

The Hub Power Company Ltd
Annual Report 1998

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COMPANY INFORMATION

Head Office: 3rd Floor, Islamic Chamber Building
ST-2/A, Block-9, Clifton, P.O. Box 13841
Karachi-75600

Registered Office: C/o Ford, Rhodes, Robson, Morrow,
Premises No. 1 to 5, Elahi Chambers,
C/o Ambassador Hotel Building,
I&T Centre, Khayaban-e-Suhrawardi.,
Aabpara, P.O. Box 2388, Islamabad.

Company Secretary: S. Khurshid Husain

Principal Bankers: **Account Banks:**
· National Development Finance Corporation, Karachi
· Citibank N.A., Karachi
· The Bank of Tokyo-Mitsubishi Limited, London
· The Sakura Bank Limited, London
· Banco di Napoli International S.A., Luxembourg
· ANZ Grindlays Bank Limited, Karachi

Inter-Creditor Agent:
Citibank International, plc, London

Legal Advisors: Linklaters & Paines, London
Kabraji & Talibuddin, Karachi
Rizvi Isa & Co., Karachi

Auditors: Ford, Rhodes, Robson, Morrow

Registrar: Ford, Rhodes, Robson, Morrow

NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Seventh Annual General Meeting of the Company will be held on Wednesday, December 16, 1998 at 2.00 p.m. at 250- B, Street No. 23, Sector E-7, Islamabad to transact the following business:

1. To confirm the minutes of the Sixth Annual General Meeting of the Company held on September 17, 1997.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 1998 and the Directors' & Auditors Reports thereon.
3. To approve the Interim Dividend already paid @ 70% for the year ended June 30, 1998.
4. To appoint Auditors and to fix their remuneration.

By Order of the Board

S. Khurshid Husain
Company Secretary

Karachi - November 11, 1998

NOTES:

1. The Share Transfer Books of the Company will remain closed from December 04, 1998 to December 18, 1998 (both days included).
2. 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.
3. 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.

4. Shareholders are requested to notify any change in their address immediately.

BOARD OF DIRECTORS

Mr. S. K. Husain

Chief Executive

Mr. M. A. Alireza H. I.

Chairman

Other directorships

Xenel Industries Limited

& other Xenel Group Companies

Xenel International Ltd

Mr. P. H. Smith

Vice Chairman

Other directorships

Electra Insurance Ltd. (Bermuda)

National Power International Holdings BV

Kot Addu Power Co. Ltd

Tejo Energia SA

National Power (Kot Addu) Ltd.

Leicester City PLC

Leicester City Football Club PLC

Mr. Y. Asahata

Other directorships

Hub Power Japan Corp.

Mr. P. F. Bennett

Other directorships

Kot Addu Power Co. Ltd

Mr. S. B. Gross

Other directorships

Asia Project Management

Entergy Pakistan Limited

Nantong Joint Venture

Mr. B. Chang

Other directorships

Task Technology Ltd

Taisun Group of Companies

Asia Petroleum Ltd

Fauji Oil Terminal Co. Ltd

Pakistan Power Ltd

Mr. C. R. W. Masterson

Other directorships

National Power Share Schemes Ltd

De Haviland Aircraft Museum Ltd

Dr. I. M. H. Preston C. B.E.

Other directorships

Motherwell Bridge Holdings Ltd

Clydeport plc

Deutsche (Scotland) Ltd

Scottish Council for

Development & Industry

Kot Addu Power Co. Ltd

Mr. S. N. A. Shah

Other directorships

Jahangir Siddiqui & Co. Ltd

Philips Electrical Industries of Pakistan Ltd

Forbes, Forbes, Campbell & Co. (Private) Ltd

National Development Finance Corporation

Refrigerators Manufacturing Co. Pakistan Ltd

Mr. M. A. Tumbi

Other appointments

General Manager Finance, Xenel

Mr. R. A. Pritchard

Other appointments

General Manager,

National Power, UK

Kot Addu Power Co. Ltd.

Mr. P. J. Windsor

Other directorships

American National Power, Inc

National Power International Holdings BV

National Power International Ltd

National Power of America, Inc

National Power Polska Spolka z.o.o.

National Power (Kot Addu) Ltd

Bizkala Energia SL

Mr. M. B. Sheikh

Nominee of

National Development

Finance Corporation

Mr. N. Pervaiz

Nominee of

Government of Balochistan

Mr. D. V. Johns

Nominee of

Commonwealth Development

Corporation

CHAIRMAN'S REVIEW

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

It gives me great pleasure to introduce the Company's Report and Accounts for the financial year ended June 30, 1998.

Shortly before the close of the financial year unsubstantiated allegations were made that the Company had acted in an improper manner including collusion, corruption and fraud in respect of securing the approval of the Power Purchase Agreement.

Against the backdrop of a faltering economy this internationally publicised assault on the Company's integrity and reputation obliged it to conduct its affairs and perform its contractual obligations with extreme difficulty under increasingly oppressive conditions. These included, in May 1998, restrictions on the freedom of movement of its staff and their families at the Power Station and subsequently, of the Company's senior management and its Board of Directors who were cited in Federal Investigation Agency First Information Reports. The Company's

income has been restricted, its bank accounts were frozen and it was prevented from repatriating any funds out of Pakistan.

The Company has strenuously denied any wrongdoing, is defending itself vigorously in the High Court and the Supreme Court and has commenced proceedings under the auspices of the International Chamber of Commerce. The Company is confident that it will be vindicated and that the outcome of the arbitration will be favourable.

This past year was the first full year of the Company's commercial operation during which the Power Station delivered much needed electricity to The Water and Power Development Authority (WAPDA) and contributed significantly to reducing the load-shedding to a minimum. High efficiency rates were achieved through regular scheduled maintenance which was carried out on all four units during the year. The Station generated 5,789 GWhrs of electricity at the request of WAPDA. The cost of this electricity delivered is the lowest in Pakistan when compared with any existing oil-fired steam turbine plant owned by WAPDA.

The Hub Power Plant is operated in accordance with the highest international standards and both the Power Plant and its Operations & Maintenance (O&M) Contractor's procedures are certified by International Standards Organisation (ISO). As a result, the Plant has achieved very high availability rates.

The Company achieved significant financial milestones during the year. In July 1997, the financial health of the Company allowed it to cancel the unutilised portion of its debt facilities sooner than anticipated. In January 1998, the Company repaid its first installment of principal besides making all interest payments to Senior Lenders. In the third quarter, the Company declared and paid its first interim dividend of Rs.7.00 per share in line with expectations. However, due to certain legal restrictions imposed on the Company which are discussed in detail in the Report and Accounts the Company was not able to declare a final dividend. I am confident that these problems will be solved to everyone's satisfaction soon.

Hubco is and remains a socially responsible Company. Various programmes have either been completed or are in progress to provide an opportunity to the local community to improve their standards of living. In the recent past the Company has brought electrification to several villages located in its neighbourhood and it continues to support infrastructural improvements. The Company has paid over Rs. 90 million in Octroi to the local council during the year.

The Company is acutely aware of the needs of Pakistan and in particular of WAPDA. With this in mind the Board did make proposals to the Government of Pakistan which, had they been accepted; would have resulted in significant savings to WAPDA without adversely effecting the returns to shareholders. Despite this the Company remains ready to discuss any issues in respect of its tariff and in the meantime continues to operate the Power Plant in accordance with its obligations under its contracts.

This year has been a particularly difficult year for the Company's employees and I would like to take this opportunity to thank them all for their support, hard work and dedication to the Company. I am confident that their continued contribution and the determined resolve of the Board of Directors will provide the means of ensuring that the Company regains its standing as the flagship of independent power production in Pakistan.

Mohamed A. Alireza

Chairman

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting the Annual Report and the Accounts for the year ended June 30, 1998.

Principal Activities

The principal activities of the Company are to own, operate and maintain an oil fired power station with a net capacity of 1200 MW. The period covered by this report was the first full year of operation.

Finance

Turnover for the year was Rs. 25,682 million and operating costs were Rs. 11,728 million resulting in a net profit of Rs. 10,808 million.

The Company drew Rs. 137 (1997: Rs. 4,815) million from its several debt facilities and subsequently cancelled all its undrawn commitments on July 10, 1997. On January 12, 1998 the Company repaid the first installment of senior debt principal amounting to Rs. 1,535 million to its senior lenders.

The Company has throughout fulfilled its obligations under its various contracts and continues to do so.

Operations

The Plant in general was operated to a very high standard achieving a thermal efficiency rate of 38.09% and an availability rate of 88.9%. Electricity generated in the year amounted to 5,789 GWhrs.

In October 1997, Unit 2 was taken out of service due to a failure of a cast valve in the main steam supply system to the Turbine. The repair work was carried out under an extended warranty and all costs arising were borne by the equipment supplier.

The Unit was returned to service at the end of December 1997. Similar components on other Units have also been checked and necessary remedial work has been undertaken.

Social Action and Environment

The Company is committed to the development and uplift of the people living near the Plant in particular in Hub in the Province of Balochistan. In this regard, the Company continued to support the Balochistan Rural Support Programme, a self help poverty alleviation scheme, amongst other social activities. In Hub, the Operations & Maintenance Contractor runs a mobile dispensary to 18 villages and provides basic medical services.

The Plant continues to operate within the local and international guidelines for emission and waste. In May 1998,

at the International Health and Safety Exhibition in Birmingham, England, the Power Station earned the RoSPA Gold Award on the attainment of level 2 rating in the Quality Safety Audit.

Year 2000 Compliance

The Company takes very seriously the unparalleled challenge that all businesses in the world face between now and the Year 2000 arising from the first century date change the computerised world will experience. There are numerous anticipated consequences of the Year 2000 problem.

The Company is addressing this challenge by adopting the British Standards Institute (BSI) definition of Year 2000 Compliance. A Year 2000 Programme Office has been established which provides a framework and monitors progress of the initiative. The Company's current intention is to be Year 2000 compliant by the end of the next financial year.

Litigation

During the year, a Constitutional Petition was filed in the Lahore High Court against the Company under Article 199 of the Constitution of Pakistan. The petitioner challenged the decision of the Government and WAPDA to enter into the Power Purchase Agreement (PPA) on the grounds that the tariff was discriminatory in favour of the Company. At the request of the petitioner, the Lahore High Court issued interim orders which were subsequently amended by the Supreme Court of Pakistan. The effect of the modified orders is to restrict the Capacity Purchase Price payable to the Company to Rs. 845 million per month and to restrain the Company from utilising or distributing for the benefit of the Company's shareholders the amount representing the profit available for appropriation as reflected in the profit and loss during 1997-98. At the time of modifying the orders of the Lahore High Court, the Supreme Court also directed the Lahore High Court to dispose of the writ petition by the end of December 1998. The Company believes that the petition is wholly without merit. The petition is being contested vigorously and the Company expects that the case will be decided in its favour.

The Company has also commenced arbitration proceedings against WAPDA in the International Court of Arbitration of the International Chamber of Commerce seeking a declaration that the Power Purchase Agreement is valid and binding on WAPDA. This action has been enhanced to also embrace WAPDA's subsequent notice of 11.10.1998 purporting to cancel unilaterally the Supplemental Deed dated 16.11.1993 and amendments Nos. 1 and 2 of the Power Purchase Agreement.

The WAPDA notice alleged that each of the Supplemental Deed and Amendments Nos. 1 and 2 of the PPA were procured by unlawful means. In refuting the allegations the Company has issued Notices to WAPDA under the PPA which could result in the termination of the PPA. In the event of such termination the shareholders of the Company would be entitled to compensation based upon the formulae set out in the PPA.

The Company is involved in certain other legal proceedings in the normal course of business. It is the opinion of the Company that none of the pending litigation is expected to have a material adverse effect on its results or operations or financial position.

Appropriations

In February 1998 the Board of Directors declared an Interim Dividend of Rs. 7.00 per share which was paid to the shareholders in April 1998. Whilst the performance as a whole for the year merit further shareholder reward the ongoing litigation and the restriction imposed by the Supreme Court of Pakistan places the directors in a position where they are unable to recommend a final dividend.

Board of Directors

The current members of the Board are listed on Page 4. During the year the changes were as follows:

Mr. C. J. Brown III (Retired w.e.f. 17.09.1997)
Nominee, Entergy Pakistan Ltd

Mr. S. B. Gross (Elected in the 6th
Annual General Meeting held on
17.09.1997)
Nominee, Entergy Pakistan Ltd

Mr. S. J. K. Wheeler (Retired w.e.f. 17.09.1998)
Nominee, National Power International
Holdings, B.V.

Mr. R. A. Pritchard (Elected in the
6th Annual General Meeting held on
17.09.1997)
Nominee, National Power International
Holdings, B.V.

Mr. S. A. Hussain (Resigned w.e.f. 20.05.1998)
Nominee, Government of Balochistan

Cap. (Retd) N.M. Khan
(Appointed w.e.f. 20.05.1998)
Nominee, Government of Balochistan

Mr. S. Potter (Resigned w.e.f. 20.05.1998)
Nominee, C. D.C.

Mr. D. V. Johns
(Appointed w.e.f. 17.06.1998)
Nominee, C. D.C.

Cap. (Retd) N.M. Khan (Resigned w.e.f. 18.06.1998)
Nominee, Government of Balochistan

Mr. A. A. Baloch
(Appointed w.e.f. 14.07.1998)
Nominee, Government of Balochistan

Mr. Z. Iqbal (Resigned w.e.f. 27.08.1998)
Nominee, N. D. F.C.

Mr. M. B. Sheikh
(Appointed w.e.f. 04.09.1998)
Nominee, N. D. F.C.

Mr. A. A. Baloch (Resigned w.e.f. 25.09.1998)
Nominee, Government of Balochistan

Mr. N. Pervaiz
(Appointed w.e.f. 14.10.1998)
Nominee, Government of Balochistan

Mr. D. M. Woodroffe - Chief Executive

Mr. S. K. Husain - Chief Executive

(Retired w.e.f. 31.10.1998)

(Appointed w.e.f. 12.11.1998)

Auditors

The retiring auditors Messrs. Ford, Rhodes, Robson, Morrow, Chartered Accountants being eligible offer themselves for re-appointment.

Shareholding Pattern

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

By Order of the Board

S. K. Husain
Chief Executive

Karachi- November 12, 1998

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of The Hub Power Company Limited as at June 30, 1998 and the related profit and loss account and statement of changes in financial position, 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 and, after due verification thereof, 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;

(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 and the statement of changes in financial position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1998

and of the profit and the changes in financial position for the year then ended;

(d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980; and

(e) without qualifying our opinion, we draw attention to the contents of notes 17.4 and 19 relating to a constitutional petition filed in the Lahore High Court, WAPDA's cancellation notice with respect to certain amendments in the Power Purchase Agreement and assessments raised by the Central Board of Revenue; the ultimate outcome of these matters cannot presently be determined, and no provision for any liability that may result has been made in the accounts.

Ford, Rhodes, Robson, Morrow

Karachi - November 12, 1998

Chartered Accountants

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1998

	Note	1998 (Rs. '000s)	1997 (Rs. '000s)
Turnover		25,681,747	18,308,284
Operating costs	3	(11,727,580)	(8,924,878)
		-----	-----
GROSS PROFIT		13,954,167	9,383,406
Selling, general and administration expenses	4	(263,057)	(110,652)
		-----	-----
OPERATING PROFIT		13,691,110	9,272,754
Other income	5	1,581,522	414,962
		-----	-----
Other expenses	6	(154,638)	(164,098)
Financing costs	7	(4,310,057)	(2,183,296)
		-----	-----
NET PROFIT FOR THE YEAR		10,807,937	7,340,322
Unappropriated profit brought forward		7,340,322	--
		-----	-----
Profit available for appropriation		18,148,259	7,340,322
Appropriations:			
Interim dividend @ Rs. 7.00 per share		(8,100,081)	--
		-----	-----
Unappropriated profit carried forward		10,048,178	7,340,322
		=====	=====

EARNINGS PER SHARE (RUPEES)	9.34	6.34
	=====	=====

The annexed notes form an integral part of these accounts.

S. K. Husain
Chief Executive

D.V. Johns
Director

BALANCE SHEET AS AT JUNE 30, 1998

	Note	1998 (Rs. '000s)	1997 (Rs. '000s)
TANGIBLE FIXED ASSETS			
Operating fixed assets	8	45,422,010	46,944,038
Capital work-in-progress	9	28,427	21,763
LONG TERM DEPOSITS, PREPAYMENTS AND DEFERRED COSTS			
DEFERRED COSTS	10	5,382,626	2,987,898
CURRENT ASSETS	11	12,509,242	12,238,461
		-----	-----
		63,342,305	62,192,160
		=====	=====
SHARE CAPITAL AND RESERVE			
Share capital			
Authorised, issued, subscribed and paid-up	12	11,571,544	11,571,544
Reserve			
Unappropriated profit		10,048,178	7,340,322
		-----	-----
		21,619,722	18,911,866
LONG TERM LOANS	13	34,042,867	36,974,978
OBLIGATIONS UNDER FINANCE LEASE	14	7,199	--
DEFERRED LIABILITY	15	6,883	2,160
CURRENT LIABILITIES	16	7,665,634	6,303,156
COMMITMENTS AND CONTINGENCIES	17	--	--
		-----	-----
		63,342,305	62,192,160
		=====	=====

The annexed notes form an integral part of these accounts.

S. K. Husain
Chief Executive

D.V. Johns
Director

**STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT) FOR THE YEAR ENDED JUNE 30, 1998**

Note	1998 (Rs. '00os)	1997 (Rs. '00os)
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	10,807,937	7,340,322
Adjustment for non cash charges and other items		
Depreciation	1,629,090	841,083
Amortisation of deferred costs	152,551	76,275
Loss/(gain) on sale of fixed assets	2,087	(196)
Staff gratuity	4,723	665
Interest/mark-up on secured loans	3,999,054	1,918,940
	-----	-----
	5,787,505	2,836,767
	-----	-----
Operating profit before working capital changes	16,595,442	10,177,089
Working capital changes	(1,345,252)	(3,739,658)
Interest/mark-up paid on secured loans	(3,931,454)	(1,630,783)
	-----	-----
Net cash inflow from operating activities	11,318,736	4,806,648
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure (net)	(109,697)	(2,539,425)
Sale proceeds of fixed assets	1,898	764
Long term deposits and prepayments	(2,547,279)	(527,764)
	-----	-----
Net cash (outflow) from investing activities	(2,655,078)	(3,066,425)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	(1,534,610)	--
Proceeds from long term loans	136,713	4,815,651
Repayment of obligations under finance lease	--	(1,089)

Dividends paid		(8,075,901)	--
		-----	-----
Net cash (outflow)/inflow from financing activities		(9,473,798)	4,814,562
		-----	-----
Net (decrease)/increase in cash and cash equivalents		(810,140)	6,554,785
Cash and cash equivalents as at July 1, 1997		7,641,906	1,087,121
		-----	-----
Cash and cash equivalents as at June 30, 1998	11.3	6,831,766	7,641,906
		=====	=====

WORKING CAPITAL CHANGES

(Increase)/decrease in current assets			
Stores and spares		23,969	(538,850)
Inventory of fuel oil		12,912	(449,496)
Trade debts		(1,304,798)	(722,782)
Advances, deposits, prepayments and other receivables		186,996	(73,177)
		-----	-----
		(1,080,921)	(1,784,305)
(Decrease) in current liabilities			
Creditors, accrued and other liabilities		(264,331)	(1,955,353)
		-----	-----
		(1,345,252)	(3,739,658)
		=====	=====

The annexed note forms an integral part of these accounts.

S. K. Husain
Chief Executive

D.V. Johns
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1998

1. THE COMPANY AND ITS OPERATIONS

The Hub Power Company Limited (the "Company") was incorporated in Pakistan on August 01, 1991 as a public limited company under the Companies Ordinance, 1984. The shares of the Company are listed on the Karachi Stock Exchange and its Global Depository Receipts are listed on the Luxembourg Stock Exchange. The principal activities of the Company are to own, operate and maintain an oil-fired power-station with four generating units with an installed net capacity of 1,200 MW in Tehsil Hub, District Lasbella, Balochistan.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts are prepared under the historical cost convention without any adjustment for the effect of inflation.

2.2 Tangible fixed assets and depreciation

(a) Operating fixed assets - Owned

These are stated at cost less accumulated depreciation except for freehold land which is stated at cost.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, without taking into account any residual value, at the rates shown in note 8 to the accounts. Depreciation on additions is charged for the full month in which an asset is put to use and on deletions up to the month immediately preceding the deletions.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gains and losses on disposals are included in income.

(b) Operating fixed assets - Leased

Assets held under finance lease are stated at cost less accumulated depreciation over the lesser of the estimated useful lives of the assets or the lease period. The outstanding obligations under the lease less finance charges allocated to future periods are shown as a liability. The financial charge is calculated at the interest rate implicit in the lease and is charged to the profit and loss account.

(c) Capital work-in-progress

Capital work-in-progress is stated at cost.

2.3 Deferred costs

These costs are amortised using the straight-line method over a period of five years.

2.4 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering eligible employees whose period of service with the Company is at least five years. An accrual is made to cover the period of service completed by the employees.

The Company also operates a fully funded provident fund scheme for all its employees who are

eligible for the benefits. Contributions thereto are made in accordance with the terms of the scheme.

2.5 Inventory of Fuel Oil

This is valued at the lower of cost and net realisable value. The cost is calculated on a first-in-first out basis.

2.6 Stores and spares

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

2.7 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the rates of exchange in effect at the date of transactions. Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange ruling on the balance sheet date except for foreign currency loans covered under the Foreign Exchange Risk Insurance Scheme (FERI) in which case contracted rates are used. Exchange differences are taken to the profit and loss account.

2.8 Taxation

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

2.9 Revenue recognition

Revenue from the sale of electricity to the Water and Power Development Authority (WAPDA) is recorded based upon the output delivered and capacity available at rates as specified under the Power Purchase Agreement (PPA).

3. OPERATING COSTS

	Note	1998 (Rs. '000s)	1997 (Rs. '000s)
Residual Fuel Oil		8,578,988	6,864,669
Operation and Maintenance -relating to an associated company		1,322,051	1,093,529
Insurance		194,986	162,180
Depreciation	8.2	1,618,416	804,500
Miscellaneous		13,139	--
		-----	-----
		11,727,580	8,924,878
		=====	=====

4. SELLING, GENERAL AND ADMINISTRATION EXPENSES

1998

1997

	Note	(Rs. '000s)	(Rs. '000s)
Salaries, benefits and other allowances		81,706	39,084
Fuel and power		1,124	376
Property, vehicles and equipment rentals		4,084	2,506
Repairs and maintenance		937	503
Legal and professional charges		94,795	23,898
Insurance		10,734	6,019
Auditors' remuneration	4.1	6,445	2,305
Depreciation	8.2	10,674	6,015
Miscellaneous	4.2	52,558	29,946
		-----	-----
		263,057	110,652
		=====	=====

4.1 Auditors' remuneration

Audit fee		390	175
Secretarial, taxation and other services		5,352	2,032
Out-of-pocket expenses		703	98
		-----	-----
		6,445	2,305
		=====	=====

4.2 Includes donations of Rs. 1.6 million (1997: Rs. Nil). No directors or their spouses had any interest in any donee to which donations were made.

5. OTHER INCOME

Interest and profit on bank accounts		1,424,761	414,956
Exchange gain		156,715	--
Miscellaneous		46	6
		-----	-----
		1,581,522	414,962
		=====	=====

6. OTHER EXPENSES

Amortisation of deferred costs		152,551	76,275
Exchange loss		--	87,807
Loss on sale of fixed assets		2,087	16
		-----	-----
		154,638	164,098
		=====	=====

7. FINANCING COSTS

Mark-up on secured long term loans	470,375	240,266
Interest on secured long term loans	3,528,679	1,678,674
Foreign Exchange Risk Insurance Premium to the State Bank of Pakistan	1,795,417	3,582,819
Foreign Exchange Risk Insurance Premium from WAPDA	(1,795,417)	(3,582,819)
Miscellaneous financing costs	310,962	264,268
Bank charges	41	88
	-----	-----
	4,310,057	2,183,296
	=====	=====

8. OPERATING FIXED ASSETS

	Freehold land (Rs. '000s)	Freehold building (Rs. '000s)	Leasehold property (Rs. '000s)	Plant and machinery (Rs. '000s)	Furniture and fixtures (Rs. '000s)	Vehicles (Rs. '000s)	Total (Rs. '000s)
Cost							
Owned							
As at July 1, 1997	18,890	174,334	862	47,541,931	22,283	26,423	47,784,723
Additions	--	100	--	97,585	371	4,977	103,033
Disposals	--	(7,526)	--	(515)	(35)	(631)	(8,707)
Reclassification	--	--	--	(13,633)	(29)	13,662	--
	-----	-----	-----	-----	-----	-----	-----
As at June 30, 1998	18,890	166,908	862	47,625,368	22,590	44,431	47,879,049
	-----	-----	-----	-----	-----	-----	-----
Leased							
As at July 1, 1997	--	--	--	--	--	--	--
Additions	--	--	--	--	--	8,014	8,014
	-----	-----	-----	-----	-----	-----	-----
As at June 30, 1998	--	--	--	--	--	8,014	8,014
	-----	-----	-----	-----	-----	-----	-----
Total as at June 30, 1998	18,890	166,908	862	47,625,368	22,590	52,445	47,887,063
	-----	-----	-----	-----	-----	-----	-----
Depreciation							
Rate %	--	3.33 and 20	3.33	3.33 to 33.33	20	25	

As at July 1, 1997	--	8,940	76	817,572	3,350	10,747	840,685
Charge for the year	--	10,438	29	1,606,551	4,396	7,676	1,629,090
Disposals	--	(4,140)	--	(314)	(18)	(250)	(4,722)
<hr/>							
As at June 30,1998	--	15,238	105	2,423,809	7,728	18,173	2,465,053
<hr/>							
Net book value - 1998	18,890	151,670	757	45,201,559	14,862	34,272	45,422,010
<hr/>							
Net book value - 1997	18,890	165,394	786	46,724,359	18,933	15,676	46,944,038
<hr/>							

8.1 Disposal of fixed assets

	Original cost (Rs.'000s)	Accumulated depreciation (Rs.'000s)	Net book value (Rs.'000s)	Sale proceeds (Rs.'000s)	Mode of sale	Particulars of buyer
Motor vehicle	631	250	381	510	Negotiation	Car Complex
Computer	76	76	--	12	Bid sale	Iqbal Shivani (Executive)
Computer	38	38	--	12	Bid sale	Iqbal Shivani (Executive)
Mobile phone	28	1	27	27	Insurance claim	Adamjee Insurance
Mobile phone	41	12	29	1	Bid sale	Amir Zaheer (Executive)
Mobile phone	27	22	5	2	Bid sale	Siraj Ghumro (Executive)
Mobile phone	38	22	16	3	Bid sale	Ameer A. Khan (Executive)
Mobile phone	40	31	9	1	Bid sale	Iqbal Shivani (Executive)
Furniture and fixture	35	18	17	15	Negotiation	Alan Harris
Refrigerator	29	26	3	15	Bid sale	Ubaid Khalil Khan (Executive)
Airconditioner	66	32	34	26	Bid sale	Dr. Naveed Ahmed (Executive)
Airconditioner	66	32	34	25	Bid sale	Dr. Naveed Ahmed (Executive)
Airconditioner	27	6	21	5	Bid sale	Tabish Gauhar (Executive)
Electric oven	39	16	23	6	Bid sale	Hasnain Haider (Executive)
Temporary housing facility	7,526	4,140	3,386	1,238	Negotiation	Gadoor Transport
<hr/>						
	8,707	4,722	3,985	1,898		
<hr/>						

8.2 Depreciation charge for the year has been allocated as follows:

1998

1997

	Note	(Rs. '000s)	(Rs. '000)
Operating costs	3	1,61 8,416	804,500
Selling, general and administration expenses	4	10,674	6,015
Project development and implementation costs		--	30,568
		-----	-----
		1,629,090	841,083
		=====	=====

9. CAPITAL WORK-IN-PROGRESS

Site office construction, housing colony and other miscellaneous costs

		15,678	21,763
Plant betterment		12,749	--
		-----	-----
		28,427	21,763
		=====	=====

10. LONGTERM DEPOSITS, PREPAYMENTS AND DEFERRED COSTS

	Note	1998 (Rs. '000s)	1997 (Rs. '000s)
Deposits			
Sezione Speciale per l' Assicurazione del Credito all' Esportazione of Italy (SACE) - interest bearing	10.1	743,716	760,673
Miscellaneous		3,387	1,376
		-----	-----
		747,103	762,049
Cash on deposit - restricted	10.2	3,316,053	629,059
Prepayments			
Guarantee fees		43,014	50,184
Insurance premium		725,727	846,680
Interest rate hedging costs		10,677	12,619
Miscellaneous		6,125	829
		-----	-----
		785,543	910,312
Deferred costs			

Preliminary expenses		2,499	2,499
Discount on issue of shares		339,452	339,452
Commission and brokerage		420,802	420,802
		-----	-----
		762,753	762,753
Amortisation to date		(228,826)	(76,275)
		-----	-----
		533,927	686,478
		-----	-----
		5,382,626	2,987,898
		=====	=====

10.1 The amount represents funds that the Company has agreed to place in a reserve account to fulfill a contractor's obligation to guarantee a debt facility not covered by the SACE insurance.

10.2 Included in these are total restricted funds of Rs. 3,224 (1997: Rs. 553) million held as reserves against various loan facilities.

11. CURRENT ASSETS

Stores and spares		514,881	538,850
Inventory of fuel oil		576,796	589,708
Trade debts	11.1	4,110,646	2,805,848
Advances, deposits, prepayments and other receivables	11.2	475,153	662,149
Cash and bank balances	11.3	6,831,766	7,641,906
		-----	-----
		12,509,242	12,238,461
		=====	=====
11.1 Trade debts - secured			
Considered good	17.4	4,110,646	2,805,848
		=====	=====

11.2 Advances, deposits, prepayments and other receivables

	Note	1998 (Rs. '000s)	1997 (Rs. '000s)
Advances (considered good)			

Executives	11.2.1	115	632
Employees		--	30
Suppliers		2,101	4,554
		-----	-----
		2,216	5,216
Deposits			
Sezione Speciale per l' Assicurazione del Credito all' Esportazione of Italy (SACE)			
- Interest bearing	10.1	88,991	44,119
Miscellaneous		--	245
		-----	-----
		88,991	44,364
Prepayments		143,257	223,501
Other receivables			
Return on bank deposits		236,160	383,820
Miscellaneous		4,529	5,248
		-----	-----
		240,689	389,068
		-----	-----
		475,153	662,149
		=====	=====

11.2.1 The maximum aggregate amount due from the Chief Executive, Director and Executives at the end of any month during the year was Rs. Nil, Rs. Nil and Rs. 0.19 million respectively (1997: Rs. Nil, Rs. Nil and Rs. 1.12 million respectively).

11.3 Cash and bank balances

With banks

Saving checking accounts		3,499,476	3,086,765
Call deposits	11.3.1	3,332,266	4,554,775
With a financial institution		--	336
In hand		24	30
		-----	-----
		6,831,766	7,641,906
		=====	=====

11.3.1 Included in these are total restricted funds of Rs. 302 (1997: Rs. 55) million held as reserves against various loan facilities.

12. AUTHORISED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

1998 (No. of Shares)	1997	1998 (Rs. '000)	1997
Authorised:			
1,200,000,000	1,200,000,000	12,000,000	12,000,000
Ordinary shares of Rs. 10/- each			
Issued, subscribed and paid-up:			
818,773,317	818,773,317	8,187,733	8,187,733
For cash			
338,381,070	338,381,070	3,383,811	3,383,811
For consideration other than cash			
1,157,154,387	1,157,154,387	11,571,544	11,571,544
1,157,154,387	1,157,154,387	11,571,544	11,571,544

13. LONG TERM LOANS - Secured

Title/Source of loan/Other details	Interest Rate	Repayment Terms
SENIOR LOANS		
From Banks		
Under the World Bank, Expanded Co-financing Operation (ECO) - guaranteed loan	LIBOR plus ECO Margin (2.00% p.a. up to September 30, 2002 and 2.25% p.a. thereafter, subject to reduction by 0.25% p.a. in respect of and period immediately following a semi-annual Payment Date at which the Company is in compliance with certain debt service ratio).	The Loan is repayable in 16 equal installments on semi-annual Payment Dates starting from January 12, 1998
Under the Export-Import Bank of Japan (JEXIM) - guaranteed loan	TIBOR plus JEXIM Margin (2.00% p.a. up to September 30, 2002 and 2.25% p.a. thereafter, subject to reduction by 0.25% p.a. in respect of	Same as above

any period immediately following a semi-annual Payment Date at which the Company is in compliance with certain debt service ratio).

Under the Compagnie Francaise d' Assurance pour le Commerce Exterieur of France (COFACE) - Insured loan	5.95% per annum	Same as above
Under the Ministry of International Trade and Industry of the Government of Japan (MITI) - Insured loan	7.20% per annum	Same as above
Under the Sezione Speciale per l' Assicurazione del Credito all' Esportazione of Italy (SACE) - Insured loan	5.95% p.a. during the subsistence of Mediocredito Interest Agreement and the sum of LIBOR and SACE Margin (2% p.a. up to March 31, 1997 and 1.15% p.a. thereafter) during the period the Mediocredito Interest Subsidy Agreement is not in force. The SACE Margin is subject to reduction by 0.05% p.a. in respect of any period immediately following a semi-annual Payment Date at which the Company is in compliance with certain debt service ratio.	Same as above
Under the Commonwealth Development Corporation of the U.K. Loan	11% per annum	Same as above

From Financial Institution

Under the local banks'/financial institutions' Senior Rupee Facility	Mark-up rate per day per thousand Rupees of 61.1112 paisas upto July 10, 1998, 66.6667 paisas thereafter up to July 10, 2002 and 72.2223 paisas for the subsequent period based on the Marked-up Price of PKR 8,158 million and the Purchase Price of PKR 3,012 million.	The Marked-up Price is payable in installments established pursuant to the terms of the Senior Rupee Facility Agreement on semi-annual Payment Dates starting from January 12, 1998
--	--	---

SUBORDINATED LOANS

From Financial Institution

Under the Private Sector Energy Development Fund's (PSEDF) 1 Facility	14% per annum	The Loan is repayable in 30 equal installments on semi-annual Payment Dates starting from January 10, 2002.
Under the Private Sector Energy Development Fund's (PSEDF) 2 Facility	(a) up to March 31, 1997 - 14% p.a. (b) thereafter until the Senior Termination Date (expected on July 10, 2005), the rate per annum which is the greater of the sum of (i) United States Treasury bill rate, FERI Margin and 3.0% and (ii) World Bank Lending Rate, the FERI Margin and 2.5%. (c) thereafter until the Final Termination Date (expected on July 10, 2016), the rate per annum which is the greater of the sum of (i) United States Treasury bill rate, FERI Margin and 4.0% and (ii) World Bank Lending Rate, the FERI Margin and 3.5%.	Same as above

Security

	(Rupees '000s) 1998	(Rupees '000s) 1997
Each Senior Loan is secured pari passu by way of:	4,582,832	4,762,877
(a) a first fixed charge over each of the following, namely:		
(i) the tangible moveable property of the Company.		
(ii) the intellectual property of the Company, and		
(iii) all goodwill belonging to the Company.		
(b) a first floating charge on the whole of the Company's undertaking and assets, present and future, other than any assets for the time being effectively charged by way of fixed charge.	3,461,410	3,700,658
(c) an assignment of all rights, title and interest, present and future, in and to the insurances and all rights of the Company to make recovery under the insurances and all proceeds of the insurances receivable by the Company.	1,537,774	1,644,063

(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.	3,034,786	3,237,105
(e) an assignment of the benefit of the encumbrances and obligations arising in relation to:	6,602,645	7,059,011
(i) the ECO Guarantee Reserve Account and all notices of assignment given pursuant thereto for the benefit of ECO Financing Parties;		
(ii) the JEXIM Guarantee Reserve Account and all notices of assignment given pursuant thereto for the benefit of JEXIM Financing Parties;		
(iii) the SACE Reserve Account and all notices of assignment given pursuant thereto for the benefit of the trustee for the SACE Facility Agent and the SACE Lenders;	1,121,585	1,199,108
(iv) the Rupee Mark-up Reserve Account and all notices of assignment given pursuant thereto for the benefit of the Senior Rupee Facility Agent and the Senior Rupee Facility Consortium Members.	2,036,063	2,172,170
The PSEDF loans are secured against the same securities as the Senior Loans but on a subordinated basis to the Senior Loans.	10,831,602	10,831,602
	3,854,321	3,854,321
	37,063,018	38,460,915
	-----	-----
Current maturity of long term loans (see note 16)	3,020,151	1,485,937
	-----	-----
	34,042,867	36,974,978
	-----	-----

13.1 Any late payment by the Company is subject to payment of interest at rates ranging between 1.5% to 3% above the normal rate of interest.

13.2 The Company may not pay dividend until certain financial requirements under its debt facilities are satisfied.

14. OBLIGATIONS UNDER FINANCE LEASE

The Company during the year entered into a finance lease agreement in respect of a motor vehicle. The rate of interest used as the discounting factor is 24.42% per annum.

The amounts of future payments and the periods during which they fall due are:

	Note	1998 (Rs. '000s)	1997 (Rs. '000s)
Year ending June 30, 1999		1,826	
Year ending June 30, 2000		2,432	
Year ending June 30, 2001		2,432	
Year ending June 30, 2002		2,432	
Year ending June 30, 2003		3,634	

		12,756	
Less: Finance charges allocated to future periods		(4,742)	
Shown under current liabilities		(815)	

		(5,557)	

		7,199	
		=====	

There are no financial restrictions in the lease agreement.

15. DEFERRED LIABILITY

Gratuity		6,883	2,160
		=====	=====

16. CURRENT LIABILITIES

Current maturity of long term loans	13	3,020,151	1,485,937
Current obligations under finance lease		815	--
Creditors, accrued and other liabilities	16.1	4,644,668	4,817,219
		-----	-----
		7,665,634	6,303,156

16.1 Creditors, accrued and other liabilities		=====	=====
Creditors		394,715	401,239
Accrued liabilities			
Interest accrued on secured long term loans		1,649,849	1,568,109
Mark-up accrued on secured long term loans		214,179	228,319
Due to construction, operation and maintenance contractors and others	16.1.1	144,794	260,135
Foreign Exchange Risk Insurance Fee (FERI)	16.1.2	801,952	845,294
Financing costs		36,492	82,722
Income-tax accrued - contractors	16.1.3	5,325	9,034
- employees		--	3
Miscellaneous accrued liabilities	16.1.4	49,052	24,799
		-----	-----
		2,901,643	3,018,415

	Note	1998 (Rs. '000s)	1997 (Rs. '000s)
Other liabilities			
Retention money		--	540
Octroi charges		12,960	10,030
Custom duties, taxes and other levies		1,094	3,145
Sales-tax		--	1,000
Income-tax deducted at source		4,169	7,647
Unearned income	16.1.5	1,066,209	1,374,826
Deferred income	16.1.6	239,312	--
Due to directors		386	377
Dividend payable		24,180	--
		-----	-----
		1,348,310	1,397,565
		-----	-----
		4,644,668	4,817,219
		=====	=====

16.1.1 This includes a sum of Rs. 119.293 (1997: Rs. 87.309) million in respect of services rendered by an associated company.

16.1.2 This represents fees payable to the State Bank of Pakistan (SBP) under the Foreign Exchange Risk

Insurance Scheme (FERI) in respect of senior bank loans.

16.1.3 This represents income-tax accrued in respect of tax liabilities assumed under contracts by the Company, including a sum of Rs. 2.865 (1997: Rs. 3.056) million relating to an associated company.

16.1.4 This includes a sum of Rs. 16.868 (1997: Rs. 1.079) million in respect of professional services rendered by an associated company.

16.1.5 This represents Capacity Purchase Price invoiced for the succeeding month under the terms of Power Purchase Agreement.

16.1.6 This represents amounts billed by the Company and disputed but paid by WAPDA into an Escrow account. The Company has deferred income recognition until the resolution of disputes.

17. COMMITMENTS AND CONTINGENCIES

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

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

17.3 Counter guarantees, to meet the requirements under the above agreements, issued to various banks which are secured pari passu with Senior Loans amount to Rs.2,267 (1997: Rs.2,240) million.

17.4 On May 8, 1998, a constitutional petition was filed in the Lahore High Court against the Company under Article 199 of the Constitution of Pakistan. The petitioner challenged the decision of the Government and WAPDA to enter into the Power Purchase Agreement (PPA) on the grounds that the tariff was discriminatory in favour of the Company. The petition also accuses the Government, WAPDA, and the Private Power & Infrastructure Board (PPIB) of having acted mala fide and fixed a tariff which was unjustifiable.

At the request of the petitioner, the Lahore High Court ("LHC") issued interim orders, which were subsequently amended by the Supreme Court ("SC") which prohibited the Company from distributing profit to shareholders and restricts the fixed element of the tariff to a maximum of Rs.845 million per month plus billings in respect of Energy Purchase Price.

The petition is being contested vigorously as the Company believes that it is wholly without merit and the Company expects that it will be decided by the LHC by the end of December, 1998 as directed by the SC.

In a related action, on July 9, 1998, the Company filed a request for arbitration in the International Court of Arbitration of the International Chamber of Commerce for hearing in London against WAPDA pursuant to the PPA. The relief sought in the arbitration is a declaration that Amendment No. 2 to the PPA is valid and that WAPDA is bound by its terms. The parties have each nominated their arbitrators and once the Chairman is appointed, the tribunal will be constituted and the matter will proceed.

The Company is involved in certain other legal proceedings. It is the opinion of the Company that none of the pending litigation is expected to have a material adverse effect on its results or operations or financial position.

18. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	1998 (Rs. '000s)	1997 (Rs. '000s)
	Chief Executive	

Managerial remuneration	12,655	7,836
Bonus	4,416	4,022
House rent	3,378	2,823
Utilities	751	627
Retirement benefits	3,365	627
Other benefits	692	840
	-----	-----
	25,257	16,775
	-----	-----
Number of persons	1	1
	Director	

Managerial remuneration	1,464	1,241
Bonus	--	--
House rent	--	--
Utilities	--	--
Retirement benefits	--	--
Other benefits	--	--
	-----	-----
	1,464	1,241
	-----	-----
Number of persons	1	1

	Executives	

Managerial remuneration	22,792	28,760
Bonus	1,499	9,862
House rent	9,083	9,899
Utilities	1,440	1,756
Retirement benefits	4,165	2,442
Other benefits	4,138	4,457
	-----	-----
	43,117	57,176
	-----	-----
Number of persons	39	47
	Total	

Managerial remuneration	36,911	37,837
Bonus	5,915	13,884
House rent	12,461	12,722
Utilities	2,191	2,383
Retirement benefits	7,530	3,069
Other benefits	4,830	5,297
	-----	-----
	69,838	75,192
	-----	-----
Number of persons	41	49

In addition, the Chief Executive and certain Executives are provided with the use of Company maintained automobiles.

19. SUBSEQUENT EVENTS

19.1 On October 11, 1998 the Water & Power Development Authority (WAPDA) alleged that the Supplemental Deed dated November 16, 1993 and Amendment Nos. 1 and 2 of the Power Purchase Agreement (PPA) dated February 24, 1994 and September 17, 1994, respectively are void ab initio because they were said to have been procured by unlawful means. WAPDA are claiming in addition the repayment of Rs. 16 billion allegedly overpaid. The Company has refuted the allegations made by WAPDA and has included these issues in the International Chamber of Commerce Arbitration. The Company has issued notices to WAPDA under the PPA which could result in the termination of the PPA. Corresponding notices have also been issued in respect of the Implementation Agreement and the Fuel Supply Agreement. In the event that the PPA is terminated in these circumstances, the

shareholders of the Company would be entitled to compensation as set out in the PPA.

19.2 The Central Board of Revenue raised assessments amounting to Rs. 1,895.666 million stating that the Company did not withhold tax at the time of issue of shares to Sponsors against project development costs incurred by them. The Company has filed appeals against assessment orders which are pending adjudication by the Commissioner of Income-tax (Appeals). The management and their tax advisers are of the opinion that the tax demands are without merit and that the eventual outcome will be in favour of the Company.

20. TRANSACTIONS WITH ASSOCIATED COMPANIES

	1998 (Rs. '000s)	1997 (Rs. '000s)
Services rendered by Associated Companies during the year	1,568,042	1,253,995

21. CAPACITY AND PRODUCTION

Theoretical maximum output	10,512 GWh	7,178 GWh
Total output	5,789 GWh	5,821 GWh
Load Factor (Base Case 64.6%)	55.10%	73.90%

1997 figures do not reflect a full year of operation and total output includes uncommissioned energy.

22. GENERAL

22.1 Figures presented in these accounts are rounded off to the nearest thousand rupees.

22.2 Figures have been rearranged for the purposes of comparison, wherever necessary.

S. K. Husain
Chief Executive

D.V. Johns
Director

PATTERN OF SHAREHOLDING AS AT JUNE 30, 1998

Size of Holding From	To	No. of Shareholders	No. of Shares Held
1	100	269	26,556
101	500	12,824	6,338,926

501	1,000	1,131	996,717
1,001	5,000	1,238	3,357,270
5,001	10,000	275	2,205,178
10,001	15,000	85	1,068,930
15,001	20,000	51	914,137
20,001	25,000	65	1,544,300
25,001	30,000	21	578,234
30,001	35,000	26	866,726
35,001	40,000	13	500,600
40,001	45,000	8	351,000
45,001	50,000	16	773,700
50,001	55,000	5	263,200
55,001	60,000	8	470,000
60,001	65,000	1	64,600
65,001	80,000	2	139,300
80,001	90,000	3	249,100
90,001	95,000	2	185,100
95,001	115,000	5	494,800
115,001	120,000	2	235,400
120,001	125,000	1	123,000
125,001	130,000	2	257,000
130,001	140,000	1	131,700
140,001	145,000	2	285,200
145,001	155,000	1	145,500
155,001	170,000	1	160,000
170,001	175,000	1	175,000
175,001	180,000	2	357,000
180,001	185,000	1	180,100
185,001	200,000	1	190,000
200,001	225,000	1	203,000
225,001	230,000	3	687,400
230,001	245,000	1	234,500
245,001	325,000	1	248,500
325,001	345,000	1	326,600
345,001	355,000	1	347,500
355,001	385,000	1	358,607
385,001	395,000	2	774,000
395,001	535,000	1	400,000
535,001	575,000	1	539,400
575,001	720,000	1	577,700
720,001	735,000	1	723,700

735,001	790,000	1	738,000
790,001	815,000	1	791,000
815,001	905,000	1	817,300
905,001	920,000	1	908,900
920,001	1,220,000	1	923,100
1,220,001	1,970,000	1	1,224,800
1,970,001	2,310,000	1	1,974,183
2,310,001	2,590,000	1	2,314,983
2,590,001	2,970,000	1	2,592,500
2,970,001	4,025,000	1	2,974,200
4,025,001	5,335,000	1	4,030,000
5,335,001	5,830,000	1	5,338,900
5,830,001	10,395,000	1	5,834,300
10,395,001	14,385,000	1	10,397,000
14,385,001	15,120,000	1	14,389,786
15,120,001	20,430,000	1	15,124,250
20,430,001	21,245,000	1	20,432,459
21,245,001	28,435,000	1	21,248,016
28,435,001	51,420,000	1	28,437,800
51,420,001	104,205,000	1	51,421,221
104,205,001	140,280,000	1	104,206,700
140,280,001	239,670,000	1	140,280,633
239,670,001	452,030,000	1	239,674,509
452,030,001	452,035,000	1	452,030,666

16,102 1,157,154,387

CATEGORIES OF SHAREHOLDERS AS ON JUNE 30, 1998

Sr. No.	Categories	No. of Shareholders	No. of Shares	Percentage
1.	Individuals	15,994	21,361,303	1.85
2.	Joint Stock Companies	47	504,665,261	43.62
3.	Financial Institutions	24	63,601,950	5.50
4.	Investment Companies	16	6,468,800	0.56
5.	Insurance Companies	9	4,187,600	0.36
6.	Modaraba & Leasing Companies	9	273,500	0.02
7.	Govt. of Balochistan	1	358,607	0.03
8.	GDR Depository	1	452,030,666	39.06
9.	Central Depository Company	1	104,206,700	9.00

Total

16,102
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1,157,154,387
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100.00
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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
R O. Box 13841, Karachi

Enquiries relating to Shares should be addressed to:

Ford, Rhodes, Robson, Morrow
Registrar of The Hub Power Company Limited
Writers Chambers
Mumtaz Hassan Road
Karachi

Enquiries relating to GDRs should be addressed to either

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

2) ANZ Grindlays Bank Limited
I. I. Chundrigar Road
Karachi