIAL INSTRUMENTS BY CATEGORY

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

Assets as per balance sheet	Loans and receivables (Rs. '000s)	Total June 30, 2013 (Rs. '000s)
Deposits	6,896	6,896
Trade debts	25,925,964	25,925,964
Other receivables	721,293	721,293
Cash and bank balances	18,378,649	18,378,649
Total	45,032,802	45,032,802

Liabilities as per balance sheet	Financial liabilities measured at amortised cost (Rs. '000s)	Total June 30, 2013 (Rs. '000s)
Long term loans	39,814,456	39,814,456
Liabilities against assets subject to finance lease	3,659,777	3,659,777
Trade and other payables	33,989,736	33,989,736
Short term borrowings	5,018,395	5,018,395
Total	82,482,364	82,482,364

Assets as per balance sheet	Loans and receivables (Rs. '000s)	Total June 30, 2012 (Rs. '000s)
Deposits	6,866	6,866
Trade debts	151,161,169	151,161,169
Other receivables	582,948	582,948
Cash and bank balances	1,340,198	1,340,198
Total	153,091,181	153,091,181

Liabilities as per balance sheet	Financial liabilities measured at amortised cost (Rs. '000s)	Total June 30, 2012 (Rs. '000s)
Long term loans	38,237,367	38,237,367
Liabilities against assets subject to finance lease	2,512,932	2,512,932
Trade and other payables	127,210,175	127,210,175
Short term borrowings	20,141,883	20,141,883
Total	188,102,357	188,102,357

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

Revised and amended standards and interpretation effective and adopted in 2013

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

Revised and amended standards and interpretation not yet effective

Certain revised and amended standards and interpretation are effective for accounting periods beginning on or after January 01, 2013. These standards and interpretation are neither relevant to the Group nor are expected to have a significant impact on the Group's financial statements except as disclosed below.

IAS 34 – Interim Financial Reporting

This improvement requires that Group must disclose Segment Information for Total Assets and Liabilities in each interim financial reporting.

IAS 19 - Employees benefits (Revised)

Amendments to IAS 19 range from fundamental changes to simple clarification and re-wording. The significant changes include the following:

For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognised in other comprehensive income when they occur. Amounts recorded in profit & loss are limited to current and past service cost, gain or losses on settlements and net interest income (expenses). All other changes in net defined benefit assets (liability) are recognised in other comprehensive income with no subsequent recycling to profit and loss. The amendments also require additional disclosure and retrospective application with certain exception.

Further, the distinction between short-term and other long term employees benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.

Holding company

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

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

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

	2013 (Rs. '000s)	2012 (Rs. '000s)
Decrease in unappropriated profit at the beginning of the year	(9,500,694)	(10,048,538)
Increase in profit for the year	779,482	547,844
Decrease in unappropriated profit at the end of the year	(8,721,212)	(9,500,694)

Subsidiary

Exemption from applicability of IFRIC - 12 “Service Concession Arrangements”

The SECP granted waiver from the application of International Financial Reporting Interpretation Committee (IFRIC) - 12 “Service Concession Arrangements” to all companies including Power Sector Companies. However, the SECP made it mandatory to disclose the impact on the results of the application of IFRIC - 12.

Under IFRIC 12, the revenue and costs relating to construction of infrastructure or upgrade services are recognised in accordance with IAS 11 “Construction Contracts” and a financial asset is recognised to the extent Company has an unconditional contractual right to receive cash irrespective of the usage of infrastructure. If the subsidiary were to follow IFRIC - 12 and IAS - 11, the effect on the consolidated financial statements would be as follows:

	2013 (Rs. '000s)	2012 (Rs. '000s)
Increase in unappropriated profit and non-controlling interest at the beginning of the year	1,626,792	543,219
Increase in profit for the year	1,891,955	1,083,573
Increase in unappropriated profit and non-controlling interest at the end of the year	3,518,747	1,626,792

38. RECLASSIFICATION

Certain prior year’s figures have been re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparisons. However, there are no material reclassification to report except for finance lease liabilities of the subsidiary company have been reclassified from long term loans to a separate note 20 in the consolidated financial statements.

39. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on August 19, 2013 in accordance with the resolution of the Board of Directors of the holding company.

40. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Glossary

Annual General Meeting (AGM)
Annual General Meeting of shareholders of the Company.

ATIR
Appellate Tribunal Inland Revenue.

BAC
Board Audit Committee

BCC
Board Compensation Committee

BCP
Business Continuity Planning

BIC
Board Investment Committee

BOC
Board Operation Committee

Capacity (installed)
Generator capacity (measured in megawatts (MW)), measured at the power station boundary after the deduction of works power.

CDM
Clean Development Mechanism

CEO
Chief Executive Officer.

CFO
Chief Financial Officer.

CGU
Cash Generating Unit.

CIR(A)
Commissioner of Inland Revenue Appeals.

COD
Commercial Operations Date

Combined cycle plant
The combination of an engine and steam turbine (ST) in a configuration that enables electricity to be generated directly from a generator driven by the engine and, by using exhaust gases from the engine to produce steam to drive a ST coupled to another generator.

CPP
Capacity Purchase Price means the fixed element of the Tariff under the Power Purchase Agreement.

The Company
The Hub Power Company Ltd.

Companies Ordinance
The Companies Ordnance, 1984.

CSR
Corporate Social Responsibility.

CTO
Chief Technical Officer.

Desalination plant
Plant which removes salt and impurities from sea water.

Due diligence
A process undertaken before the acquisition of a business to ensure all significant risks, rewards and issues are identified and considered before any offer is made to the vendor or an acquisition takes place.

ECC
Economic Coordination Committee

EPC contract
Engineering, Procurement and Construction contract, used principally for the building of power stations by a turnkey contractor.

Earnings per share (EPS)
Calculated by dividing the profit after interest, tax and non-controlling interests by the weighted average number of Ordinary Shares in issue.

EPP
Energy Purchase Price means variable element of the Tariff under the Power Purchase Agreement which is directly related to the electricity generated.

FBR
Federal Board of Revenue.

FERI
Foreign Exchange Risk Insurance.

Forced outage rate
A measure giving the proportion of electrical energy that was actually unavailable for generation during the period due to unplanned outages, expressed as a percentage of the maximum potential electrical energy generation, after taking account of planned outages.

FSA
Fuel Supply Agreement – an agreement between the Company and Fuel Supplier.

Fund
Workers' Profit Participation Fund

GOP
Government of Pakistan.

GW
Gigawatt, one thousand million watts.

Gigawatt-hour (GWh)
A watt hour is the amount of energy used by a one-watt load drawing power for one hour. A gigawatt-hour (GWh) is 1,000,000 times larger than the kilowatt-hour (kWh) and is used for measuring the energy output of large power plants.

GOAJK
Government of Azad Jammu & Kashmir.

HC
High Court

HR
Human Resource

HS&E
Health, Safety and Environment.

IA
Implementation Agreement – an agreement between the Company and the Government which sets out the fundamental obligations of the Company and the Government relating to the Projects.

IASB
International Accounting Standards Board.

IFRS
International Financial Reporting Standard.

IFRSC
International Financial Reporting Standard Committee.

IHC
Islamabad High Court

IPP
Independent Power Producer.

ISO 14001
A standard for the management of environmental matters that is widely used in various parts of the world..

ITAT
Income Tax Appellate Tribunal.

ITO, 2001
Income Tax Ordinance, 2001.

ITRA
Income Tax Reference Application

KIBOR
Karachi Inter Bank Offer Rate.

KPI
Key Performance Indicator.

KSE
Karachi Stock Exchange

kW
Kilowatt – 1,000 watts.

Kilowatt-hour (kWh)
A watt hour is the amount of energy used by a one-watt load drawing power for one hour. A kilowatt-hour (kWh) is 1,000 times larger than a watt-hour and is a useful size for measuring the energy use of households and small businesses and also for the production of energy by small power plants. A typical household uses several hundred kilowatt-hours per month.

Kyoto Protocol
A protocol to the International Framework Convention on Climate Change with the objective of reducing greenhouse gases in an effort to prevent climate change.

Liquidated damages (LDs)
Being the damages specified in a contract, payable if one party breaches one part of a contract.

Load Factor
The proportion of electricity actually generated compared with the maximum possible generation at maximum net capacity.

Lost time accident (LTA)
A person being absent from work for one or more working days or shifts (excluding the day or shift when the accident occurred) due to injury or ill health sustained at work.

Letter of Credit (LC)
A letter from a bank guaranteeing that a purchaser's payment to a supplier will be received on time and for the correct amount.

Mitsui
Mitsui & Co. of Japan.

MW
Megawatt; one MW equals 1,000 kilowatts or one million watts.

Megawatt-hour (MWh)
A watt hour is the amount of energy used by a one-watt load drawing power for one hour. A megawatt-hour (MWh) is 1,000 times larger than the kilowatt-hour and is used for measuring the energy output of large power plants.

NBP
National Bank of Pakistan

NEPRA
National Electrical Power Regulatory Authority.

Non-recourse debt
Debt secured on an asset, and where the lender has no recourse to the shareholder.

NOx
Oxides of nitrogen.

NTDC
National Transmission and Despatch Company Limited.

O&M
Operation and Maintenance; usually used in the context of operating and maintaining a power station.

OHSAS 18001
Occupational Health and Safety Assessment Series 18001. A management system specification developed by British Standards Institute which is now an accepted international standard, for health and safety and is compatible with ISO 9001:1994 (Quality) and ISO 14001:1996 (Environmental) management.

Outage
When a generating unit is removed from service to perform maintenance work. This can either be planned or unplanned.

PACRA
The Pakistan Credit Rating Agency Limited

Peak load
The maximum demand for electricity during a specified high demand period.

Power Purchase Agreement (PPA)
A PPA is generally a long-term contract between an electricity generator and a purchaser of energy or capacity (power or ancillary services).

PSO
Pakistan State oil Company Limited

RCOD
Required Commercial Operation Date

Recourse debt
Debt where the lender has recourse to parties other than the borrower, usually a parent company or shareholder.

Remaco
TNB Repair & Maintenance Berhard SND BHD

SBLC
Standby Letter of Credit. It is a form of guarantee which can be used to get payment from the bank when payment is not received by the supplier on a due date.

SCP
Supreme Court of Pakistan

SECP
Securities and Exchange Commission of Pakistan.

SO2
Sulphur dioxide.

SOx
Oxides of sulphur.

Spot price
Market price at a particular point in time.

Spread
Rate charged by the bank over KIBOR.

SSA
Sponsor Support Agreement between the Company, Laraib, other sponsor and lender of Laraib

Technical availability
A measure giving the proportion of electrical energy that was actually available to be generated during the period, after taking account of both planned and unplanned outages, expressed as a percentage of the maximum potential electrical energy generation.

TNB
Tenaga Nasional Berhard

TNBRP
TNB REMACO Pakistan (Private) Limited

Turnkey contract (TKC)
A contract where one party takes full responsibility for the construction and commissioning of a plant, delivering the plant in full working order to the owner.

UNFCCC
United Nations Framework Convention on Climate Change

Watt
Unit of power, which is the rate at which energy is delivered (i.e. work is done at a rate of one watt when one ampere flows through a potential difference of one volt).

WAPDA
Water and Power Development Authority.

WPPF
Workers' Profit Participation Fund.

WWF
Workers' Welfare Fund.

Calendar of Major Events

September 27, 2012	Annual General Meeting held and elected 12 (twelve) Directors in accordance with the provision of Companies Ordinance 1984 for a term of three years.
October 10, 2012	Board Meeting to elect the Chairman of the Company and form Board Committees.
December 26, 2012	EGM – held to change the Registered Office from Islamabad to Karachi & approve necessary amendments in Memorandum of Association.
March 23, 2012	Company's Subsidiary Laraib Energy Limited achieved Commercial Operations.
April 12, 2013	Interim Dividend warrants dispatched to shareholders.
June 28, 2013	Partial Settlement of Circular Debt – Received overdue amount of Rs. 75 billion for Hub Plant and Rs. 17.4 billion for Narowal Plant.
July 15, 2013	Inauguration of 84 MW New Bong Escape Hydro Power Project – Inaugurated by the Prime Minster Mian Muhammad Nawaz Sharif.
August 19, 2013	Announcement of Final Dividend
August 22, 2013	Declared Best Annual Report 2012 in Fuel & Energy Sector by ICAP-ICMAP.

Calendar of Corporate Events

Tentative dates for the Financial Year 2013-14

2013 Annual General Meeting	September 30, 2013
First Quarter ending September 30, 2013	Fourth week of October, 2013
Second Quarter ending December 31, 2013	Third week of February, 2014
Third Quarter ending March 31, 2014	Fourth week of April, 2014
Fourth Quarter and year ending June 30, 2014	Third week of August, 2014

Actual dates for the Financial Year 2012-13

Annual General Meeting	September 27, 2012
First Quarter ended September 30, 2012	October 31, 2012
Second Quarter ended December 31, 2012	February 27, 2013
Third Quarter ended March 31, 2013	April 25, 2013
Fourth Quarter and year ended June 30, 2013	August 19, 2013

Proxy Form

The Company Secretary
The Hub Power Company Limited
3rd Floor, Islamic Chamber of Commerce Building,
ST-2/A, Block-9, Clifton, P.O. Box No. 13841,
Karachi-75600.

I/We ____
of ____
being a member of THE HUB POWER COMPANY LIMITED and holder of ______________ Ordinary Shares as per the Share Register Folio No. ______________ and/or CDC Participant ID No. ______________ and Account / Sub-Account No. ______________ hereby appoint ______________________________ of ______________ or failing him/her ______________________ as my/our proxy to vote for me & on my/our behalf at the 22nd Annual General Meeting of the Company to be held at Pearl Continental Hotel, Karachi on September 30, 2013 at 11.00 am and at any adjournment thereof.

____
Signature of Shareholder
Folio / CDC No.

Signature on Revenue Stamp of Rs. 5/.

Witnesses:

(1) Signature ______________________
Name ______________________
Address ______________________
CNIC / Passport No.______________________

(2) Signature ______________________
Name ______________________
Address ______________________
CNIC / Passport No.______________________

Notes:

- A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.

- If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, The Hub Power Company Limited, Head Office at 3rd Floor, Islamic Chamber Building, ST-2/A, Block 9, Clifton, Karachi 75600 so as to reach not less than 48 hours before the time appointed for holding the Meeting.

- **For CDC Account Holders / Corporate Entities**

  In addition to the above the following requirements have to be met.

(i) The proxy form shall be witnessed by two persons whose names, addresses and valid CNIC numbers shall be stated on the form.

(ii) Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

(iii) The proxy shall produce his original valid CNIC or original passport at the time of the meeting. In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

growth through energy

AFFIX
CORRECT
POSTAGE

The Company Secretary
The Hub Power Company Limited
3rd Floor, Islamic Chamber of Commerce Building,
ST-2/A, Block-9, Clifton, P.O. Box No. 13841,
Karachi-75600.

HUBCO

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