

The Hub Power Company Limited

Annual Report 2000

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COMPANY INFORMATION

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

Registered Office: C/o 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 No. 2388, Islamabad.

Company Secretary: Arshad A. Hashmi

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

Inter-Creditor Agent:
Citibank International, plc, London

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

Auditors: Ford, Rhodes, Robson, Morrow

Registrar: Ford, Rhodes, Robson, Morrow

NOTICE OF THE NINTH ANNUAL GENERAL MEETING

Notice is hereby given that the Ninth Annual General Meeting of the Company will be held on Wednesday, November 8, 2000 at 2.00 pm at Margala Motel, 1-Kashmir Highway, Near Jinnah Sports Complex, Islamabad to transact the following business:

1. To confirm the minutes of the Extra-ordinary General Meeting of the Company held on September 13, 2000.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2000 togetherwith the Directors' & Auditors Reports thereon.
3. To appoint Auditors and to fix their remuneration.

Karachi - August 9, 2000

By Order of the Board
Arshad A. Hashmi
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 27, 2000 to November 8, 2000 (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.
5. 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 holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B For Appointing Proxies

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

(ii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(iii) The proxy shall produce his original NIC or original passport at the time of the meeting.

(iv) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

BOARD OF DIRECTORS

Mr. M. A. Alireza H. I.

Chairman

Other Directorships
Xenel Industries Ltd
& other Xenel Group Companies
Xenel International Ltd

Mr. P. J. Windsor

Vice Chairman
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. S. K. Husain

Chief Executive

Mr. T. A. R. Allerbrand

Other Appointments
Power Sector Expert

Mr. B. Chang

Other Directorships
Task Technology Ltd
Brian Chang Group of Companies
Asia Petroleum Ltd

Fauji Oil Terminal Company Ltd
Pakistan Power Ltd

Mr. P.M. Grasby

Other Directorships
National Power
NP Enerji
Gurney Ege Enerji
Baymina Enerji
Tejo Energia

Mr. C. R. W. Masterson

Other Directorships
National Power Share Schemes Ltd
De Haviland Aircraft Museum Ltd

Mr. T. Miura

Other Directorships
Hub Power Japan Corporation

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. E. E. Silagy

Other Appointments
Entergy Pakistan Ltd
Entergy Power Argentina Ltd
Entergy Power BJE Holding Ltd
Entergy Power BJE Ltd
Entergy Power CBA Holding Ltd
Entergy Power Chile S.A.
Entergy Power Development Corporation
Entergy Power Generation Argentina LDC
Entergy Power Nogales LDC
Entergy Power Nogales Ltd
Entergy Power Transmission Argentina LDC
Entergy Power Transmission Argentina Ltd
FP Edegel Inc
EWO Holdings Inc

Mr. P. H. Smith

Other Directorships
Kot Addu Power Company Ltd

Intercontinental Utilites (Group) pie
Bowman Power Systems Ltd
ACT (Administration) Ltd
Pan African Sports Investments Ltd

Dr. R. G. L. Spiers

Other Appointments
Intl, Business, National Power

Mr. M. A. Tumbi

Other Appointments
General Manager Finance, Xenel

Mr. A, Azim

Nominee of
Government of Balochistan

Mr. D.V. Johns

Nominee of
CDC Group plc

Mr. M. A. Said

Nominee of
National Development Finance
Corporation

CHAIRMAN'S REVIEW

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

This is the second year that the Company has operated under extremely difficult circumstances. Its directors and management have spent a considerable amount of time and energy in order to seek an acceptable negotiated settlement of the tariff dispute raised by the Water and Power Development Authority (WAPDA). During the year the Company has made various good faith attempts to resolve the dispute and has submitted several proposals in pursuit of this, all of which were rejected by WAPDA. Simultaneously, the Company has continued to defend its rights under its contracts in the courts of law and through the arbitration proceedings that were commenced in July 1998 under the auspices of the International Chamber of Commerce (ICC), in accordance with the Power Purchase Agreement (PPA). Unfortunately, the Supreme Court, in a three to two decision on June 14, 2000 restrained the Company from continuing arbitration in its tariff dispute with WAPDA. The Company, as a consequence, has filed a petition in the Supreme Court seeking that the honourable court's decision be reviewed.

The Company continues to receive significantly lower payments than originally contracted with WAPDA and guaranteed by the Government of Pakistan (GOP). Despite all financial difficulties the Company has operated the Power Plant in accordance with the terms of its contracts and fulfilled all its obligations to its creditors. Because of the length of the ongoing dispute and in conformity with the generally accepted. International Accounting Standards

(IAS) the Company has provided fully for outstanding sums owed by WAPDA, its only customer. The Company remains confident that its dispute will be resolved and that amounts outstanding will be recoverable in due course. In amplification of this the attention of the shareholders is drawn specifically to Notes 17.4 and 18 to the financial statements.

The Company has throughout the year fulfilled all of its statutory and contractual reporting requirements and has completed all responses required by the investigating agencies. It continues to strenuously deny any allegations of wrongdoing and to defend itself vigorously. The Company is confident that it will be vindicated and that the accusations made against it will be shown to be baseless. Nevertheless, it continues to seek an amicable resolution of its disputes with WAPDA in an atmosphere of mutual respect and co-operation.

On behalf of all the shareholders, I offer thanks to the employees of the Company who have worked hard and with dedication under very difficult circumstances.

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, 2000.

General

The principal activities of the Company are to own, operate and maintain an oil-fired power station with a net capacity of 1200MW.

Finance

Turnover for the year was Rs. 25,601 million (1999: Rs. 20,667 million) and operating costs were Rs. 14,886 million (1999: Rs. 10,307 million) resulting in a gross profit of Rs. 10,715 million (1999: Rs. 10,360 million). These amounts are higher than previous year figures due to the cumulative effect of the continuous rise in the price of Residual Fuel Oil (RFO), higher electricity despatch by WAPDA at 61% (1999: 51%) despite the declining profile of the tariff charged under the Power Purchase Agreement (PPA) due to retirement of debt. The RFO price, a contracted pass through item to WAPDA, as fixed by the Government, at the beginning of the year was Rs. 6,070.50 per tonne compared to the Rs. 9,680 per tonne at the end of the year representing an increase of 60% in the current fiscal year.

During the year, the Company's gross trade debts increased by Rs. 7,490 million and stood at Rs. 17,377 million at June 30, 2000. This increase in trade debts is due to the tariff dispute raised by WAPDA. As a result the Company suffered a net cash outflow. Due to the length of the dispute, now entering its third year, the Company has decided to provide against all amounts disputed or not recovered under the terms of the Power Purchase Agreement (PPA). In accordance with International Accounting Standards a provision of Rs. 13,445 million is included in this year's accounts and has resulted in a Rs. 6,985 million loss for the year.

Operations

The Plant was operated to a very high standard of thermal efficiency and availability comparing more than favourably with all other plants in Pakistan. Electricity generated during the year amounted to

6,404 GWhrs. Routine and preventive maintenance programmes have been completed within budget as scheduled to ensure the long term integrity of the plant.

Environment, Health, Safety and Social Actions

The overall health and safety performance of the Plant was excellent throughout the year. The Hub Power Station Site has an ongoing proactive approach to safely management.

The Environment Management System (EMS) quality certification was renewed during the year. No major environmental issues were reported. The plant continues to operate within the strict guidelines and limits established by the World Bank for emission and waste.

Despite the difficult financial circumstances the Company is committed to the development and uplift of the people living near the Plant in particular in Hub in the province of Balochisten. In this regard, the Company has donated Rs. 5 million to the Chief Executive of Pakistan Drought Relief Fund. In addition the Company continued to support various programmes in order to help poverty alleviation. In Hub, the Operations & Maintenance contractor runs mobile dispensary to 18 villages and provides basic medical services.

Appropriations

The ongoing litigation, restrictions imposed by the Pakistan courts and the failure of WAPDA to honour its contractual obligations places the directors in a position where they are unable to recommend a dividend.

Board of Directors

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

Mr. M. A. Zafar

(Resigned w.e.f. 29.11.1999)

Nominee, Government of Balochistan

Mr. A. Azim

(Appointed w.e.f. 29.11.1999)

Nominee, Government of Balochistan

Mr. T. A. R. Allerbrand

(Appointed w.e.f. 09.02.2000)

Mr. Y. Aashata

(Resigned w.e.f. 09.02.2000)

Nominee, Hub Power Japan Corporation

Mr. T. Miura

(Appointed w.e.f. 09.02.2000)

Nominee, Hub Power Japan Corporation

Mr. D. P. G. Hadfield

(Resigned w.e.f. 09.02.2000)

Nominee, National Power International Holdings BV

Dr. R. G. L. Spiers

(Appointed w.e.f. 09.02.2000)

Nominee, National Power International Holdings BV

Mr. M. B. Sheikh

(Resigned w.e.f. 12.04.2000)

Nominee, National Development Finance Corporation

Mr. M. A. Said

(Appointed w.e.f. 12.04.2000)

Nominee, National Development Finance Corporation

Auditors

The retiring auditors Messrs Ford, Rhodes, Robson, Morrow, Chattered 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 - August 9, 2000

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of The Hub Power Company Limited as at June 30, 2000 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, 2000 and of the loss 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 17.5 relating to a constitutional petition filed in the Lahore High Court, suit filed by WAPDA for cancellation of certain amendments in the Power Purchase Agreement and for the recovery of overpaid amount and assessments raised by the Central Board of Revenue; the ultimate outcome of these matters cannot presently be determined.

Karachi - August 9, 2000

Ford, Rhodes, Robson, Morrow
Chartered Accountants

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE :30, 2000

	<i>Note</i>	<i>2000</i> <i>(Rs. '000s)</i>	<i>1999</i> <i>(Rs, '000s)</i>
Turnover		25,600,782	20,887,454
Operating costs	3	(14,885,874)	(10,307,327)
		-----	-----
GROSS PROFIT		10,714,908	10,360,127
Selling, general and administration expenses	4	(375,813)	(394,787)
Provision for doubtful debts	11.1	(13,444,967)	--
Other operating income	5	222,612	1,01 6,997
Other operating expenses	6	(193,868)	(152,551)
		-----	-----
OPERATING (LOSS) / PROFIT		(3,077,128)	10,829,786
Financing costs	7	(3,907,639)	(4,125,199)
		-----	-----
NET (LOSS) / PROFIT FOR THE YEAR		(6,984,767)	6,704,587
Unappropriated profit brought forward		16,752,765	10,048,178
		-----	-----
Unappropriated profit carried forward		9,767,998	16,752,765
		=====	=====
BASIC EARNINGS PER SHARE (RUPEES)	23	(6.04)	5.79
		=====	=====

The annexed notes form an integral part of these accounts.

S. K. Husain
Chief Executive

S.N.A. Shah
Director

BALANCE SHEET AS AT JUNE 30, 2000

<i>Note</i>	<i>2000</i> <i>(Rs. '000s)</i>	<i>1999</i> <i>(Rs. '000s)</i>
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TANGIBLE FIXED			
Operating fixed assets	8	42,259,350	43,821
Capital work-in-progress	9	17,807	13,822
LONG TERM DEPOSITS, PREPAYMENTS AND DEFERRED COSTS			
	10	4,222,348	4,796,866
CURRENT ASSETS			
	11	11,185,587	18,419,942
		-----	-----
		57,685,092	67,051,761
		=====	=====
SHARE CAPITAL AND RESERVE			
Share capital			
Authorised, issued, subscribed and paid-up	12	11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		9,767,998	16,752,765
		-----	-----
		21,339,542	28,324,309
LONG TERM LOANS			
	13	28,064,941	31,053,904
OBLIGATIONS UNDER FINANCE LEASE			
	14	4,879	6,172
DEFERRED LIABILITY			
	15	11,921	7,879
CURRENT LIABILITIES			
	16	8,263,809	7,659,497
COMMITMENTS AND CONTINGENCIES			
	17	--	--
		-----	-----
		57,685,092	67,051,761
		=====	=====

The annexed notes form an integral part of these accounts.

S. K. Husain
Chief Executive

S.N.A. Shah
Director

**STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT) FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>2000</i> <i>(Rs. '000s)</i>	<i>1999</i> <i>(Rs. '000s)</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Net (loss)/profit for the year		(6,984,767)	8,704,587
Adjustment for:			

Depreciation		1,623,516	1,625,499
Amortisation of deferred costs		152,551	152,551
Loss/(gain) on disposal of fixed assets		79	(179)
Staff gratuity		4,058	4,346
Interest/mark-up on secured loans		3,597,912	33,804,836
		-----	-----
Operating (loss)/profit before working capital changes		(1,608,651)	12,291,572
Working capital changes	22	6,990,855	(6,589,758)
Cash generated from operations		5,384,204	5,701,814
Interest/mark-up paid on secured loans		(3,683,632)	(3,910,542)
Staff gratuity paid		(16)	(3,350)
		-----	-----
Net cash inflow from operating activities		1,700,556	1,787,922
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure (net)		(65,809)	(12,685)
Proceeds from disposal of fixed assets		10	2,917
Long term deposits and prepayments		421,967	433,209
		-----	-----
Net cash inflow from investing activities		356,168	423,441
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term loans		(2,988,963)	(3,020,151)
Repayment of obligations under finance lease		(1,027)	(815)
Dividends paid		--	(16,259)
		-----	-----
Net cash (outflow) from financing activities		(2,989,990)	(3,037,225)
Net (decrease) in cash and cash equivalents		(933,266)	(825,862)
Cash and cash equivalents at the beginning of the year		6,005,904	6,831,766
		-----	-----
Cash and cash equivalents at the end of the year	11.3	5,072,638	6,005,904
		=====	=====

The annexed notes form an integral part of these accounts.

S. K. Husain
Chief Executive

S. N. A. Shah
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2000

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 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 powerstation with four generating units with and 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. Actuarial valuation of the scheme was carried out for the first time as of June 30, 2000

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 converted 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 (IA) 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

	<i>Note</i>	<i>2000</i> <i>(Rs. '000s)</i>	<i>1999</i> <i>(Rs. '000s)</i>
Residual Fuel Oil		11,426,509	7,018,113
Operation and Maintenance - relating to an associated company		1,525,547	1,463,475
Insurance		247,293	181,342
Depreciation	8.2	1,616,614	1,617,328
Miscellaneous		69,911	27,069
		-----	-----
		14,885,874	10,307,327
		=====	=====

4. SELLING, GENERAL AND ADMINISTRATION EXPENSES

Salaries, benefits and other allowances	4.1	91,365	90,528
Fuel and power		1,524	1,430
Properly, vehicles anti equipment rentals		5,231	5,375
Repairs and maintenance		1,801	977
Legal and professional charges		162,270	219,486
Insurance		10,090	9,150

Auditors' remuneration	4.2	6,241	7,586
Depreciation	8.2	6,902	8,121
Miscellaneous	4.3	90,889	52,134
		-----	-----
		375,813	394,787
		=====	=====

4.1 These include Rs. 6.529 million (1999: Rs. 7.294 million) in respect of staff retirement benefits.

4.2 Auditors' remuneration

Audit fee		500	450
Secretarial, taxation and other services		5,420	6,648
Out-of-pocket expenses		321	488
		-----	-----
		6,241	7,586
		=====	=====

4.3 Includes donations of Rs. 5.330 million (1999:Rs.1.250 million). No directors or their spouses had any interest in any donee to which donations were made.

5. OTHER OPERATING INCOME

Interest and profit on bank accounts		222,570	872,594
Exchange gain		--	144,164
Gain on disposal of fixed assets		--	197
Miscellaneous		42	42
		-----	-----
		222,612	1,016,997
		=====	=====

6. OTHER OPERATING EXPENSES

Amortisation of deferred costs		152,551	152,551
Loss on disposal of fixed assets		79	--
Exchange Loss		41,238	--
		-----	-----
		193,868	152,551
		=====	=====

7. FINANCING COSTS

Mark-up on secured long term loan		382,194	446,176
Interest on secured long term loans		3,215,718	3,358,660
Foreign Exchange Risk Insurance Premium to the State Bank of Pakistan		1,335,432	1,563,395
Foreign Exchange Risk Insurance Premium from WAPDA		(1,335,432)	(1,563,395)
Miscellaneous financing costs		307,604	320,317
Bank charges		2,123	46
		-----	-----

3,907,639 4,125,199
=====

8. OPERATING FIXED ASSETS

	Freehold land (Rs. '000s)	Freehold building (Rs. '000s)	Freehold building (Rs. '000s)	Plant and machinery (Rs. '000s)	Furniture and fixtures (Rs. '000s)	Vehicles (Rs. '000s)	Total (Rs. '000s)
Owned							
As at July 1, 1999	18,890	187,926	862	47,630,149	22,798	41,124	47,901,749
Additions	--	--	--	57,523	45	4,256	61,824
Disposals	--	(4,069)	--	(468)	(444)	--	(4,981)
As at June 30,2000	18,890	183,857	862	47,687,204	22,399	45,380	47,958,592
Leased							
As at July 1, 1999	--	--	--	--	--	8,014	8,014
As at June 30, 2000	--	--	--	--	--	8,014	8,014
Total as at June 30,2000	18,890	183,857	862	47,687,204	22,399	53,394	47,966,606
Depreciation							
Rate %	--	3.33 & 20	3.33	3.33 to 33.33	20	25	
As at July 1,1999	--	25,060	134	4,026,074	12,129	25,235	4,088,632
Charge for the year	--	9,253	29	1,603,289	4,268	6,677	1,623,516
Disposals	--	(4,069)	--	(468)	(355)	--	(4,892)
As at June 30,2000	--	30,244	163	5,628,895	16,042	31,912	5,707,256
Net book value as at June 30,	18,890	153,613	699	42,058,309	6,357	21,482	42,259,350
Net book value as at June 30,	18,890	162,866	728	43,604,075	10,669	23,903	43,821,131

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
Computers	383	383	--	--	Write off	Not applicable
Temporary offices	4,069	4,069	--	--	Demolition	Not applicable

Furniture & fixtures	444	355	89	-- Write off	Not applicable
Office equipment	85	85	--	10 Trade-in	Gestetner (Pvt) Ltd.
	-----	-----	-----	-----	
	4,981	4,892	89	10	
	=====	=====	=====	=====	

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

	<i>Note</i>	<i>2000</i> <i>(Rs. '000s)</i>	<i>1999</i> <i>(Rs. '000s)</i>
Operating costs	3	1,616,614	1,617,328
Selling, general and administration expenses	4	6,902	8,121
		-----	-----
		1,623,516	1,625,449
		=====	=====

9. CAPITAL WORK-IN-PROGRESS

Plant Betterment		17,807	13,822
		=====	=====

10. LONG TERM DEPOSITS, PREPAYMENTS AND DEFERRED COSTS

Deposits

Sezione Special per l' Assicurazione del Credito all' Esportazione of Italy (SACE) - interest bearing	10.1	634,317	663,650
Miscellaneous		3,600	3,436
		-----	-----
		637,917	667,086

Cash on deposit - restricted	10.2	2,848,424	3,094,387
Prepayments			
"Guarantee fees		28,676	35,846
Insurance premium		468,072	604,772
Interest rate hedging costs		6,795	8,736
Miscellaneous		3,639	4,663
		-----	-----
		507,182	654,017

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		(533,928)	(381,377)
		-----	-----
		228,825	381,376
		-----	-----
		4,222,348	4,796,866
		=====	=====

10.1 The amount represents funds that the Company has agreed to place in a reserve account to fulfil 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.2,733 million (1999:Rs.2,986 million) held as reserves against various loan facilities.

11. CURRENT ASSETS

Stores and spares		514,881	514,881
Inventory of fuel oil		463,388	586,499
Trade debts	11.1	3,932,343	9,887,140
Advances, deposits, prepayments and other receivables	11.2	1,202,337	1,425,518
Cash and bank balances	11.3	5,072,638	6,005,904
		-----	-----
		11,185,587	18,419,942
		=====	=====

11.1 Trade debts - secured

Considered good		3,932,343	9,887,140
Considered doubtful		13,444,967	--
		-----	-----
		17,377,310	9,887,140
Provision for doubtful debts	11.1.1	(13,444,967)	--
		-----	-----
		3,932,343	9,887,140
		=====	=====

11.1.1 A provision has been made against all amounts disputed or not received under the terms of the Power Purchase Agreement, the circumstances of which are included in note 17.4.

11.2 Advances, deposits, prepayments and other receivables

Advances - considered good

Employees		165	474
Suppliers		29,899	2,175
		-----	-----
		30,064	2,649
		=====	=====

Deposits

Sezione Special per l' Assicurazione del Credito all'			
Esportazione of Italy (SACE) - interest bearing	10.1	88,238	88,238
Cash on Deposit- restricted		--	394,583
Miscellaneous		3,127	3,199
		-----	-----
		91,365	486,020
Prepayments		169,773	147,340
Other receivables			
Return on bank deposits		77,482	248,693
Insurance claims		374,324	227,028
Income tax	17.5	296,872	296,872
Sales tax		151,998	--
Miscellaneous		10,459	16,916
		-----	-----
		911,135	789,509
		-----	-----
		1,202,337	1,425,518
		=====	=====

11.2.1 The maximum aggregate amount due from the Chief Executive and Executives at the end of any month during the year was Rs.0.32 million and Rs.0.31 million respectively (1999: Rs. Nil and Rs.0.38 million respectively).

11.3 Cash and bank balances

With banks			
Saving checking accounts	11.3.1	1,117,825	5,667,037
Call and term deposits	11.3.1	3,843,546	220,033
With a financial institution	11.3.1	97,225	104,908
In hand		14,042	13,926
		-----	-----
		5,072,638	6,005,904
		=====	=====

11.3.1 Included in these are total restricted funds of Rs. 253 million (1999: Rs. 325 million) held as reserves against various loan facilities.

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

<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
<i>(No. of Shares)</i>		<i>(Rs. '000s)</i>	
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
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
=====	=====	=====	=====

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 any 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 (January 1998 to July 2005).
Under the Japan Bank for International Co-operation (JBIC) - guaranteed loan; Formerly - Export-Import Bank of Japan (JEXIM)	TIBOR plus JBIC 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 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 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 Special 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. upto 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 CDC Group Plc of the U.K.
(CDC) Loan; Formerly - Commonwealth
Development Corporation

11% per annum

Same as above.

From Financial Institution

Under the local banks'/financial institutions'
Senior Rupee Facility (SRF)

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
(January 1998 to July 2005).

SUBORDINATED LOANS

14% per annum

The Loan is repayable in 30 equal
installments on semi-annual Payment Dates
starting from January 10, 2002.

From Financial Institution

Under the Private Sector Energy
Development Fund's (PSEDF) 1 Facility

(a) upto 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

Same as above.

Under the Private Sector Energy
Development Fund's (PSEDF) 2 Facility

(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 4.00% and (ii) World Bank
Lending Rate, the FERI Margin and 3.50%.

Security

Each Senior Loan is secured pad passu by way of:

(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.

	2000	1999
	(Rs. '000s)	(Rs. '000s)

	3,352,708	3,965,157
--	-----------	-----------

(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.

	2,532,299	2,994,881
--	-----------	-----------

(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.

1,125,005 1,330,512

(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.

2,222,049 2,626,687

(e) an assignment of the benefit of the encumbrances and obligations arising in relation to:

(i) the ECO Guarantee Reserve Account and all notices of assignment given pursuant thereto for the benefit of ECO Financing Parties;

4,830,363 5,712,740

(ii) the JBIC Guarantee Reserve Account and all notices of assignment given pursuant thereto for the benefit of JBIC 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;

(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,

820,529 970,418

1,490,699 1,762,220

The PSEDF loans are secured against the same securities as the Senior Loans but on a subordinated basis to the Senior Loans.

10,827,419 10,827,419

3,852,833 3,852,833

31,053,904 34,042,867

Current maturity of long term loans (see note 16)

(2,988,963) (2,988,963)

28,064,941 31,053~904

=====

13.1 Any late payment by the Company is subject to payment of interest at rates ranging between 1.5% to 3% per annum 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 has 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:

	<i>Minimum Payments</i>	<i>Present Value of Payments</i> <i>2000</i> <i>(Rs. '000s)</i>	<i>Minimum Payments</i>	<i>Present Value of Payments</i> <i>1999</i> <i>(Rs. '000s)</i>
<i>Note</i>				
Year ending June 30, 2000	--	--	1,898	1,027
Year ending June 30, 2001	1,990	1,293	2,432	1,293
Year ending June 30, 2002	2,432	1,628	2,432	1,628
Year ending June 30, 2003	3,634	3,251	3,634	3,251
	-----	-----	-----	-----
	8,056	6,172	10,396	7,199
Finance charges allocated to future periods	(1,884)	--	(3,197)	--
Obligation shown under curr 16	(1,293)	(1,293)	(1,027)	(1,027)
	-----	-----	-----	-----
	4,879	4,879	6,172	6,172
	=====	=====	=====	=====

There are no financial restrictions in the lease agreement.

	<i>Note</i>	<i>2000</i> <i>(Rs. '000s)</i>	<i>1999</i> <i>(Rs. '000s)</i>
15. DEFERRED LIABILITY			
Staff Gratuity		11,921	7,879
		=====	=====

The present value of defined benefit obligation has been calculated using the Projected Unit Credit Method.

Present value of defined benefit obligation	11,921

Liability in the balance sheet	11,921
	=====

The amount recognised in the profit and loss account are as follows:

Current service cost	4,058
	=====

Movement in the liability recognised in the balance sheet are as follows:

Liability at the beginning of the year	7,879
Expense recognised during the year	4,058
Paid during the year	(16)

Liability at the end of the year	11,921
	=====

Significant actuarial assumptions used as at the balance sheet date are as follows:

Interest rate	12% per annum
Discount factor	12% per annum

Expected rate of increase in salary level 11% per annum

16. CURRENT LIABILITIES

Current maturity of long term loans	13	2,988,963	2,988,963
Current obligations under finance lease	14	1,293	1,027
Creditors, accrued and other liabilities	16.1	5,273,553	4,669,507
		-----	-----
		8,263,809	7,659,497
		=====	=====

	<i>Note</i>	2000 <i>(Rs. '000s)</i>	1999 <i>(Rs. '000s)</i>
16.1 Creditors, accrued and other liabilities			
Creditors			
		362,791	1,064,214
Accrued liabilities			
Interest accrued on secured long term loans		1,500,675	1,556,164
Mark-up accrued on secured long term loan		171,927	202,158
Due to construction, operation and maintenance contractors and others	16.1.1	49,358	44,754
Foreign Exchange Risk Insurance Fee (FERI)	16.1.2	593,721	698,334
Miscellaneous financing costs		31,987	47,046
Income tax accrued - contractors	16.1.3	5,325	5,325
- employees		2,725	
Miscellaneous accrued liabilities	16.1.4	264,666	281,392
		-----	-----
		2,620,384	2,835,173
Other liabilities			
Octroi charges		--	11,359
Custom duties and taxes		13,136	946
Income tax deducted at source		6,821	6,880
Unearned income	16.1.5	1,193,915	1,110,672
Deferred income	16.1.6	366,747	332,955
Due to directors		397	810
Dividend payable		7,939	7,921
		-----	-----
		1,588,955	1,471,543
		-----	-----
		5,273,553	4,669,507
		=====	=====

16.1.1 This includes a sum of Rs. 35.582 million (1999: Rs. 26.460 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 million (1999: Rs. 2.865 million) relating to an associated company.

16.1.4 This includes a sum of Rs. 3.679 million (1999: Rs. 10.045 million) in respect of 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 (PPA).

16.1.6 This includes 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

17.1 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. These are payable in fixed and variable portions. The fixed portion is being paid in specified amounts for each month of the operating year whereas the variable portion is payable at the agreed rate for the actual power generated per month.

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

17.3 Counter guarantees, to meet the requirements under the above agreement, issued to various banks which are secured pari passu with Senior Loans amount to Rs.1,250 million (1999: Rs. Nil).

17.4 On May 8, 1998, a constitutional petition (allegedly, pro bono publico) was filed in the Lahore High Court (LHC) against the Company under Article 199 of the Constitution of Pakistan. The Petitioner challenged the decision of the Government and the Water & Power Development Authority (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 malafide and fixed a tariff which was unjustifiable.

At the request of the Petitioner, the LHC issued interim orders, which were subsequently amended by the Supreme Court (SC) which prohibited the Company from making distributions from reserves as at December 31, 1997 to shareholders and restricted the fixed element of the tariff to a maximum of Rs.845 million per month plus billing in respect of Energy Purchase Price. Although directed by the SC to dispose off the matter by the end of 1998, the petition has not been fixed for hearing so far. The petition is being contested vigorously as the Company believes that it is wholly without merit.

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 (ICC) 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 Tribunal was fully constituted in mid-January 1999. The Tribunal first met on February 22, 1999 but could not proceed as the Company was restrained by a court order from participating in the proceedings. Subsequent attempts to convene have also proved abortive for the same reason.

On October 11, 1998 WAPDA alleged that the Supplemental Deed dated November 16, 1993 and Amendment Nos.1 and 2 of the 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 is claiming in addition the repayment of Rs.16 billion allegedly overpaid. The Company has referred the allegations made by WAPDA and has included these issues in the ICC Arbitration. The Company had issued notices to WAPDA under the PPA which could result in the termination of the PPA. Corresponding notices had also been issued in respect of the Implementation Agreement (IA) and the Fuel Supply Agreement (FSA). These notices could lead to the termination of the PPA and, as a consequence, of the IA which event would entitle the Company (and through the Company the shareholders of the Company) to compensation as set out in the IA. However, the operation of these notices were subsequently suspended by the Supreme Court of Pakistan by an order passed on an application moved by WAPDA. The operation of the notices continues to be suspended to date.

In aid of its request for arbitration, the Company filed a suit in the High Court of Sindh (SHC) in November 1998, requesting the Court to direct WAPDA to proceed to ICC arbitration and restrain WAPDA from taking any proceedings except ICC arbitration and other interlocutory and consequential relief. After a full hearing by a single judge of the High Court, interlocutory proceedings eventually resulted in an order on March 22, 1999 whereby, inter alia, WAPDA was directed to proceed to arbitration. The order was appealed by both WAPDA and (on different grounds) by the Company before an appellate bench of the SHC. The Single Judge's order, including the direction to proceed to arbitration, was suspended at WAPDA's behest. In addition to suspending the Single Judge's order, the Appellate Court, without being asked by WAPDA to do so, also restrained the Company from proceeding to arbitration, which was challenged by the Company. Hearings on that issue concluded in June 1999 and judgment was reserved.

By an order on August 11, 1999 the Court stated that it would hear the Company's application with WAPDA's appeal and also continued the restraint on the Company to proceed with the ICC arbitration in London. The Company petitioned the Supreme Court against this order. The Company's petition was converted to an appeal on October 27, 1999 and heard by a five member bench of the Supreme Court.

On June 14, 2000 the Company's appeal was dismissed by the Supreme Court by a majority of 3 to 2 and the Company was restrained from invoking the arbitration clause of the PPA for the purpose of resolving its disputes with WAPDA through the agreed forum of ICC arbitration. On July 10, 2000 the Company filed a petition in the Supreme Court seeking a review and reversal of the majority judgement of June 14, 2000. On July 10, 2000 the Company also filed another review petition arising out of the Supreme Court's allowing (as a consequence of dismissing the Company's appeal) the appeal which had been filed by WAPDA.

Meanwhile on January 16, 1999, WAPDA also filed a suit against the Company and others in the court of the senior civil judge at Lahore claiming inter alia rescission of the Supplemental Deed dated November 16, 1993 and Amendments 1 and 2 to the PPA, the recovery of a sum of Rs.17 billion (previously identified as Rs.16 billion) alleged to have been overpaid to the Company, unquantified damages and other consequential relief. The court was also requested to restrain the Company from proceeding with the ICC arbitration in London and the recovery of any moneys under the Standby Letter of Credit given by WAPDA to secure its payment obligations under the PPA and this relief was granted without notice

to the Company. The proceedings in the court of the senior civil judge had been suspended by the senior civil judge in view of the proceedings which were pending in the SHC and the Supreme Court but have resumed after the Supreme Court's order dated June 14, 2000. The suit, as well as a revision petition filed by the Company in the LHC in respect of an order passed by the senior civil judge on an application challenging WAPDA's competence to institute the suit in its present form, are being actively contested by the Company.

17.5 (i) The Deputy Commissioner of Income tax (DCIT) 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 deposited tax of Rs.296.872 million against the above demands in accordance with the departmental procedures. Appeals filed by the Company before the Commissioner of Income tax (Appeals)[CIT(A)] and thereafter with the Income Tax Appellate Tribunal (ITAT) were decided against the Company. The Company has filed further appeals before the Lahore High Court (LHC) which are pending adjudication. The LHC granted a stay of demand for the outstanding tax liability which according to the provisions of section 136 of the Income Tax Ordinance, 1979, expired on August 2, 1999. However, the LHC has directed the DCIT not to institute recovery measures without its permission. The management and their tax advisors are of the opinion that the eventual outcome will be in favour of the Company and the tax of Rs. 296.872 million paid will become refundable.

(ii) On the unpaid tax demands referred in (i) above, further assessment orders were issued for Rs.49.571 million (Rs.28.399 million being additional tax and Rs.21.172 million being penalty). Against these orders, the Company filed appeals before the CIT(A) who has deleted the amount of additional tax levied of Rs.28.399 million and reduced the penalty from Rs.21.172 million to Rs.6.351 million. Against the decision of CIT(A) reducing the penalty, the Company has filed further appeals before the ITAT, which are pending adjudication. The management and their tax advisors are of the opinion that the eventual outcome will be in favour of the Company.

18. SUBSEQUENT EVENT

On July 7, 2000 the Company invoked the Guarantee issued by the President of Pakistan for and on behalf of the Islamic Republic of Pakistan, pursuant to its undertaking under the Implementation Agreement. The above Guarantee has been called upon as WAPDA failed to correct the inaccuracies and discrepancies in the Letter of Credit, required to be established under the Power Purchase Agreement. On July 13, 2000 the Government of Pakistan disputed the call on the guarantee. This dispute has been referred on July 21, 2000 to arbitration under the rules of the International Chamber of Commerce.

19. 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:

<i>Note</i>	<i>2000</i> <i>(Rs. '000s)</i>	<i>1999</i> <i>(Rs. '000s)</i>
	Chief Executive	
Managerial remuneration	24,669	16,734
Bonus	--	3,356

House rent		7,439	5,308
Utilities		337	428
Retirement benefits		1,696	2,965
Other benefits		1,775	227
		-----	-----
		35,916	29,018
		-----	-----
Number of persons		1	1
		Director	
Managerial remuneration	19.1	816	810
Bonus		--	--
House rent		--	--
Utilities		--	--
Retirement benefits		--	--
Other benefits		--	--
		-----	-----
		816	810
		-----	-----
Number of persons		1	1
		Executives	
Managerial remuneration		24,468	24,448
Bonus		4,952	4,628
House rent		9,344	9,490
Utilities		2,065	1,382
Retirement Benefits		4,681	4,844
Other benefits		3,096	1,777
		-----	-----
		48,606	46,569
		-----	-----
Number of persons		40	40
		Total	
Managerial remuneration		49,953	41,992
Bonus		4,952	7,984
House rent		16,783	14,798
Utilities		2,402	1,810
Retirement benefits		6,377	7,809
Other benefits		4,871	2,004
		-----	-----
		85,338	76,397
		-----	-----
<i>Number of persons</i>		42	42

19.1 Includes fee of Rs. 0.816 million (1999: Rs. 0.810 million) paid to a Director.

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

19.3 The number of employees at the end of the year were 50 (1999: 51).

20. TRANSACTIONS WITH ASSOCIATED COMPANIES

	<i>Note</i>	<i>2000</i> <i>(Rs. '000s)</i>	<i>1999</i> <i>(Rs. '000s)</i>
Amounts paid for services rendered	20.1	1,890,576	1,730,409
Repayment of loan and interest	20.2	434,197	447,695

20.1 These represent transactions with principal shareholders of the Company under various service agreements.

20.2 These represent amounts paid to a lender having representation on the Board of Directors of the Company.

21. CAPACITY AND PRODUCTION

Theoretical Maximum Output	10,540 GWh	10,512 GWh
Total Output	6,404 GWh	5,351 GWh
Load Factor (Base Case 64.6%)	60.76%	50.90%

22. WORKING CAPITAL CHANGES

Decrease/increase in current assets		
Inventory of fuel oil	123,111	(9,703)
Trade debts	5,954,797	(5,776,494)
Advances, deposits, prepayments and other receivables	223,181	(950,365)
	-----	-----
	6,301,089	(6,736,562)
Increase in current liabilities		
Creditors, accrued and other liabilities	689,766	146,804
	-----	-----
	6,990,855	(6,589,758)
	=====	=====

23. BASIC EARNINGS PER SHARE (RUPEES)

Net (Loss)/profit for the year (rupees in thousand)	(6,984,767)	6,704,587
Number of ordinary shares in issue during the year	1,157,154,387	1,157,154,387
Basic earnings per share (Rupees)	(6.04)	5.79

24. FINANCIAL INSTRUMENTS

These comprise deposits, receivables, advances, cash, loans, obligations under finance lease and certain other assets and liabilities.

(a) Financial Assets

The financial assets of the Company amount to Rs. 13,045 million (1999: Rs. 20,634 million) of which Rs. 8,630 million (1999: Rs. 10,233 million) are interest bearing and subject to interest rate risk.

These include amounts held as reserve for debt service of various loan facilities and amounts held with financial institutions.

Foreign Exchange Risk

Interest bearing financial assets include Rs. 1,926 million (1999:Rs.1,703 million) in foreign currencies which are subject to currency exposure.

Credit Risk

The Company's trade receivables which are part of the financial assets are subject to credit risk.

These trade receivables relate to sale of electricity to WAPDA as per the PPA which is under dispute (see note 17.4). The Company's credit risk is mitigated by a guarantee from the Government of Pakistan under the Implementation Agreement (IA).

(b) Financial Liabilities

The financial liabilities of the Company amount to Rs. 34,745 million (1999: Rs. 37,251 million) out of which Rs.31,060 million (1999:Rs.34,050 million) are interest bearing, which mostly represent loans in both local currency and foreign currencies.

Interest Rate Risk

Interest bearing financial liabilities of the Company include Rs. 21,322 million (1999:Rs.23,237 million) subject to fixed interest rate and Rs. 9,738 million (1999: Rs. 10,813 million) subject to floating interest rates. The floating rate liabilities comprise bank borrowings, bearing interest rate fixed in advance for stipulated time period by reference to LIBOR or TIBOR. The Company also hedges for interest rate cap for transactions in Japanese Yen relating to ECO and JBIC facilities.

Foreign Exchange Risk

The loans payable by the Company in foreign currencies are covered under the Foreign Exchange Risk Insurance Scheme (FERI) provided by the State Bank of Pakistan, which protects the loan liability against the devaluation of Pakistan Rupee.

Liquidity Risk

The Company may encounter difficulties in raising funds to meet its commitments under different loans, Fuel Supply Agreement and Operation and Maintenance Agreement, due to the situation explained in note 17 to these financial statements.

(c) Fair value of Financial Assets and Liabilities

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

	<i>Note</i>	<i>2000</i> (Rs. '000s)	<i>1999</i> (Rs. '000s)
25. STATEMENT OF CHANGES IN EQUITY			
Issued capital			
Balance at the beginning of the year		11,571,544	11,571,544
		-----	-----
Balance at the end of the year	12	11,571,544	11,571,544
Unappropriated profit			
Balance at the beginning of the year		16,752,765	10,048,178
Net (loss)/profit		(6,984,767)	6,704,587
		-----	-----
Balance at the end of the year		9,767,998	16,752,765
		-----	-----
Total equity		21,339,542	28,324,309
		=====	=====

26. GENERAL

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

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

S. K. Husain
Chief Executive

S.N.A. Shah
Director

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2000

Size of Holding		No. of Shareholders	No. of Shares Held
From	To		
1	100	220	21,504
101	500	10,929	5,405,373
501	1000	1,528	1,403,946
1001	5000	2,366	6,927,384
5001	10000	730	5,997,532
10001	15000	267	3,462,930
15001	20000	170	3,162,543
20001	25000	132	3,146,100
25001	30000	72	2,050,234
30001	35000	63	2,093,626
35001	40000	48	1,852,100
40001	45000	32	1,395,717
45001	50000	47	2,312,900
50001	55000	19	996,800
55001	60000	15	882,000
60001	65000	15	947,900

65001	70000	19	1,295,900
70001	75000	19	1,405,500
75001	80000	11	860,500
80001	85000	7	584,200
85001	90000	9	800,000
90001	95000	11	1,031,800
95001	100000	28	2,784,000
100001	105000	5	509,800
105001	110000	7	756,500
110001	115000	6	675,700
115001	120000	5	588,800
120001	125000	6	733,500
125001	130000	6	770,500
130001	135000	2	266,700
135001	140000	3	413,000
145001	150000	7	1,046,400
150001	155000	4	608,100
155001	160000	4	631,500
160001	165000	3	492,500
165001	170000	4	673,500
170001	175000	2	350,000
180001	185000	4	727,600
185001	190000	1	189,500
190001	195000	3	578,700
195001	200000	6	1,196,500
200001	205000	2	409,500
205001	210000	2	418,500
210001	215000	3	638,000
215001	220000	1	220,000
220001	225000	4	900,000
225001	230000	3	626,500
230001	235000	2	465,000
235001	240000	1	239,000
240001	245000	1	241,000
245001	250000	6	1,488,500
250001	255000	1	252,000
255001	260000	1	257,500
265001	270000	1	265,900
275001	280000	3	839,900
280001	285000	2	568,000
285001	290000	1	290,000
290001	295000	1	292,500
295001	300000	5	1,497,800
305001	310000	1	309,000
315001	320000	2	637,200
320001	325000	2	647,500
340001	345000	1	343,500
355001	360000	3	1,073,307

375001	380000	2	757,000
395001	400000	6	2,400,000
410001	415000	2	823,500
415001	420000	3	1,251,000
420001	425000	1	423,000
425001	430000	1	429,500
435001	440000	1	436,500
445001	450000	2	896,000
455001	460000	1	460,000
465001	470000	1	469,500
495001	500000	2	997,000
500001	505000	1	504,500
530001	535000	1	535,000
555001	560000	1	556,000
560001	565000	1	563,500
565001	570000	1	566,500
595001	600000	3	1,800,000
620001	625000	2	1,249,900
685001	690000	1	690,000
695001	700000	1	700,000
745001	750000	1	747,500
750001	755000	1	751,900
790001	795000	1	794,000
800001	805000	2	1,606,000
840001	845000	1	843,000
875001	880000	1	877,500
890001	895000	1	895,000
930001	935000	1	933,500
945001	950000	1	946,000
950001	955000	1	955,000
955001	960000	1	957,600
965001	970000	1	968,000
980001	985000	1	982,350
995001	1000000	2	2,000,000
1020001	1025000	1	1,025,000
1035001	1040000	1	1,037,000
1040001	1045000	1	1,043,710
1055001	1060000	1	1,058,000
1085001	1090000	1	1,090,000
1095001	1100000	1	1,097,500
1120001	1125000	2	2,250,000
1255001	1260000	2	2,520,000
1385001	1390000	1	1,389,000
1460001	1465000	1	1,461,500
1475001	1480000	1	1,480,000
1495001	1500000	1	1,500,000
1500001	1505000	1	1,502,800
1560001	1565000	1	1,562,000

1640001	1645000	1	1,642,000
1830001	1835000	1	1,835,000
1865001	1870000	1	1,866,500
1920001	1925000	1	1,923,100
1970001	1975000	1	1,974,183
2055001	2060000	1	2,057,500
2065001	2070000	1	2,070,000
2120001	2125000	1	2,123,000
2365001	2370000	1	2,368,000
2600001	2605000	1	2,602,000
2690001	2695000	1	2,694,100
2695001	2700000	1	2,700,000
2735001	2740000	1	2,737,000
2970001	2975000	1	2,971,000
2975001	2980000	1	2,975,700
2995001	3000000	1	3,000,000
3050001	3055000	1	3,054,500
3060001	3065000	1	3,063,000
3470001	3475000	1	3,473,500
3615001	3620000	1	3,620,000
3890001	3895000	1	3,891,000
4015001	4020000	1	4,020,000
4025001	4030000	1	4,030,000
4375001	4380000	1	4,378,000
4930001	4935000	1	4,935,000
4995001	5000000	1	5,000,000
5085001	5090000	1	5,090,000
5250001	5255000	1	5,254,000
5555001	5560000	1	5,558,500
7860001	7865000	1	7,861,000
8280001	8285000	1	8,283,700
8745001	8750000	1	8,750,000
8870001	8875000	1	8,873,000
9290001	9295000	1	9,291,000
11070001	11075000	1	11,075,000
11235001	11240000	1	11,236,000
13910001	13915000	1	13,914,000
14385001	14390000	1	14,389,786
14845001	14850000	1	14,846,808
15115001	15120000	1	15,115,750
20230001	20235000	1	20,231,900
20430001	20435000	1	20,432,459
21245001	21250000	1	21,248,016
27415001	27420000	1	27,416,000
28665001	28670000	1	28,666,000
51395001	51400000	1	51,396,721
140280001	140285000	1	140,280,633
239670001	239675000	1	239,674,509

265470001	265475000	1	265,473,866
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	TOTAL		16,999 1,157,154,387

CATEGORIES OF SHAREHOLDING AS ON JUNE 30, 2000

Categories	No. of Shareholders	No. of Shares held	Percentage
Individual	16,683	93,978,693	8.12
Joint Stock Companies	109	467,438,032	40.40
Financial Institutions	114	313,084,989	27.06
Investment Companies	22	9,935,200	0.86
Insurance Companies	45	5,599,600	0.48
Modaraba & Leasing Companies	22	1,260,400	0.11
Charitable Trust	1	10,000	0.00
Co-operative Societies	1	15,000	0.00
Government of Balochistan	1	358,607	0.03
GDR Depository	1	265,473,866	22.94
	-----	-----	-----
Total	16,999	1,157,154,387	100.00

The above two statements include 3,886 Shareholders holding 425,065,466 shares through the Central Depository Company of Pakistan Limited (CDC).

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:

Ford, Rhodes, Robson, Morrow,
Registrars 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.