HUBCO

Celebrating XX twenty years of Brilliance

Annual Report 2017

Celebrating twenty years of Brilliance

Twenty years ago, an uncharted journey started from the coastal sands of Baluchistan. We were then setting up the first private power generation plant in the history of Pakistan. The nation was yearning for light and power. We promised to turn a barren field along the coast-line into a hub of energy for decades to come. For twenty years, we had not just generated power but lived up to that promise: A promise to banish darkness. A promise that our factories, our homes and our dreams will shine brighter.

Alhamdolillah today, in a vibrant, emerging landscape of Pakistan, Hubco has proven to be the energy security for the country.

The Hub Power Plant which was a stepping stone of our journey, poised us to unleash our potential and we marched forward to the fertile fields of Punjab. The Company became the first IPP to expand its operations to setup a 225MW oil-fired power station in Narowal. We never looked back and advanced to Azad Jammu Kashmir and established the first and currently the only operating Hydro IPP with an 84MW run-of-the-river hydro power plant as Laraib Energy Limited.

Proving our excellence, we took over the operations and maintenance of our power assets and formed Hub Power Services Limited (HPSL) to manage O&M of our plants and explore onshore and offshore O&M business opportunities.

Twenty years have passed but the desire to succeed and challenge the unseen is still fresh for Hubco, so we entered the sands of Thar. This time the challenge was to dig down for 'Black Gold' under 196 meter of overburden. The Company won the merit of being one of the first partners in Sindh Engro Coal Mining Company (SECMC) with equity stake to exploit the local coal at Thar. We also stand tall in the first row of power projects in CPEC with 330MW Thar Coal based power plant and a 1320MW imported coal-based plant with integrated Jetty at Hub site as a joint venture, with China Power Investment Holding (CPIH).

Committed to deliver growth through energy, our journey to spread the light will continue for decades to come.

Contents

Since 1997 Hubco has been the leading and largest IPP of Pakistan, supplying reliable power to millions of households and setting highest international standards of safety and environment. With our new vision and mission statement, we strive to be at the forefront of economic and social transformation in Pakistan by providing reliable and affordable energy to our people.

Energy is foundation of economic prosperity and therefore, we believe that energy fuels life:

Vision

Fueling lives through energy

Mission

To be a growth-oriented company recognized for international standards in safety and environment in providing reliable and affordable energy; serving the country, its stakeholders and local community as a responsible corporate citizen

Core Values

Passion

Ownership

Winning

Enjoyment

Renewal

Company Profile & Group Structure

As Pakistan's first independent power producer, the Hub Power Company Limited has a combined power generation capacity of over 1600 MW. The Company's RFO-fired thermal Plant, situated at Mouza Kund, Hub in Baluchistan, supplies net 1200MW of reliable and uninterrupted electricity to the National grid. Its Narowal Plant is an RFO-fired, engine based, combined cycle power station, located at Mouza Poong, Narowal in Punjab. Additionally, the Company holds 75% controlling interest in Laraib Energy Limited which owns and operates a run-off-the-river hydel power Plant near the New Bong Escape, 8 km downstream of Mangla Dam in Azad Jammu and Kashmir.

To launch new initiatives, the Company has formed wholly-owned subsidiaries. For investing in the imported-coal based 1,320MW power project and other future growth initiatives, the Company has incorporated Hub Power Holdings Limited (HPHL).

Hub Power Services Limited (HPSL), a wholly owned subsidiary, has been incorporated to manage O&M of its existing power assets, its future projects and explore onshore and offshore O&M business opportunities. Another wholly-owned subsidiary, Narowal Energy Limited, has taken over the assets and liabilities of Narowal Plant post its demerger under the repealed Companies Ordinance, 1984.

To set up a 330 MW mine mouth coal power Plant at Thar Coal Block II Sindh, the Company has established Thar Energy Limited, as a wholly-owned subsidiary of The Hub Power Co. Ltd.

To undertake the imported coal-based power project through HPHL, Company has set up China Power Hub Generation Company (Pvt.) Ltd. (CPHGC) with its joint venture partner China Power International Holdings (CPIH).

The Company is also investing USD 20 million in Sindh Engro Coal Mining Company Limited (SECMC), a joint venture between Hubco, Engro, Thal Limited, HBL, CMEC, and Government of Sindh, to develop a coal mine at Thar which has the seventh largest reserve of coal in the world.

The Company is listed on the Pakistan Stock Exchange. The Global Depository Receipt of the Company has been delisted from Luxembourg Stock Exchange as no trading had taken place in the last few years.

The Hub Power Company Limited

- **Subsidiaries**
  - Laraib Energy Limited (LEL)
  - Hub Power Holdings Limited (HPHL)
  - Hub Power Services Limited (HPSL)
  - Narowal Energy Limited (NEL)
  - Thar Energy Limited (TEL)
- **Associates**
  - China Power Hub Generation Company (Pvt.) Ltd. (CPHGC)
  - Sindh Engro Coal Mining Company Limited (SECMC)

Business Strategy

With an aggressive growth plan and a focus on increasing the shareholder value, we have remained committed to promoting the long-term development of Pakistan and its energy sector. The strategy is not just to aim for maximization of profit but also to ensure that the local communities, our partners and other stakeholders also benefit from our prosperity.

In the years to come, our business strategy will be focused on:

- Increasing reliability and sustainability of our base business
- Increasing power generation and improving the energy mix by utilizing alternative and indigenous sources
- Aligning our HSE systems with the best of the international practices
- Strengthening our team by attracting, hiring and retaining competent and experienced professionals
- Contributing a portion of our profits on projects of socio-economic development, with complete involvement and engagement of the local communities to create ownership of the development
- Continuing with our resolve to end the long prevalent energy crisis

SWOT Analysis

Company Information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Iqbal Alimohamed
Mr. Andalib Alavi
Mr. Shahid Ghaffar
Mr. Qaiser Javed
Mr. Ruhail Mohammed
Mr. Owais Shahid

COMPANY SECRETARY

Mr. Shamsul Islam

MANAGEMENT

Mr. Khalid Mansoor
Mr. Tahir Jawaid
Mr. Abdul Nasir
Mr. Shamsul Islam
Mr. Saleemullah Memon
Mr. Nazoor Baig
Mr. Kamran Kamal
Mr. M. Inam Ur Rehman Siddiqui
Mr. Farrukh Rasheed

REGISTERED & HEAD OFFICE

11th Floor, Ocean Tower
Block-9, Main Clifton Road, Karachi
P.O. Box No. 13841, Karachi-75600
Email: Info@hubpower.com
Website: http://www.hubpower.com

PRINCIPAL BANKERS

Allied Bank of Pakistan
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Bank of Punjab
Pak Brunei Investment Company Limited
Pak China Investment Company Limited
Samba Bank Limited
Standard Chartered Bank (Pakistan) Ltd.
Sumitomo Mitsui Banking Corp. Europe Ltd, London
United Bank Limited

INTER-CREDITOR AGENTS

Habib Bank Limited
Allied Bank Limited
NIB Bank Limited

LEGAL ADVISOR

RIAA Barker Gillette

AUDITORS

EY Ford Rhodes, Chartered Accountants

REGISTRAR

FAMCO Associates (Pvt) Ltd.

HUB PLANT

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

NAROWAL ENERGY LTD. (SUBSIDIARY)

Registered and Head Office:
11th Floor, Ocean Tower
Block-9, Main Clifton Road, Karachi
P.O. Box No. 13841, Karachi-75600

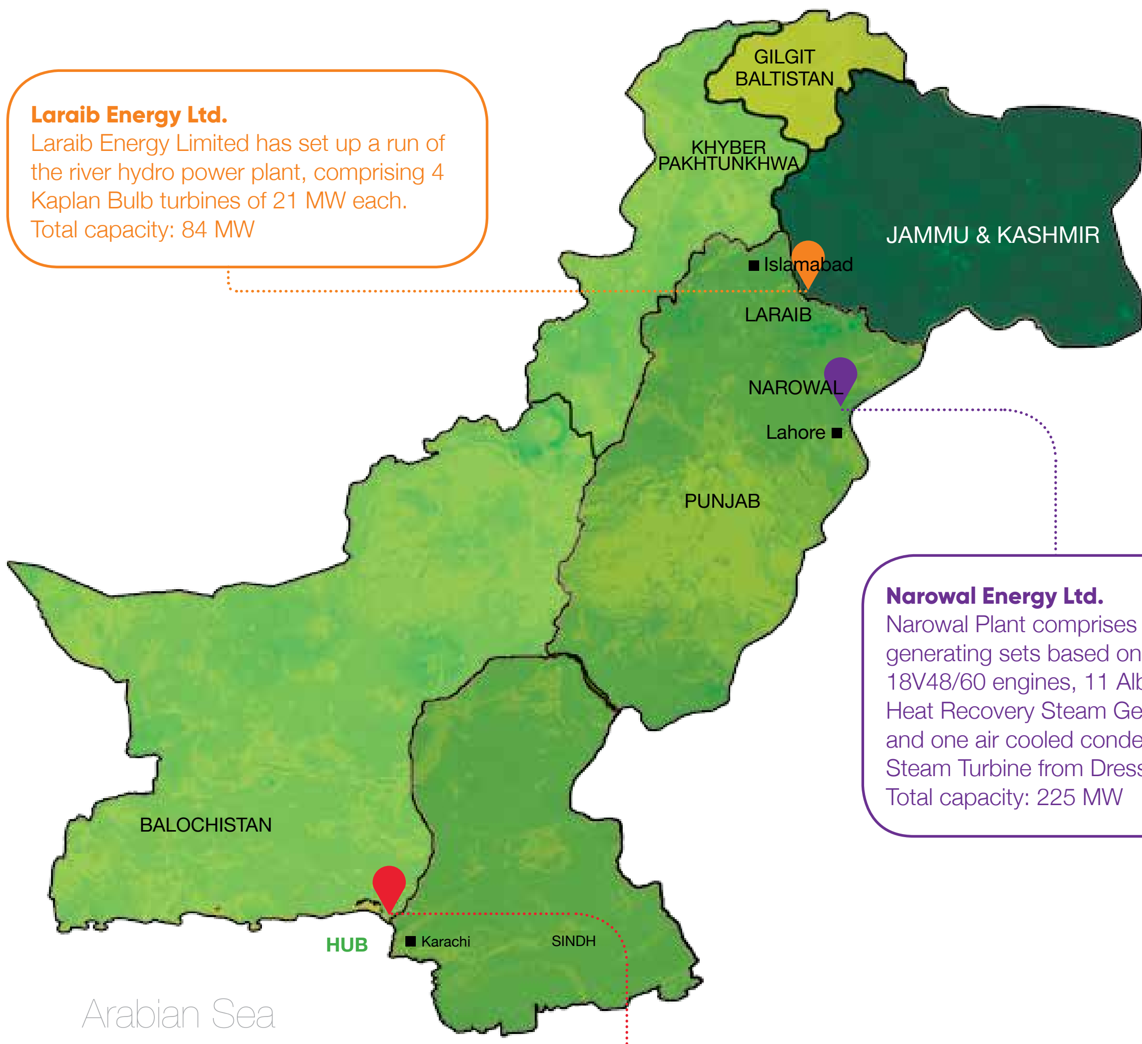
Plant:
Mouza Poong,
5 Km from Luban Pulli Point On Mureedkay-Narowal Road, District Narowal, Punjab

LARAIB ENERGY LTD. (SUBSIDIARY)

Registered and Head Office:
12-B/1, Multi Mansion Plaza, G-8, Markaz,
Islamabad

Plant:
New Bong Escape Hydro-Electric Power Complex, Village Lehri, Tehsil & District Mirpur, Azad Jammu & Kashmir

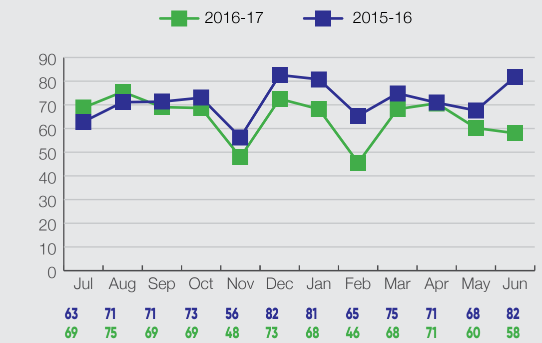
Laraib Energy Ltd.
Laraib Energy Limited has set up a run of the river hydro power plant, comprising 4 Kaplan Bulb turbines of 21 MW each.
Total capacity: 84 MW



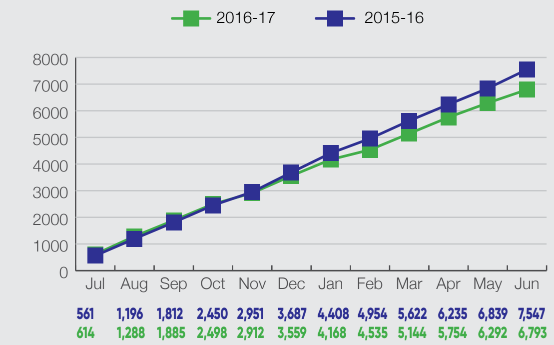
Narowal Energy Ltd.
Narowal Plant comprises of 11 generating sets based on MAN 18V48/60 engines, 11 Alborg Heat Recovery Steam Generators and one air cooled condensing Steam Turbine from Dresser Rand.
Total capacity: 225 MW

Hub Power Plant
Hub Plant consists of four generating units each rated at 323 MW gross output, with oil-fired single re-heat boiler and tandem compound, two cylinder condensing steam turbines directly coupled to a hydrogen cooled generator.
Total capacity: 1292 MW

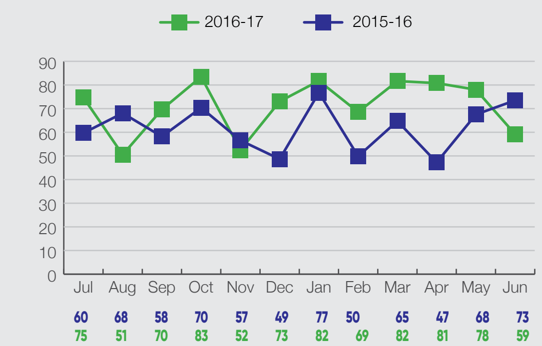
Hub Plant Load Factor



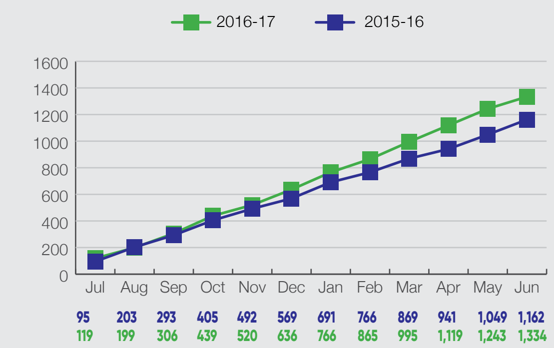
Hub Plant Generation



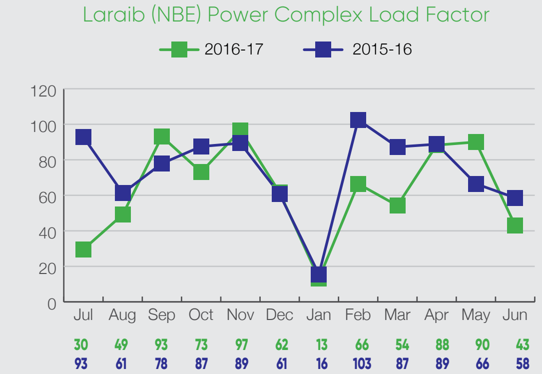
Narowal Plant Load Factor



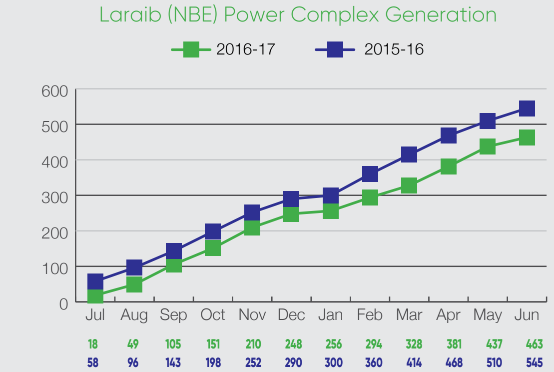
Narowal Plant Generation



Laraib (NBE) Power Complex Load Factor



Laraib (NBE) Power Complex Generation



Board of Directors

(Standing order from Left to Right)

Mr. Muhammad Sadiq Sanjrani*
Mr. Shahzada Dawood
Mr. Inam Ur Rahman
Mr. Andalib Alavi
Mr. Ruhail Mohammed
Mr. Shahid Ghaffar
Mr. Khalid Mansoor Chief Executive

Mr. Hussain Dawood Chairman
Mr. Iqbal Alimohamed
Mr. Abdul Samad Dawood
Mr. Owais Shahid
Mr. Javed Akbar
Mr. Qaiser Javed
Mr. Muhammad Waseem Mukhtar

*Mr. Sadiq Sanjrani was appointed as Director in replacement of Mr. Shoaib Mir on August 17, 2017 (Government of Balochistan nominee)

Profile of Board of Directors

Mr. Hussain Dawood
Chairman

Mr. Hussain Dawood is a Pakistani industrialist and ardent philanthropist. He chairs an array of profit and not-for-profit ventures namely Dawood Hercules Corporation Ltd. the group's flagship holding arm with investments in foods and energy, Engro Corporation Ltd.; The Hub Power Company Ltd., one of the largest Independent Power Producer in Pakistan; Karachi Education Initiative, which funds the graduate management school Karachi School of Business & Leadership, and The Dawood Foundation, with its legacy of establishing various education and health institutions across the country. His social responsibilities include Memberships of the World Economic Forum and its Global Agenda Councils of Anti-Corruption and Education. He was conferred the award "Ufficiale Ordine Al merito della Repubblica Italiana" by the Republic of Italy. Mr. Hussain Dawood holds an MBA from the Kellogg School of Management, Northwestern University, USA, and is a graduate in Metallurgy from Sheffield University, UK.

Mr. Andalib Alavi

Mr. Andalib Alavi is Head of Legal and Company Secretary of Shell Pakistan Ltd. He recently retired as Vice President-Legal and Company Secretary of Engro Corporation Limited in which role he managed the legal affairs of all Engro group companies. He was a member of the Corporate Governance Committee of the Karachi Stock Exchange and is a visiting faculty at the Pakistan Institute of Corporate Governance for conducting some modules of the directors training course . He is a Bar-at-Law from Lincolns Inn and holds a LLB (Hons.) degree from LSE, University of London. He joined Engro in 1992 as Legal Advisor. Prior to that, he worked with two law firms, being Surridge & Beecheno and Abraham & Sarwana, and practiced law independently thereafter.

Mr. Javed Akbar

Mr. Javed Akbar has undergraduate and post-graduate qualification in Chemical Engineering from the United Kingdom, and has over 40 years of experience in fertilizer and chemical business with Exxon, Engro and Vopak. He has managed Exxon and Engro fertilizers plants and their expansions in Pakistan, worked in Exxon's Chemical Technology divisions in USA and Canada, and served as Human Resources Manager in Exxon Pakistan. He was part of the buyout team when Exxon divested its stake in Engro.

Prior to his retirement in 2006, he was Chief Executive of Engro Vopak Terminal Limited, a joint venture between Engro and Royal Vopak of Holland. After his retirement, he established a consulting company specializing in analyzing and forecasting petroleum, petrochemical and energy industry trends and providing strategic insight. He is on the boards of Engro Fertilizers Limited, Engro Powergen Limited, Engro Powergen Qadirpur Limited, Engro Vopak Terminal Limited, and Javed Akbar Associates (Private) Limited. He also serves on the panel of Energy Experts Group and environmental experts of Sindh Environmental Protection Agency. He joined the Board of Hub Power Company Limited in 2017.

Mr. Iqbal Alimohamed

Mr. Iqbal Alimohamed is a Fellow of the Institute of Chartered Accountants (England & Wales) and the Institute of Chartered Accountants, Pakistan. Mr. Alimohamed is on the Board of various companies in the power and textile industries, which include being the Chief Executive Officer and Chairman of Gul Ahmed Energy Limited and Gul Ahmed Wind Power Limited. He is a Director of Metro Power Company Limited. Previously, Mr. Alimohamed has been the Chief Executive Officer and Chairman of Gul Ahmed Textile Mills Limited. He was also the Chairman of Mybank Limited and Excel Insurance Company Limited. In the past, Mr. Alimohamed has also held Chairmanships of the All Pakistan Textile Mills Association (Sindh & Balochistan). Mr. Alimohamed has also been a Director on the Board of Faysal Asset Management Limited, Swift Textile Mills Limited and the Karachi Stock Exchange.

Mr. Abdul Samad Dawood

Mr. Abdul Samad Dawood is a graduate in Economics from University College London, UK and a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance. He is Chairman of Engro Foods Limited and Director on the Boards of Dawood Lawrencepur Limited, The Hub Power Company Limited, Engro Corporation Limited and Engro Fertilizers Limited. Samad is a member of Young Presidents' Organization, Pakistan Chapter.

Mr. Shahzada Dawood

Mr. Shahzada Dawood serves as a Director on the Boards of Dawood Hercules Corporation Ltd, Engro Corporation Ltd, Dawood Corporation (Pvt.) Ltd, Engro Vopak Terminal Ltd, Patek (Pvt.) Ltd, Sirius (Pvt.) Ltd, and Dawood Lawrencepur Ltd. He is a Trustee of The Dawood Foundation. Mr. Shahzada is an M.Sc. in Global Textile Marketing from Philadelphia University, USA, an LLB from Buckingham University, UK and a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance. He has been selected as a Young Global Leader 2012 by the World Economic Forum.

Profile of Board of Directors

Mr. Shahid Ghaffar

Mr. Shahid Ghaffar is Managing Director, National Investment Trust Limited (NITL). He possesses vast experience of working at top positions in the financial sector. Prior to joining NIT, he was working as Head of Investor Relations and Corporate Representation as well as member of Management Forum at Habib Bank Limited (HBL). Prior to that he had also served as Chief Executive Officer of HBL Asset Management Limited for over six years (2005-2012) and was instrumental in the establishment and growth of the Company.

Mr. Ghaffar has held key positions in the areas of asset management, capital market regulation and governance. At Securities and Exchange Commission of Pakistan (SECP) he served as Executive Director/Commissioner from 2000 to 2005 and played a vital role towards implementation of wide ranging reforms in the Capital Market and capacity building of Securities Market Division in Securities and Exchange Commission of Pakistan (SECP). While working as Managing Director/CEO Karachi Stock Exchange during his two years' tenure (1998-2000) he introduced effective risk management measures and was also instrumental in the automation of trading, enhancing capacity building and professionalism at the Stock Exchange.

During the period 1977-1998, Mr. Shahid Ghaffar had served National Investment Trust Limited (NITL) (one of the biggest open- ended funds in the country) in different capacities in the Asset Management Division and at various stages was responsible for managing equity market portfolio, debt/fixed income portfolio and trading desk. He was also involved in the appraisal and monitoring of projects. In 1996, Mr. Ghaffar was entrusted responsibility of Asset Management Division.

He actively participated in the reconstruction of NIT during the crisis period i.e. 1996-1998. Mr. Ghaffar holds Master Degree in Business Administration from Gomal University D.I.Khan, Khyber Pakhtunkhwa, Pakistan. He has attended several courses on Securities Regulations and Securities Markets development and portfolio management including the prestigious course conducted by Securities and Exchange Commission, in Washington, DC. (United States).

Mr. Qaiser Javed

Mr. Qaiser Javed is a Fellow of the Institute of Chartered Accountants, Pakistan. Mr. Javed was first elected on the Company's Board of Directors in 2006 and has over seventeen years' work experience in the power sector. He is presently Director Finance of Fauji Foundation and a nominee Director on the Boards of several Fauji Foundation's associated companies and is Chairman of various audit committees of Fauji Foundation Group Companies. He is member on Board of Director's of Fauji Daharki Power Company, Fauji Kabirwala Power Company Limited, Foundation Wind Energy I & II Limited, FFC Energy Limited, Laraib Energy Limited and Chief Executive Officer of (Daharki Power Holding Company)

Mr. Ruhail Mohammed

Mr. Ruhail Mohammed is currently the Chief Executive Officer of Engro Fertilizers Limited, a state of the art Urea manufacturing facility in Pakistan. The Company today has an approximate strength of 3000 employees, with a sales revenue of approx. Rs. 70 Billion, and market capitalization of approx. Rs. 75 Billion. He is also the Chairman of Engro Vopak Terminal Limited (EVTL) and Engro Elengy Terminal Private Limited (EETPL).

Prior to his current position, he was the Chief Financial Officer of Engro Corporation Limited and also the Chief Executive Officer of Engro Powergen Limited (which owns a 217 MW IPP). He holds an MBA degree in Finance from the Institute of Business Administration Karachi, and is also a Chartered Financial Analyst (USA). Ruhail has over 30 years of experience in General Management, Change Management, Business Development, Strategy & Financial Planning and People Development. He has worked in these areas in Pakistan, UAE and Europe.

He is on the Board of various Engro companies. In addition, he is also on the Boards of Hub Power Company Limited, Pakhtunkhwa Energy Development Organization, Pakistan Mercantile Exchange Limited and the British Overseas School.

Mr. Muhammad Waseem Mukhtar

He is MBA from the University of Chicago Booth School of Business, Illinois, USA. He also holds a Master's degree in Total Quality Management (TQM) from University of Glamorgan, Wales, UK, and has 19 years of diversified experience of Finance, IT and Industry. His strategic guidance played a vital role in technological up-gradation of the Bank. He has been on the Board of Directors of Allied Bank Limited since 2004 and is a "Certified Director" from Pakistan Institute of Corporate Governance. He is also Director on the Boards of M/s. Ibrahim Fibres Limited, Ibrahim Holdings (Pvt.) Limited, Ibrahim Agencies (Pvt.) Limited, Allied Bank Limited, ABL Asset Management Company Limited, HUBCO and Arabian Sea Country Club.

Mr. Inam ur Rahman

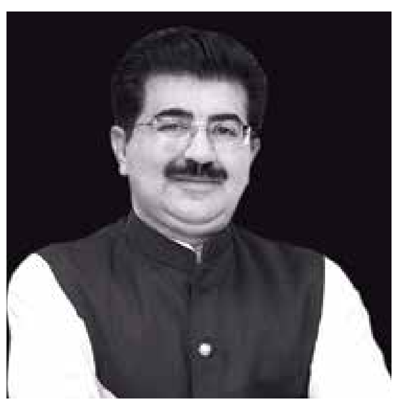
Mr. Inam ur Rahman was appointed Chief Executive Officer of Dawood Hercules Corporation Limited in December 2016. He also serves as a Director on the Board of Engro Corporation Limited, earlier he has been on the Boards of Sui Northern Gas Pipelines Limited, Sindh Engro Coal Mining Company Limited, Thar Power Company Limited, The Hub Power Company Limited, Cyan Limited and Laraib Energy Limited. For the past seven years, he was Chief Executive Officer at Dawood Lawrencepur Limited and Tenaga Generasi Limited. He also set up the renewable energy business for the group under the name Reon Energy Limited. He was adjunct faculty at the Lahore University of Management Sciences during 2004 and 2009.

He holds an MBA from the Lahore University of Management Sciences and a B.S. in Electrical Engineering from the University of Engineering and Technology. His passion is to make all energy renewable and free in the world.

Profile of Board of Directors

Mr. Owais Shahid

Mr. Owais Shahid is Chief, Corporate & Investment Banking Group in Allied Bank Limited (ABL). He joined ABL in 2005 and has led its investment banking team as Head Syndications and then as Group Head Investment Banking. He established it as a leading investment banking outfit in Pakistan. His Corporate & Investment Banking experience spans over 17 years and includes numerous innovative and unique transactions in syndications, M&A, listings, project financing and capital markets. With strong credit background and substantial corporate finance & advisory experience, he has led a number of landmark transactions and has executed over 400 investment banking transactions valuing over USD 30 billion with ABL being in a lead role. These transactions also include various “first of its kind”, “largest” and “award-winning” transactions concluded in history of Pakistan’s investment banking industry. In recognition of ABL’s market leadership in investment banking in Pakistan, ABL was honored with over 30 investment banking awards from internationally recognized institutions. Mr. Owais is currently serving as Director on the boards of Hubco, Kot Addu Power and Narowal Energy. He has also served as Director on the boards of Atlas Power and First Receivable Securitization. Prior to joining ABL, he has worked for National Bank of Pakistan, Standard Chartered Modaraba and Emirates Bank International. His qualifications include BBA (Hons) & MBA from IBA, Karachi and Chartered Financial Analyst from CFA Institute, USA.



Mr. Muhammad Sadiq Sanjrani

Mr. Sadiq Sanjrani holds Bachelor’s degree from the University of Balochistan. He had formerly held the prestigious government positions like Coordinator, Grievances Cell, Prime Minister’s Secretariat (1999), Member, Prime Minister Inspection Commission and then Chief Coordinator/ Advisor, Prime Minister’s Grievances Wing, Prime Minister’s Secretariat (2009).

Presently, he is the Chief Executive of Pakistan Testing Service, Sanjrani Mining Company and Director / Chairman H.R Committee of National Industrial Parks Development & Management Company.

Mr. Muhammad Sadiq Sanjrani also remained as Director on the Boards of Sui Southern Gas Company (SSGC), Export Processing Zone Authority (EPZA) and Pakistan Bait-ul-Mal.

Mr. Sanjrani has extensive experience in the fields of Business Administration, Management and Financial Planning in public and private sector.

Mr. Khalid Mansoor

Chief Executive Officer

Mr. Khalid Mansoor is a Graduate in Chemical Engineering with distinction and honors. He has been the Chief Executive Officer of Hubco, the first and largest Independent Power Producer (IPP) in Pakistan, since May 20, 2013. The Company generates approximately 10% of the Country’s electricity and is a leading private sector player in addressing the energy crisis currently being faced by Pakistan.

Mr. Mansoor initiated the process of transformation of Hubco on becoming the CEO in May 2013. Major refurbishments have been carried out in Hub Plant, DuPont HRM and GE’s Predictive Enhancement and Performance Improvement (PEPI) has been initiated in all three plants of Hubco to enhance safety, reliability, availability and efficiency. Growth initiatives have been undertaken and Projects worth over US$ 3.5 Billion are currently in execution. These include 1320MW imported coal base power project with integrated Jetty at existing Hub site in a JV arrangement with China Power Investment Holding (CPIH), development of Thar Coal Mine in a JV arrangement with Government of Sindh, Engro, House of Habib & Habib Bank Limited and a 330MW mine mouth power plant at Thar with an aim to provide long term sustainable solution to Pakistan’s energy needs. These initiatives have resulted in increasing the market capitalization of Hubco by 135%. Mr. Mansoor heads all the subsidiaries of Hubco being the Chairman or the CEO. He is also the President of the Overseas Investors Chamber of Commerce & Industry (OICCI) for the term 2017.

Mr. Mansoor has over 35 years of experience and expertise in Energy & Petrochemical Sectors in leading roles for mega size projects development, execution, management and operations. Mr. Mansoor led the development of permeate gas fired 225MW combined cycle power plant during his tenure as President and CEO of Engro Powergen Limited and served as the Chief Executive Officer of Algeria Oman Fertilizer Company (AOA) which currently manages the world’s biggest Ammonia & Urea fertilizer Complex. Prior to AOA, he has held positions as President and Chief Executive Officer of Engro Fertilizers Limited, Engro Powergen Qadirpur Limited (EPQL), Engro Powergen Limited (EPL) and Sindh Engro Coal Mining Company (SECMC). He had also been a Director on the Boards of Engro Corporation, Engro Polymer & Chemicals Limited, Engro Foods (Pvt.) Limited, Engro Vopak Terminal Limited, Sui Northern Gas Pipeline Limited. He also held various key assignments at Engro and with Esso Chemicals Canada and led the development and execution of various major diversification and expansion Projects worth over US$ 1.6 billion.

Board & Functional Committees

To ensure seamless operations of the Board and aid in sound decision making, the Board has established four Committees that are chaired by non-executive directors. The election for the Board of Directors was held on October 5, 2015. These committees are as follows:

BOARD AUDIT COMMITTEE (BAC):

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

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

	Meetings attended
Mr. Andalib Alavi	6/6
Mr. Iqbal Alimohamed	5/6
Mr. Noor Muhammad Jogezai*	1/4
Mr. Shahid Ghaffar	5/6
Mr. Qaiser Javed	3/6
Mr. Ruhail Mohammed	4/6
Mr. Owais Shahid	5/6

Secretary: Mr. Muhammad Irfan Iqbal

*Mr. Noor Muhammad Jogezai has resigned on March 10, 2017 as nominee Director from GOB

BOARD COMPENSATION COMMITTEE (BCC):

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

The committee met 3 times during the year and the attendance was as follows:

	Meetings attended
Mr. Hussain Dawood	3/3
Mr. Shahid Ghaffar	2/3
Mr. Ruhail Mohammed	0/2
Mr. Muhammad Waseem Mukhtar	1/3
Mr. Khalid Siraj Subhani*	2/2
Mr. Abdul Samad Dawood**	1/1
Mr. Inam ur Rehman	1/1

Secretary: Mr. Farrukh Rasheed

*Mr. Inam ur Rahman was appointed as Member in place of Syed Khalid Siraj Subhani on January 11, 2017

**Mr. Abdul Samad Dawood was appointed as Member in place of Mr. Ruhail Mohammed on April 24, 2017

BOARD TECHNICAL COMMITTEE (BTC)

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

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

	Meetings attended
Mr. Andalib Alavi	6/6
Mr. Syed Muhammad Ali	6/6
Mr. Noor Muhammad Jogezai*	0/6
Mr. Abdul Samad Dawood	1/6
Mr. Khalid Siraj Subhani**	5/6
Mr. Inam ur Rehman	1/1

Secretary: Mr. Abdul Vakil

*Mr. Noor Muhammad Jogezai has resigned on March 10, 2017 as nominee Director from GOB

**Mr. Inam ur Rahman was appointed as Member in place of Syed Khalid Siraj Subhani on January 11, 2017

Note: The Board Technical Committee has been dissolved

BOARD INVESTMENT COMMITTEE (BIC):

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

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

	Meetings attended
Syed Muhammad Ali*	2/2
Mr. Iqbal Alimohamed	2/4
Mr. Abdul Samad Dawood	3/4
Mr. Shahzada Dawood	0/4
Mr. Qaiser Javed	1/4
Mr. Ruhail Mohammed	2/4
Mr. Owais Shahid	4/4
Mr. Khalid Siraj Subhani	1/4
Mr. Javed Akbar	1/1

Secretary: Mr. Abdul Nasir

*Mr. Javed Akbar was appointed as Member in place of Syed Muhammad Ali on April 27, 2017

MANAGEMENT COMMITTEE

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

Mr. Khalid Mansoor	Chairman
Mr. Tahir Jawaid	Member
Mr. Abdul Nasir	Member
Mr. Nazoor Baig	Member
Mr. Saleemullah Memon	Member
Mr. Shamsul Islam	Member
Mr. Kamran Kamal	Member
Mr. M. Inam ur Rehman Siddiqui	Member
Mr. Farrukh Rasheed	Member

Secretary: Mr. Abou Saeed M. Shah

COMMITTEE FOR ORGANIZATION AND EMPLOYEE DEVELOPMENT (COED)

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

Mr. Khalid Mansoor	Chairman
Mr. Tahir Jawaid	Member
Mr. Abdul Nasir	Member
Mr. Nazoor Baig	Member
Mr. Saleemullah Memon	Member
Mr. Shamsul Islam	Member
Mr. Kaleem Khan	Member
Mr. M. Inam ur Rehman Siddiqui	Member
Mr. Farrukh Rasheed	Member

Secretary: Mr. Sulman Malik

Khalid Mansoor
CEO Hubco

Tahir Jawaid
CEO Hub Power Services Limited

Abdul Nasir
CFO Hubco

Nazoor Baig
Technical Director

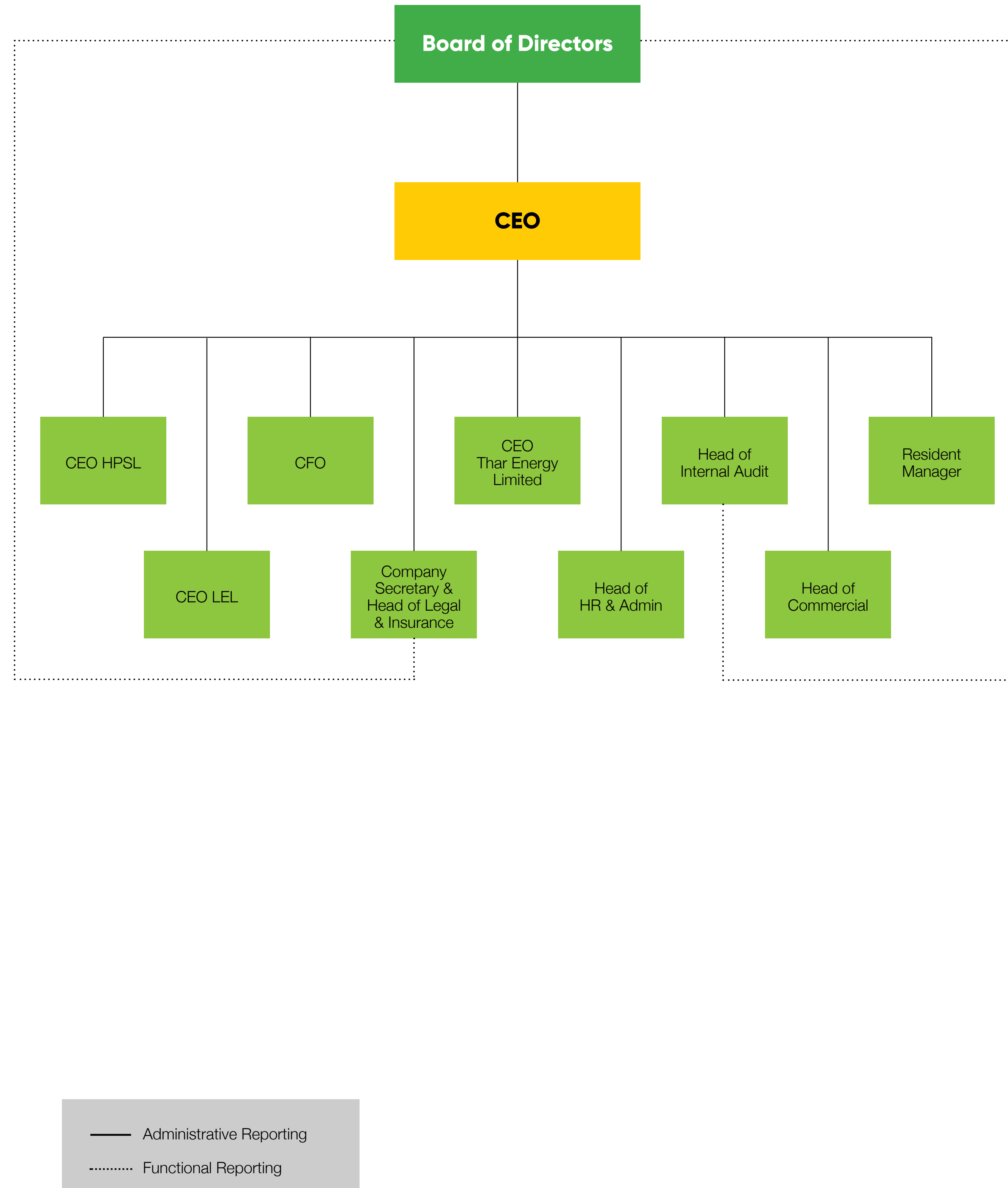
Kamran Kamal
CEO Laraib Energy Limited

Shamsul Islam
Company Secretary

Saleemullah Memon
CEO Thar Energy Limited

M. Inamur Rehman Siddiqui
Resident Manager

Farrukh Rasheed
Head of HR & Admin



Chairman's Review

I am pleased to present to you, the Annual Report for the year ended June 30th, 2017.

Energy is the lifeline for economic expansion, especially for developing nations. Pakistan's GDP growth has been constrained in recent years as our country has struggled with energy shortages and high costs of electricity which increases the cost of doing business making it challenging to compete with regional and international peers. With a decline in indigenous gas production and a heavy dependence on imported oil, our electricity generation capabilities required a transformational approach. At Hubco, we believe that the solution to this energy challenge lies in the sustainable and affordable generation of electricity. Hence, we devised our strategy to endeavour to address this dire need with ventures that could deliver results in a manner in complete accordance with the national vision for energy security.

Our leadership role in this sector is evident by our investments in fast track power projects based on imported coal, followed by our investment in mining operations in Thar Block II's coalfields, as an equity partner to the Sindh Engro Coal Mining Company. Our 2 x 660 Megawatt imported coal based plant , in collaboration with China Power International Holding, will help bridge the power deficit and, at the same time, transform the socio-economic landscape of the local populace in Balochistan. This will be a testament of our commitment to inclusive development of our people.

We have paved the way to encourage investment in the power sector, by bringing in a strategic equity partner, Fauji Fertiliser Company, to establish a 330 Megawatt mine-mouth power plant in Thar Block II. China Machinery Engineering Corporation also joins this venture as EPC Contractor and equity partner. We will continue to contribute to harnessing Pakistan's indigenous energy molecules to provide reliable and affordable energy.

Both of Hubco's ventures are listed as priority projects in the China Pakistan Economic Corridor, and are progressing rapidly, while being exemplary standards of community development and adhering to environmental standards.

I would conclude by extending my gratitude to the Directors for their earnest contributions towards the advancement of the Hub Power Company. I am also thankful to you, the Shareholders for placing your trust in the Board and Management's ability to deliver results. A testimony of this collaboration is in the value appreciation of the stock's price by 152% since 27th September 2012 till 30th June 2017 and a total dividend payout of Rs. 43. We look forward to future success in the Company's endeavours.

Hussain Dawood
Chairman

Ceo's Message

2016-17 was yet another remarkable year in HUBCO's journey of transformation which started 4 years ago with the strategy to revamp the Base Business and implement an aggressive growth plan. Today, we stand well-positioned to meet our core objective in contributing towards alleviating the energy crisis of the country with coal based power generation to correct Pakistan's current inappropriate energy fuel mix. We have an installed capacity of 1601MW of electricity through our power plants located at Hub, Narowal and Mirpur, Azad Jammu & Kashmir. Our growth projects with additional installed capacity of 1650MW are at advanced stage of construction. These include 2x660MW imported coal based power plants with an integrated coal import jetty at Hub in a joint venture with China Power International Holding (CPIH), a 330MW mine-mouth lignite based power plant at Thar and a strategic investment in Thar Coal Mine as one of the joint venture partners with Engro, Government of Sindh & other investors. As we celebrate our 20th Anniversary, we aim to continue our legacy of serving Pakistan in addition to creating exceptional value for our Shareholders.

During the fiscal year 2016-17, Hubco paid a total of PKR 7.5 per share dividend despite investing in growth projects without requiring additional equity from our Shareholders. We posted a consolidated net profit of PKR 10.7 billion. Although circular debt has impacted us negatively as our current outstanding dues stand at around PKR 70 billion, we did not allow this limitation to impact our business performance through proactive financial planning and management.

The construction of 2x660MW imported coal based Project at Hub started in August 2016 by China Power Hub Generation Company (CPHGC), a HUBCO-CPIH joint venture company. It will be one of the largest private sector investments in Pakistan worth USD 2 billion. This Project will create employment opportunities and hence benefit the surrounding communities of Hub and Lasbela Districts. The Project is progressing according to the plan with the target to achieve Commercial Operation Date (COD) by August 2019. The Company and its joint venture partner, CPIH have signed an MoU with the Government of Balochistan to allocate it 3% equity stake in the Project before the COD to share the benefits of this Project with the people of Balochistan.

The Company aims to boost the country's energy security by utilizing Pakistan's indigenous natural resources and is one of the Shareholders in Sindh Engro Coal Mining Company (SECMC) which is developing an open cast coal mine in Thar Block II. The Mining Project is progressing ahead of schedule and is expected to start coal production commercially by June 2019. As part of this strategic investment, HUBCO had obtained an option to develop a 330 MW Thar coal fired power plant in phase 2 of the SECMC Mining Project. The Company has exercised its option and incorporated Thar Energy Limited (TEL) to develop and execute this Project. The Company is in the process of inducting Fauji Fertilizer Company Limited (FFC) and China Machinery & Engineering Corporation (CMEC) as equity partners in TEL. The EPC contract of the Project has been signed with CMEC which has started construction activities on site to expedite COD which is targeted to achieve by mid of the year 2020.

Hub Power Services Limited (HPSL), a wholly-owned subsidiary of HUBCO, was formed to manage the Operations and Maintenance (O&M) of the HUBCO's three Power Plants. HPSL has successfully completed two years of O&M of the Hub Plant and over 15 months of Narowal Plant after smooth takeover. Future plan includes taking over O&M of Laraib Energy Limited's Power Plant in addition to scaling up HPSL O&M

services to upcoming HUBCO Power Growth Projects at Hub & Thar. O&M experience of HUBCO power assets shall establish HPSL as an O&M operator of choice for onshore and offshore power plants.

In an effort to move towards a digital solution, HUBCO has signed a long term agreement with General Electric (GE) to implement state-of-the-art plant monitoring systems. Such systems will transform the existing periodic maintenance regime to a predictive regime resulting in tangible financial savings. We will implement GE's cloud-based computing platform (Predix), in addition to implementing multiple retrofit solutions to enhance plants' efficiency.

Manufacturing Excellence philosophy has been launched at all the three plants which resulted in savings of PKR 124 Million.

HUBCO is strongly committed to following international best practices in Health, Safety & Environment (HSE). We are targeting to achieve Level 3 of DuPont Safety Standards, one of the world's best OSHA (Occupational Health and Safety Administration) based safety standards for personnel and process safety. In addition, our new Projects will comply with the highest international standards for environmental protection to minimize the carbon footprint.

We give utmost importance to the welfare of communities around our power plants. We have undertaken various CSR initiatives in the areas of Health, Education, Physical Infrastructure & Livelihood Improvement interventions.

HUBCO's employees are passionate and take immense pride in contributing towards national development while creating value for our shareholders. This year, we crafted HUBCO's new Vision "Fueling lives through energy", Values & Aspirational Goal 2025, through a consultative process and engagement of employees at all levels. The outcome of this exercise will form the basis for transforming organizational culture, human resource systems and provide the strategic direction for future business growth.

In view of long-term business objectives while ensuring organizational capacity, capability and sustainability, HUBCO's organization structure has been revamped. Consequently, an organizational structure for HPSL & TEL with their own dedicated CEOs was put in place.

The energy landscape in the country is changing rapidly where power companies will be facing multifaceted challenges. This will require operational, tactical and strategic agility to respond to the changing environment. I believe that our Company is fully equipped to meet these challenges and continue to lead the transformation of Pakistan's energy landscape, In Shaa Allah.

I would like to thank our employees for their outstanding contributions to the success of the Company, our families for their unwavering support and our shareholders for their continued confidence in the organization.

Khalid Mansoor

3D Model of 1x330 MW Thar Energy Limited Plant at Thar site

Celebrating

twenty years

HUBCO

Report of the Directors

The Directors of your Company are pleased to present the Annual Report of the Company along with its audited financial statements for the year ended June 30, 2017.

About the Company

As Pakistan's first independent power producer, The Hub Power Company Limited has a combined power generation capacity of over 1600 MW. The Company's RFO fired thermal Plant, situated at Mouza Kund, Hub in Baluchistan, supplies net 1200MW of reliable and uninterrupted electricity to the National grid. Its Narowal Plant is an RFO-fired, engine based, combined cycle power station, located at Mouza Poong, Narowal in Punjab. Additionally, the Company holds 75% controlling interest in Laraib Energy Limited which owns and operates a run-off-the-river hydel power Plant near the New Bong Escape, 8 km downstream of Mangla Dam in Azad Jammu and Kashmir.

To launch new initiatives, the Company has formed wholly-owned subsidiaries. For investing in the imported-coal based 1,320MW power project and other future growth initiatives, the Company has incorporated Hub Power Holdings Limited (HPHL).

Hub Power Services Limited (HPSL), a wholly owned subsidiary, has been incorporated to manage O&M of its existing power assets, its future projects and explore onshore and offshore O&M business opportunities. Another wholly-owned subsidiary, Narowal Energy Limited, has taken over the assets and liabilities of Narowal Plant post its demerger under the repealed Companies Ordinance, 1984.

To set up a 330 MW mine mouth coal power Plant at Thar Coal Block II Sindh, the Company has established Thar Energy Limited, as a wholly-owned subsidiary of The Hub Power Co. Ltd.

To undertake the imported coal-based power project through HPHL, Company has set up China Power Hub Generation Company (Pvt.) Ltd. (CPHGC) with its joint venture partner China Power International Holdings (CPIH).

The Company is also investing USD 20 million in Sindh Engro Coal Mining Company Limited (SECMC), a joint venture between Hubco, Engro, Thal Limited, HBL, CMEC, and Government of Sindh, to develop a coal mine at Thar which has the seventh largest reserve of coal in the world.

The Company is listed on the Pakistan Stock Exchange. The Global Depository Receipt of the Company have been delisted from Luxembourg Stock Exchange as there was no justification in their listing with no trading taking place in the last few years.

Health, Safety & Environment

HSE is the Company's first and foremost priority. The implementation of DuPont Safety System is in process and the Level III Procedures have been completed at all the Plants while requisite trainings are in progress. Initiatives on Operational Excellence related to process improvements and cost optimization are being implemented to improve efficiency and reliability of the Plants.

Operational Highlights

Operational highlights of the three Plants during the year under review are as follows:

Hub Plant

Hub Plant supplied reliable and uninterrupted electricity to the National Grid. During the year the Plant generated 6,793 GWh of electricity (2015-16: 7,547 GWh) with a load factor of 65% (2015-16: 72%). Major reason for low load factor is higher NPCC curtailment during the year.

Narowal Plant

Narowal Plant supplied 1,334 GWh of electricity to the National Grid compared to 1,162 GWh last year. The Plant operated at a load factor of 71% compared to 62% last year. The Plant is vigorously continuing its efforts for operational excellence to optimize thermal efficiency and availability. Availability factor for the year is 91% while lower utilization of the Plant is attributable to the load curtailment by National Power Control Center (NPCC).

Major overhaul of 6 engines have been carried out in the year, in total 8 engines Major Overhauls have been carried out during the year under review. Major Overhauls of remaining 3 engines are planned in financial year 2017-18. Steam Turbine Major Overhaul has also been successfully completed in during the year.

Laraib Energy Limited

The average availability of Laraib Plant was 97.87% against plan of 93%, reflecting the operational reliability of the Complex. Net Electrical Output (NEO) was 463 GWh against 470 GWh Annual Target under the Power Purchase Agreement. Comparatively lower generation for FY16-17 (463 GWh) as compared to FY15-16 (545 GWh) is mainly due to lower average hydrology received from Mangla Power Station.

The Annual Maintenance for FY16-17 was completed 6 days ahead of schedule, exhibiting the pursuit towards continuous improvement and outage excellence. The Complex completed its 4th Agreement Year (AY) on March 22, 2017 generating 467 GWh of green energy against 470 GWh Annual Target under the Power Purchase Agreement.

Predictive Enhancement and Performance Improvement (PEPI) Solutions

For the provision of digital industrial solutions, the Company has signed the contract with General Electric (GE). These solutions will help the Company in enhancing the reliability of its operations.

Using Predix, GE's cloud based operating data for Hub Plant has been analyzed and projects identified for efficiency improvements. The Company has also signed the steam turbine retrofit contract with GE. The deployment of the PEPI project has started at the Narowal Plant with installation of Onsite-Monitoring system at the digital control center of the Narowal Plant.

Financial Performance

Financial Performance

Financial highlights of the Group during the year under review are as follows:

Consolidated	Year ended June 30, 2017	Year ended June 30, 2016
	Rupees in millions	
Turnover	101,188	91,595
Operating Costs	83,929	73,013
Net Profit*	10,689	11,903
Earnings per share (Rs.) *	9.24	10.29

*Attributable to the owners of holding company

Unconsolidated	Year ended June 30, 2017	Year ended June 30, 2016
	Rupees in millions	
Turnover	78,590	71,925
Operating Costs	69,273	61,490
Net Profit	9,600	11,576
Earnings per share (Rs.)	8.29	10.00

Profitability

Consolidated earnings per share for the year under review was Rs. 9.24 compared to Rs. 10.29 last year. The decrease in consolidated earnings is mainly due to higher repair and maintenance expenditure on major overhauling at Hub Plant and 36,000 running hours' major maintenance of six engines at Narowal Plant, lower indexation and exchange rate and higher losses of TEL and CPHGC as these projects are under construction.

Unconsolidated net profit earned by the Company during the year under review was Rs. 9,600 million, resulting in earnings per share of Rs. 8.29 compared to a net profit of Rs. 11,576 million and earnings per share of Rs. 10 last year. The decrease in unconsolidated profit is mainly due to demerger of Narowal Plant with effect from April 1, 2017 after which the results of Narowal are reported in Narowal Energy Limited (NEL), higher repair and maintenance expenditure on major overhauling at Hub Plant and 36,000 running hours' major maintenance of six engines at Narowal Plant, lower indexation and exchange rate partly offset by higher generation bonus and higher dividend income from subsidiaries.

Liquidity and Financing Arrangements

Payments from the Power Purchasers were better than the last few years. However, substantial amounts are still owed to the Company resulting in a challenging liquidity management during the year.

Cash Flow

Despite the prevalent liquidity pressures the Company has managed to meet its cash obligations including debt servicing, investments and payment of dividends to shareholders.

The Group is presently owed Rs. 83,612 million, out of which Rs. 73,662 million are for the Hub Plant and Rs. 9,950 million are owed for the Narowal Plant by the Power Purchasers. This resulted in the Company owing Rs. 63,484 million to PSO.

Photo Credits: Major Sohail Shah

However, timely payments were received from NTDC for Laraib. Total amount invoiced to NTDC by Laraib during the period was Rs. 5,250 million, of which Rs. 849.88 million are overdue receivables.

Capital Structure

The Company's assets are financed by debt and equity in the ratio of 29:71 and our interest cover is 4.47 times.

Risk Management & Strategy for Mitigating Risks

To take care of all the risk and uncertainty that is faced by every business and may affect its interests, the Company is following and implementing a circumspect and cautious rationale. The Company emphases on recognizing all long-term and short-term risks, to overcome and eliminate them.

The Company considers itself to be exposed to material risks as described below:

1. **Operational Risk**

   To mitigate the operational risks, necessary strategies have been developed and substantial investments are continuously being made to ensure the reliability of all operating plants. The Company has carried out necessary rehabilitation and refurbishments at the Hub Plant and is carrying out the requisite maintenance required at the Narowal and Laraib Plants.

2. **Financial Risk**

   Circular debt continues to haunt the Power Sector; however, the Company was able to operate without any interruption. The financial difficulties faced by the Power Purchasers could potentially jeopardize the Company's ability to continue Plant operations and pursue future growth initiatives.

   CPPA-G for the past few years has not provided the Standby Letter of Credit (SBLC) that it was required to provide under the PPA for the Hub Plant and has also consistently delayed payment due to the Company. Consequently, the Company was unable to provide SBLC to PSO as required under the FSA.

   To resolve the Circular Debt issue that has created a severe liquidity crunch for the power industry, the Company has been persistently pursuing GOP at various levels. The Company is also working with the Independent Power Producers Advisory Council (IPPAC) for the resolution of the Circular Debt and for creation of a smooth operating environment for the Power Sector.

Other financial risks include:

a. **Credit Risk**

   Delay in payments by CPPA-G for the Hub Plant is mainly offset by delaying payments to the fuel supplier. Whereas delay in payments by NTDC for the Narowal Plant are managed through bank borrowings. Under the Implementation Agreement, the Government of Pakistan has guaranteed the performance of the power purchaser.

b. **Market Risk**

   The Company is not subjected to any market risk as it operates in a regulated environment under long term PPAs with state-owned power purchasers, and the power is generated as per their demand and supplied to the National Grid.

c. **Liquidity Risk**

   To cater for the delay in receipt of payments from the Power Purchasers and to meet its obligations and ensure normal business operations, the Company has arranged working capital lines with various financial institutions.

Credit Rating

Credit rating is an assessment of the credit standing of entities in Pakistan. PACRA since 2008 when the Company initiated its rating process has maintained long-term and short-term entity rating at AA+ and A1+ respectively for the Company. These ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

Corporate Social Responsibility

Community development remained at the forefront of Company's social interventions. The Company has worked tirelessly to identify the opportunities for development and uplifting the living standards of the communities near the Plants.

During the year under review, Hubco, its subsidiaries and associated concerns, continued working in the areas of education, health, livelihood and income generation and physical infrastructure development.

Human Resources

The Company has successfully launched and conducted the realignment of its vision and mission with its future growth initiatives. The company-wide exercise was diligently conducted by HR involving all management and operational personnel.

A total of 758 Man-Days of training were conducted during the year which translate to 7 Man-Days per employee on average. This has proved to be of great value in terms of knowledge transfer and cost optimization.

Management Trainee (MT) Program was revamped to ensure availability of the required talent pool. Employer branding activities continued through recruitment drives and participating in other employer branding events.

Future Outlook

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

The EPC contractor has mobilized on Site since August 2016 and the Project is progressing according to the plan with the target to achieve COD by August 2019. The Company has also initiated the process for increasing its shareholding to 47.5% in the Project following the exercise of its Call Option in January 2017 as per the Shareholders Agreement. The call option exercise process is expected to be completed post Financial Close of the Project. The Company and its joint venture partner, China Power International Holdings Limited (CPIH) have signed an MoU with Government of Balochistan to allocate 1.5% equity stake each in the Project free of cost to the Government of Balochistan before the Commercial Operations Date of the Project.

CPHGC has obtained credit committee approval from the Chinese banks and are working towards achieving Financial Close before the LOS expiry date of December 7, 2017.

330 MW Coal Project - Thar Energy Limited (TEL)

TEL is setting up a 330MW mine mouth coal based Power Plant in Block II, Thar. The EPC Contract for the Project has been signed with China Machinery and Engineering Corporation (CMEC) which has started preliminary activities on Site to expedite the Project construction and achieve the RCOD as per the PPA in December 2020. The PPA and CSA for the Project were signed on July 27, 2017 and May 13, 2017 respectively. The IA has been initialed while the Water Use Agreement is also under execution.


Coal Mine Block II, Thar

Fauji Fertilizer Company will be joining the Project as a strategic investor with 30% equity stake while CMEC would take 10% shares. The Company is in the process of finalizing the Shareholders Agreement.

The Company has engaged China Development Bank (CDB) as the lead arranger for the foreign financing from China and Habib Bank Limited as the lead arranger for the local financing.

Investment in Sindh Engro Coal Mining Company (SECMC)

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

Narowal Demerger

The Scheme of Arrangement for the demerger of the Narowal Plant into NEL was approved by the High Court of Sindh on March 29, 2017. The Demerger has become effective from April 2017 following the necessary filing with SECP.

Market Share Information

Pakistan's installed power generation capacity is around 25,000 MW of which hydel power is 31%, thermal power is 63%, renewables is 2% and nuclear power is 4%. There is power shortfall of 5,000 MW to 7,000 MW, depending mainly on discharge of water in the rivers and watercourses for hydel generation and availability of fuel for thermal Plants.

Overview of the Company's power generation for its three Plants for the last six years is as follows:

Fiscal Year	Electricity Generation (GWh)	Company's share (GWh)	Percentage (%)
2011-12	99,295	9,090	9.2%
2012-13	98,655	8,538	8.7%
2013-14	105,698	9,119	8.6%
2014-15	108,916	8,716	8.0%
2015-16	111,997	9,254	8.3%
2016-17 (est.)	115,357	8,590	7.4%

Source: State of the Industry Report, NEPRA

Related Party Transactions

Board Audit Committee reviewed the related party transactions and the Board approved them. These transactions were in line with the requirements of International Financial Reporting Standards (IFRS) and the Companies Ordinance, 1984. The Company maintains a thorough and complete record of all such transactions.

Related party comprises of subsidiaries, associated companies, companies where directors also hold directorship, retirement benefit funds and key management personnel. The transactions with related parties are made under mutually agreed terms and conditions. Transactions with related parties during the year are as follows

	2017 (Rs. 'Million)	2016 (Rs. 'Million)
Subsidiary - Laraib Energy Limited		
Reimbursable expenses incurred on behalf of subsidiary	37.21	55.22
Dividend received	1,491.63	904.02
Receipts against reimbursement of expenses from subsidiary	185.71	25.62
Disposal of an asset	1.43	-
Subsidiary - Hub Power Holdings Limited		
Investment in subsidiary	1,094.00	575.30
Reimbursable expenses incurred on behalf of subsidiary	152.28	465.46
Receipts against reimbursement of expenses from subsidiary	182.42	395.56
Subsidiary - Hub Power Services Limited		
Investment in subsidiary	-	0.10
Reimbursable expenses incurred on behalf of subsidiary	141.67	132.18
Receipts against reimbursement of expenses from subsidiary	9.88	30.60
Amount paid / payable for O&M Services rendered	2,154.25	1,487.75
Advances to HPSL	34.00	281.38
Advances repaid by HPSL	54.00	261.38
Dividend received	250.00	-
Disposal of assets	12.23	-
Subsidiary - Narowal Energy Limited		
Reimbursable expenses incurred on behalf of subsidiary	66.74	0.02
Receipts against reimbursement of expenses from subsidiary	19.30	-
Advances to NEL	21.51	-
Payments against reimbursement of expenses to subsidiary	59.39	-
Dividend received	294.14	-
Reimbursable expenses incurred by subsidiary	124.22	-

	Note	2017 (Rs. 'Million)	2016 (Rs. 'Million)
Subsidiary - Thar Energy Limited			
Investment in subsidiary		250.00	50.00
Reimbursable expenses incurred on behalf of subsidiary		73.06	4.46
Receipts against reimbursement of expenses from subsidiary		74.84	-
Associate - SECMC			
Investment in SECMC		31.93	332.91
Associated Undertakings due to common directorship			
Proceeds from long term loan		224.99	2,700.00
Procurement of stores, spares and consumables		3.43	2.58
Amounts paid for services rendered		0.61	2.31
Donation paid to Engro Foundation		-	1.50
Donation paid to The Dawood Foundation		0.50	-
Repayment of long term loans		602.21	372.47
Interest / mark-up on long term loans		320.46	236.25
Mark-up on short term borrowings		117.50	112.64
Other finance costs		7.75	2.23
Other related parties			
Proceeds from disposal of assets	A	1.53	6.63
Remuneration to key management personnel			
Salaries, benefits and other allowances		193.20	219.08
Retirement benefits		10.41	8.97
	B & C	203.61	228.06
Directors' fee	D	16.55	22.20
Contribution to staff retirement benefit plans		92.39	36.09

A This represents proceeds from disposal of assets having written down value of Rs. 0.451 million (2016: Rs. Nil) to key management personnel.

B Transactions with key management personnel are carried out under the terms of their employment. Key management personnel are also provided with the use of company maintained automobiles and certain other benefits. Remuneration to key management personnel includes remuneration paid to employees who were transferred to subsidiaries during the current year.

C The above figures do not include cost allocated to subsidiary companies amounting to Rs. 116.636 million (2016: Rs. 51.225 million).

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

E The above transactions reflect economic substance and are executed in the normal course of business. These transactions are also approved by the Board of Directors and Shareholders of the Company, where required under relevant corporate laws.

Financial Statements

The Unconsolidated and Consolidated financial statements of the Company have been audited by Messrs. EY Ford Rhodes, Chartered Accountants, the auditors, without any qualification.

Corporate & Financial Reporting Framework

The Directors are pleased to confirm compliance with Corporate and Financial Reporting Framework of the Securities & Exchange Commission Pakistan (SECP) and the Code of Corporate Governance for the following:

a. The financial statements, prepared by the management of the Company, fairly portray its state of affairs, the result of its operations, cash flows and changes in its equity;

b. Proper books of account of the Company have been maintained;

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

d. IFRS as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed;

e. The system of internal control is sound in design and has been effectively implemented and is closely monitored; and

f. There are no doubts in the Company's ability to continue as a going concern.

Key financial data (unconsolidated) of last six years is as follows:

Fiscal year ending June	2017	2016	2015	2014	2013	2012
			Rupees in millions			
Turnover	78,590	86,415	131,484	161,807	165,862	174,712
Profit	9,600	11,576	9,853	6,549	9,338	8,190
Assets	114,983	134,006	125,949	135,432	99,313	207,817
Dividend	9,257	15,622	9,257	8,100	7,522	6,943

Value of investments of provident fund and gratuity scheme based on their respective audited accounts as at June 30, 2016 are as follow:

	Rs. In millions
Provident Fund	3.272
Gratuity Fund	111.978

Adequacy of Internal Financial Controls

Directors confirm compliance with highest standard of Corporate Governance and that the internal controls are sound in design and have been effectively implemented and monitored.

Delisting from Luxembourg Stock Exchange

Initially 35% shares of the Company were listed through GDRs in the Luxembourg Stock Exchange however the number reduced with no trading taking place in the last few years.

In early 2017 only 0.9% shares of the Company were held in GDRs which did not justify the costs and the regulatory requirements that were necessary for the listing. Hence the Company delisted from Luxembourg Stock Exchange. Any GDRs outstanding can be converted into the shares through the custodian Bank of New York Mellon.

Board of Directors

Board reviewed Company's strategic direction, annual corporate plans and targets, long-term investments and borrowing. Board is committed to highest standard of governance. The current members of the Board are listed on Page No. 7.

During the year 8 meetings of the Board of Directors were held. Attendance by the Directors was as follows:

Director	Meetings attended
Mr. Hussain Dawood	6/8
Mr. Andalib Alavi	7/8
Mr. Javed Akbar	1/1
Mr. Iqbal Alimohamed	7/8
Mr. Abdul Samad Dawood	6/8
Mr. Shahzada Dawood	3/8
Mr. Shahid Ghaffar	6/8
Mr. Qaiser Javed	5/8
Mr. Noor Mohammad Jogezai**	4/7
Mr. Ruhail Mohammed	4/8
Mr. Muhammad Waseem Mukhtar	2/8
Mr. Shoaib Mir	1/1
Mr. Inam ur Rahman	3/3
Syed Khalid Siraj Subhani*	5/5
Syed Muhammad Ali***	7/7
Mr. Owais Shahid	7/8

* Mr. Inam ur Rahman was appointed as Director in replacement of Syed Khalid Siraj Subhani on January 11, 2017

**Mr. Shoaib Mir was appointed as Director in replacement of Mr. Noor Mohammad Jogezai (Government of Balochistan nominee) on April 27, 2017.

*** Mr. Javed Akbar was appointed as Director in replacement of Syed Muhammad Ali on April 27, 2017

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

Director's Training

Of the fourteen Directors, one Director has been exempted from the CGLS training based on his experience as Director on the Board of Listed Companies. One Director did the training during the year and a total of eleven members of the Board are certified Directors.

Appropriation

The Board of Directors take pleasure in recommending a final dividend of Rs. 2.50 per share. This will be paid to the shareholders whose names appear in the Company's Register on September 27, 2017. Three Interim dividends of Rs. 1.50 per share, Rs. 1.50 per share and Rs. 2.00 per share were declared on October 26, 2016, February 20, 2017 and April 27, 2017 respectively.

Movement in un-appropriated profit is as follows:

	Rs. in millions
Net Profit for the Year	
Un-appropriated profit at the beginning of the year	16,007
Total comprehensive income for the year	9,610
Unappropriated Profit Transferred to NEL	(8,446)
Profit available for appropriation	17,171
Appropriations	
Final dividend for the fiscal year 2015-2016 @Rs. 3.00 per share	(3,471)
First interim dividend for the fiscal year 2016-2017 @ Rs. 1.50	(1,736)
Second interim dividend for the fiscal year 2016 - 2017 @ Rs. 1.50	(1,736)
Third interim dividend for the fiscal year 2016-2017 @ Rs.2.00	(2,314)
Unappropriated profit at the end of the year	7,914
Basic and diluted earnings per share	8.29

Auditors

The retiring auditors Messrs EY Ford Rhodes, Chartered Accountants, being eligible, offer themselves for reappointment.

The Company remains grateful to its shareholders, employees, business partners and all other stakeholders for their confidence in the Company and their support in the Company's journey on the path of growth and prosperity.

By Order of the Board

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

Karachi - August 17, 2017

روحیل محمد	4/8
محمد وسیم مختار	2/8
اویس شاہد	7/8
سیّد خالد سراج سبحانی (*)	5/5
انعام الرحمٰن	3/3
شعیب میر	1/1
جاوید اکبر	1/1

*انعام الرحمان 11 جنوری ، 2017 کو سیّد خالد سراج سبحانی کی جگہ پر ڈائریکٹر مقرر کئے گئے۔

**شعیب میر کو 27 اپریل ، 2017 کو نور محمد جوگیزئی (حکومت بلوچستان نامزد) کے متبادل کے طور پر مقرر کیا گیا۔

***جاوید اکبر کو 27 اپریل 2017 کو سیّد محمد علی کی جگہ پر ڈائریکٹر مقرر کیا گیا۔

کوڈ آف کارپوریٹ گورننس کے تحت درکار پیٹرن آف شیئر ہولڈنگز اس رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹرز کی تربیت :

لسٹڈ کمپنیوں کے بورڈ میں ڈائریکٹر کی حیثیت سے 14 ڈائریکٹروں میں سے ایک اپنے تجربے کی وجہ سے CGLS تربیت سے مستثنیٰ ہے۔ سال کے دوران ایک ڈائریکٹر نے تربیت حاصل کی جب کہ بقیہ گیارہ اراکین سرٹیفائیڈ ڈائریکٹرز ہیں۔

اختصاص :

بورڈ آف ڈائریکٹرز بمسرت فی حصص RS,2.5 روپے منافع منقسمہ کی منظوری دیتے ہیں، یہ منافع منقسمہ ان حصص یافتگان کو ادا کیا جائے گا جن حصص یافتگان کے نام کمپنی کے رجسٹر میں مورخہ 27 ستمبر 2017ء کو درج ہیں۔ تین "3" عبوری منافع منقسمہ 1.5 روپے فی حصص اور 2.00 روپے فی حصص بالترتیب مورخہ 26 اکتوبر 2016ء، 20 فروری 2017ء اور 27 اپریل 2017ء کو قرار پائے تھے۔

غیر مختص شدہ منافع میں تحریک مندرجہ ذیل ہے:

دوران سال خالص منافع	روپے (ملین میں)
سال کے اوائل میں غیر مختص منافع	16,007
سال کے دوران مجموعی آمدنی	9,610
غیر مختص منافع NEL کو منتقل	(8,446)
اختصاص کے لئے دستیاب منافع	17,171

اختصاص	روپے (ملین میں)
سال 2015-16ء کے لئے حتمی منافع منافع منقسمہ 3.00 روپے فی حصص	(3,471)
سال 2016-17ء کے لئے پہلا عبوری منافع منقسمہ 1.50 روپے فی حصص	(1,736)
سال 2016-17ء کے لئے دوسرا عبوری منافع منقسمہ 1.50 روپے فی حصص	(1,736)
سال 2016-17ء کے لئے تیسرا عبوری منافع منقسمہ 2.00 روپے فی حصص	(2,314)
سال کے آخر میں غیر مختص منافع	7,914
فی حصص بنیادی آمدنی	8.29

آڈیٹرز :

ریٹائر ہونے والے آڈیٹرز میسرز اے وائی فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس، اہل ہونے پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

کمپنی اپنے تمام حصص یافتگان، ملازمین، بزنس پارٹنرز اور دیگر تمام اسٹیک ہولڈرز کی مشکور ہے، کہ ان کی حمایت سے کمپنی کی ترقی اور خوشحالی کا سفر جاری ہے۔

بورڈ کے حکم پر

خالد منصور
چیف ایگزیکٹو

اقبال علی محمد
ڈائریکٹر

کراچی اگست 17, 2017

b. کمپنی کے اکاؤنٹ کی کتابوں کو مناسب انداز میں برقرار رکھا جاتا ہے۔

c. اکاؤنٹنگ کی مناسب پالیسیوں کو مالیاتی گوشواروں کی مسلسل تیاری میں نافذ کیا جاتا ہے، اور اکاؤنٹنگ کا تخمینہ مناسب اور پُر کشش فیصلوں پر مبنی ہوتا ہے۔

d. پاکستان مین جس طرح IFRS لاگو ہوتا ہے اس کو مالیاتی گوشواروں کی تیاری میں اسی طرح قابلِ عمل رکھا جاتا ہے، اور اگر اس میں سے کوئی اخراج کیا جاتا ہے تو اسے مناب طریقے سے کیا جاتا ہے۔

e. اپنے ڈیزائن میں انٹرنل کنٹرول سسٹم بہت مستحکم ہے، جس کا مؤثر طور پر نفاذ کیا جاتا ہے اور بھرپور نگاہ رکھی جاتی ہے۔ اور

f. کمپنی کے مسلسل چلتے رہنے میں کسی قسم کی کوئی تشویش یا اس کے جاری رہنے کی صلاحیت میں کوئی شک یا ابہام نہیں ہے۔

گزشتہ چھ سالوں کے اہم مالیاتی اعداد و شمار مندرجہ ذیل ہیں:

روپے ملین میں

مالی سال مختتمہ جون	2017	2016	2015	2014	2013	2012
کاروبار	78,590	86,415	131,484	161,807	165,862	174,712
منافع	9,600	11,576	9,853	6,549	9,338	8,190
اثاثہ جات	114,983	134,006	125,949	135,432	99,313	207,817
منافع منقسمہ	9,257	15,622	9,257	8,100	7,522	6,943

پراویڈنٹ فنڈ اور گریجویٹی کی اسکیموں پر سرمایہ کاری 30 جون 2016ء کے آڈیٹڈ حساب کے مطابق درج ذیل تھی :

	روپے (ملین میں)
پراویڈنٹ فنڈ	3.272
گریجویٹی فنڈ	111.978

مستحکم اندرونی مالیاتی کنٹرول:

ڈائریکٹرز کارپوریٹ گورننس میں اعلیٰ ترین معیار کے مطابق تعمیل کی تصدیق کرتے ہیں، اور انٹرنل کنٹرولز کو مستحکم رکھتے ہیں اور اس کی مؤثر طریقے پر نگرانی اور اس پر عملدرآمد کرتے ہیں۔

لکسمبرگ اسٹاک ایکسچینج سے ڈی لسٹنگ:

ابتدائی طور پر کمپنی کے حصص کا 35 فیصد لکسمبرگ اسٹاک ایکسچینج میں GDRs کے ذریعے لسٹ کیا گیا تھا، تاہم گزشتہ چند برسوں میں تجارت میں کوئی کمی نہیں ہوئی۔

سال 2017ء کے اوائل میں کمپنی کے صرف 9 فیصد حصص GDRs کے تحت تھے، جو قواعد اور لاگت کے تحت لسٹنگ کے لئے درکار ضروریات کے لئے ناکافی تھے، لہٰذا کمپنی لکسمبرگ اسٹاک ایکسچینج سے ڈی لسٹ ہوگئی۔ بقایا کوئی بھی GDRs، نیو یارک کے کسٹوڈین بینک نیو یارک Mellon سے حصص (Shares) میں تبدیل کئے جاسکتے ہیں۔

بورڈ آف ڈائریکٹرز:

بورڈ کمپنی کی اسٹریٹیجک سمت سمیت سالانہ کارپوریٹ منصوبوں اور اہداف، طویل المدتی سرمایہ کاری اور قرض کے لئے گورننس کے اعلیٰ ترین معیار کے لئے پُرعزم ہے بورڈ کے اراکین صفحہ نمبر 7 پر درج ہیں:

بورڈ آف ڈائریکٹرز کے 8 سالوں کے دوران منعقد کئے گئے اجلاسوں میں ڈائریکٹرز کی طرف سے حاضری مندرجہ ذیل تھی:

ڈائریکٹرز	اجلاسوں میں شرکت
حسین داؤد	6/8
عندلیب علوی	7/8
سیّد محمد علی (***)	7/7
اقبال علی محمد	7/8
عبدالصمد داؤد	6/8
شہزادہ داؤد	3/8
شاہد غفار	6/8
قیصر جاوید	5/8
نور محمد جوگیزئی (**)	4/7

	سال 2017ء روپے (ملین میں)	سال 2016ء روپے (ملین میں)
NEL کو پیشگی ادائیگیاں	21.51	----
ضمنی کمپنی کی جانب سے خرچ کئے جانے کے بعد ادائیگی	59.39	----
منافع منقسمہ (ڈیویڈنڈ) جو موصول ہوا	294.14	----
قابلِ وصول خرچ جو ضمنی کمپنی کی جانب سے خرچ کیا گیا ہو	124.22	----

ضمنی کمپنی ۔ تھر انرجی لمیٹڈ

ضمنی کمپنی میں سرمایہ کاری	250.00	50.00
ضمنی کمپنی کے لئے قابلِ وصول خرچ	73.06	4.46
ضمنی کمپنی کی جانب سے خرچ کئے جانے بعد وصولی	74.84	----

ایسوسی ایٹ (شریک) ۔ SECMC

SECMC میں سرمایہ کاری	31.93	332.91

یکساں ڈائریکٹرشپ کی وجہ سے ایسوسی ایٹڈ (شریکوں) کی جانب سے تحریری ذمہ داری

طویل المدتی قرض لینے کی کارروائیاں	224.99	2,700.00
اسٹورز، اسپیئرز اور دیگر استعمال کی اشیاء کی خریداری	3.43	2.58
خدمات کی فراہمی پر ادائیگی کی رقم	0.61	2.31
اینگرو فاؤنڈیشن کو عطیہ	----	1.50
داؤد فاؤنڈیشن کو عطیہ	0.50	----
طویل المدت قرضوں کی واپسی	602.21	372.47
طویل المدت قرضوں پر مارک اپ	320.46	236.25
مختصر مدتی ادھار پر مارک اپ	117.50	112.64
دیگر مالیاتی اخراجات	7.75	2.23

دیگر متعلقہ پارٹیاں:

	سال 2017ء روپے (ملین میں)	سال 2016ء روپے (ملین میں)
اثاثوں کے رفع سے آمدنی (A)	1.53	6.63
انتظامیہ کے کلیدی عملے کے مشاہرے		
تنخواہیں، فوائد اور دیگر الاؤنسز	193.20	219.08
ریٹائرمنٹ کے فوائد	10.41	8.97
(B & C)	203.61	228.06
ڈائرکٹرز کی فیس (D)	16.55	22.20
اسٹاف ریٹائرمنٹ کے فوائد کے منصوبے میں حصہ داری	92.39	36.09

(A) یہ ان اثاثہ جات کے رفع کی آمدنی کو ظاہر کرتا ہے جن کی WDV (written down value) 0.451 ملین (2016ء میں صفر) روپے تھی۔ اور یہ کلیدی اہمیت کے حامل انتظامی عملے کو رفع کئے گئے۔

(B) انتظامیہ کے اہلکاروں کے ساتھ ٹرانزیکشن ان کے روزگار کی شرائط کے تحت کی جاتی ہے۔ کلیدی انتظامی عہدیداروں کو کمپنی کی جانب سے مرمت اور دیگر اخراجات سمیت گاڑی اور دیگر دوسرے فوائد دیئے جاتے ہیں، اُن میں اُن ملازمین کے مشاہرے اور دیگر فوائد بھی شامل ہوتے ہیں جنہیں دوران سال کسی ضمنی کمپنی میں منتقل کیا جاتا ہے۔

(C) درجِ بالا اعداد و شمار میں ماتحت کمپنیوں کو مختص کی گئی مندرجہ ذیل لاگت شامل نہیں:
مالیت 116.636 ملین روپے (2016ء میں 51.225 ملین روپے)۔

(D) یہ وہ فیس ہے جو میٹنگ میں شرکت کے لئے بورڈ آف ڈائرکٹرز کے نمائندوں کو دی جاتی ہے۔

مالیاتی گوشوارے:

کمپنی کے حسابات غیر مجموعی اور مجموعی کے مالیاتی گوشوارے میسرز ای وائی فورڈ رھوڈز (EY-Ford Rhodes)، چارٹرڈ اکاؤنٹنٹس نے بغیر کسی qualification کے آڈٹ کئے ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک:

ڈائرکٹرز بمسرت سیکیوریٹیز اینڈ ایکسچینج کمیشن پاکستان (SECP) کے کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک اور کوڈ اور کارپوریٹ گورننس کی تعمیل کی تصدیق کرتے ہیں:

a. مالیاتی گوشوارے جو کہ کمپنی کی انتظامیہ تیار کرتی ہے، جس میں کیش فلو اور ایکویٹی میں تبدیلی، کمپنی کے آپریشن کے نتائج کو انتہائی شفاف انداز میں پیش کیا جاتا ہے۔

مارکیٹ شیئر کی معلومات :

پاکستان کی نصب شدہ بجلی کی پیداواری صلاحیت تقریباً 25,000 میگاواٹ ہے جس میں ہائیڈل پاور (پن بجلی) 31 فیصد، تھرمل پاور (روایتی ایندھن سے حاصل شدہ بجلی) 63 فیصد، رینیوایبل وسائل (قابلِ تجدید) سے 2 فیصد اور ایٹمی (جوہری) توانائی سے حاصل کی جانے والی بجلی 4 فیصد ہے۔ بجلی کی قلت میں 5,000 میگاواٹ سے 7,000 میگاواٹ تک کا سامنا ہے، جس کا انحصار دریاؤں اور پانی کے دیگر ذرائع سے پن بجلی کی پیداوار اور تھرمل بجلی کے پلانٹس کا روایتی ایندھن کی دستیابی پر ہے۔

گزشتہ چھ برسوں میں کمپنی کی بجلی کی پیداوار کا جائزہ مندرجہ ذیل ہے :

مالی سال	بجلی کی پیداوار گیگاواٹ آور (GWh)	کمپنی کا حصہ (GWh)	فیصد (%)
2011-12	99,295	9,090	9.2%
2012-13	98,655	8,538	8.7%
2013-14	105,698	9,119	8.6%
2014-15	108,916	8,716	8.0%
2015-16	111,997	9,254	8.3%
2016-17 (متوقع)	115,357	8,590	7.4%

اخذ شدہ : انڈسٹری رپورٹ نیپرا

متعلقہ پارٹی کے معاملات :

بورڈ آڈٹ کمیٹی نے متعلقہ پارٹی کے لین دین (Transactions) کے معاملات کا جائزہ لیا اور بورڈ کو ان کی منظوری دی۔ یہ ٹرانزیکشن بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) اور کمپنیز آرڈیننس، 1984 کی درکار ضروریات کے مطابق تھی۔ کمپنی اس قسم کے تمام معاملات کا گہرا اور مکمل ریکارڈ رکھتی ہے۔

متعلقہ پارٹی میں ضمنی کمپنیوں، منسلک کمپنیوں اور وہ کمپنیاں جن میں ڈائریکٹرز ڈائریکٹرشپ، ریٹائرمنٹ بینیفٹ فنڈ اور کلیدی انتظامیہ کے اہلکاروں میں شمار ہوتے ہوں شامل ہیں۔ متعلقہ جماعتوں کے ساتھ ٹرانزیکشن متفقہ شرائط وضوابط کے تحت بنائے جاتے ہیں۔ سال کے دوران متعلقہ پارٹیوں کے ساتھ ٹرانزیکشن مندرجہ ذیل ہیں:

	سال 2017ء روپے (ملین میں)	سال 2016ء روپے (ملین میں)
ضمنی کمپنی ۔ لاریب انرجی لمیٹڈ		
قابلِ وصول خرچ جو ضمنی کمپنی کے لئے خرچ کیا گیا ہو	37.21	55.22
منافع منقسمہ (ڈیویڈنڈ) جو موصول ہوا	1491.63	904.02
ضمنی کمپنی کے لئے خرچ کئے جانے کے بعد وصولی	185.71	25.62
اثاثے کو رفع کرنا	1.43	----
ضمنی کمپنی ۔ حب پاور ہولڈنگ کمپنی		
ضمنی کمپنی میں سرمایہ کاری	1,094.00	575.30
ضمنی کمپنی کے لئے قابلِ وصول خرچ	152.28	465.46
ضمنی کمپنی کی جانب سے خرچ کئے جانے کے بعد وصولی	182.42	395.56
ضمنی کمپنی ۔ حب پاور سروسز لمیٹڈ		
ضمنی کمپنی میں سرمایہ کاری	----	0.10
ضمنی کمپنی کے لئے قابلِ وصول خرچ	141.67	132.18
ضمنی کمپنی کے لئے خرچ کئے جانے کے بعد وصولی	9.88	----
ادا کردہ / قابلِ ادائیگی رقم O&M خدمات کے لئے	2,154.25	1,487.75
HPSL کو ادائیگیاں	34.00	281.38
HPSL کی جانب سے دوبارہ ادائیگیاں	54.00	261.38
منافع منقسمہ (ڈیویڈنڈ) جو موصول ہوا	250.00	----
اثاثے کو رفع کرنا	12.23	----
ضمنی کمپنی ۔ نارووال انرجی لمیٹڈ		
ضمنی کمپنی کے لئے قابلِ وصول خرچ	66.74	0.02
ضمنی کمپنی کی جانب سے خرچ کئے جانے کے بعد وصولی	19.30	----

کریڈٹ ریٹنگ:

کریڈٹ کی درجہ بندی پاکستان میں اداروں کی تشخیص سے متعلق ہے۔ PACRA نے 2008ء کے بعد سے، جب کمپنی اپنی درجہ بندی کی ابتدا پر تھی، کمپنی کے لئے AA+ اور A1+ طویل المیعاد اور مختصر المدت یونٹ کی درجہ بندی کو برقرار رکھا ہوا ہے۔ یہ درجہ بندیاں کریڈٹ کے خطرات کے بہت کم ہونے، اور مالی وعدوں کی بروقت ادائیگی کی بہت مضبوط صلاحیت کی نشاندہی کرتی ہیں۔

کارپوریٹ سماجی ذمہ داری (Corporate Social Responsibility):

کمپنی کے سماجی بہبود کے کاموں میں کمیونٹی کی ترقی سب سے اوّل رہی۔ کمپنی نے اپنے پلانٹس کے اردگرد کی آبادی کے معیار زندگی کو بلند کرنے اور اسے ترقی کے مواقع کی شناخت کے لئے، بہت انتھک کام کیا ہے۔

زیر جائزہ مدت میں دورانِ سال، حبکو اور اس کی ضمنی اور متعلقہ (Associated Concerns) کمپنیوں نے تعلیم، صحت، اقتصادیات، ذریعۂ معاش اور طبعی بنیادی ڈھانچے کے شعبوں کی ترقی کے لئے مسلسل کام کیا ہے۔

انسانی وسائل:

کمپنی نے اپنے نقطۂ نظر اور مشن کے کامیابی سے نفاذ کے بعد اپنی مستقبل کی ترقی کے اقدامات شروع کر دیے ہیں۔ کمپنی کے HR کی جانب سے کی جانے والی اس وسیع پیمانے کی مشق پر اس کی تمام انتظامیہ اور آپریشنل اہلکار شامل تھے۔

سال بھر کے دوران مجموعی طور پر 758 Man-Days کی تربیت منعقد کی گئی۔ یعنی اس بات کو یوں بھی کہا جاسکتا ہے کہ 7 Man-Day اوسطاً فی ملازم۔ علم کی منتقلی اور لاگت کی اصلاح کے لحاظ سے یہ بڑی قدر ثابت ہوئی۔

منیجمنٹ ٹرینی (MT) پروگرام پر مطلوبہ صلاحیتوں کے حامل افراد کی دستیابی کو یقینی بنانے کے لئے نظر ثانی کی گئی۔ ایمپلائر برانڈنگ کی سرگرمیاں بھرتی کی مہمات کے ذریعے جاری رہتی ہیں، اور ایمپلائر برانڈنگ کی تقریبات میں شرکت کی جاتی ہے۔

مستقبل کی کارکردگی پر ایک نظر:

حب چائنا پاور حب جنریشن لمیٹڈ (CPHGC) میں 1,320 میگاواٹ کوئلے کا پراجیکٹ

اگست 2016ء سے EPC کے ٹھیکیدار سائٹ پر کام کر رہے ہیں۔ پراجیکٹ پر منصوبے کے مطابق پیشرفت جاری ہے، جس کا ہدف یہ ہے کہ اگست 2019ء تک COD حاصل کرلے گا۔ کمپنی نے شیئر ہولڈرز ایگریمنٹ (یعنی حصص یافتگان کے معاہدے) کے مطابق بعداز پراجیکٹ اس منصوبے پر اپنے کال آپشن کے کی ایک مشق کے تحت اس منصوبے پر اپنی شیئر ہولڈنگز کو 47.5 فیصد تک بڑھانے کے عمل کو بھی شروع کر دیا ہے۔ کال آپشن کی اس مشق کا یہ عمل متوقع طور پر پراجیکٹ کے مالیاتی طور پر بند ہونے بعد مکمل کیا جاسکتا ہے۔

کمپنی اور اس کے مشترکہ کاروباری ادارے چائنا پاور انٹرنیشنل ہولڈنگز لمیٹڈ (CPIH) نے حکومت بلوچستان کے مفاہمت کی ایک یادداشت (MoU) پر دستخط کئے ہیں، تاکہ بلوچستان کے اس منصوبے کے تجارتی آپریشنز کی تاریخ سے قبل مفت کی لاگت کے لاگو ہونے والے اس منصوبے میں 1.5 فیصد ہر ایک کا حصہ مختص کر دیا جائے۔

CPHGC نے چینی بینکوں کی کریڈٹ کمیٹی سے منظوری حاصل کی ہے، اور دسمبر 7، 2017ء کو ختم ہونے والی LOS کی اختتامی تاریخ سے قبل مالیات حاصل کرنے کی کوشش کر رہی ہے۔

330 میگاواٹ کا کول پراجیکٹ ۔ تھر انرجی لمیٹڈ (TEL)

تھر کول بلاک II سندھ میں 330 میگاواٹ کے مائن ماؤتھ (یعنی کان کے دھانے پر واقع) کوئلے سے چلنے والے پاور پلانٹ کے قیام کے لئے تھر انرجی لمیٹڈ (TEL) کا قیام عمل میں لایا گیا جس کے پراجیکٹ پر چائنا مشینری اینڈ انجینئرنگ کارپوریشن (CMEC) کے ساتھ دستخط کئے گئے، اور اس نے پراجیکٹ کی تعمیر میں تیزی لانے اور 2020ء میں PPA کے مطابق RCOD کے حصول کے لئے سائٹ پر ابتدائی سرگرمیوں سے کام شروع کر دیا۔ اس منصوبے کے لئے PPA اور CSA نے 27 جولائی، 2017ء اور 13 مئی، 2017ء کو دستخط کئے۔ IA (Implementation Agreement) کا آغاز کر دیا گیا ہے جب کہ پانی کے استعمال کے معاہدے (WUA) پر عملدرآمد بھی جاری ہے۔

اس منصوبے میں فوجی فرٹیلائزر کمپنی بھی 30 فیصد حصص کے ساتھ اسٹریٹیجک سرمایہ کار کے طور پر شامل ہوگی، جب کہ CMEC 10 فیصد حصص کی مالک ہوگی۔ کمپنی حصص یافتگان کے معاہدے کو حتمی شکل دینے کے عمل میں ہے۔

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

سندھ اینگرو کول مائننگ کمپنی (SECMC) میں سرمایہ کاری:

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

نارووال ڈی مرجر:

29 اپریل، 2017ء کو سندھ ہائی کورٹ نے نارووال پلانٹ کے نارووال انرجی لمیٹڈ (NEL) سے علیحدہ ہونے کی منظوری دی تھی۔ SECP میں ضروری درکار دستاویزات کے جمع کرنے کے بعد اپریل 2017ء سے ڈی مرجر (علیحدگی) مؤثر ہو چکی ہے۔

کیش فلو :

موجودہ مشکلات کے باوجود، کمپنی اپنی نقد ادائیگیوں کی پابندیوں کو پورا کرنے میں کامیاب رہی ہے، جن میں قرض کی ادائیگی، سرمایہ کاری اور حصص یافتگان کو منافع منقسمہ کی ادائیگی شامل ہے۔

کمپنی نے بجلی کے خریداروں سے فی الحال 83,612 ملین روپے لئے ہوئے ہیں جس میں سے 73,622 ملین روپے حب پلانٹ کے لئے ہیں اور 9,950 ملین روپے نارووال پلانٹ کے لئے ہیں، اس کے نتیجے میں کمپنی PSO کی 63,484 ملین روپے کی مقروض ہے۔

تاہم لاریب کے لئے NTDC (Natinal Transmission and Dispatch Company) سے بروقت ادائیگیاں موصول ہوئیں۔ NTDC کو 5,250 ملین روپے کی انوائس کی گئی تھی جس میں سے 849.88 ملین روپے وصولیابی کے لئے باقی ہیں۔

سرمائے کا ڈھانچہ یعنی کیپیٹل اسٹرکچر :

کمپنی کے اثاثہ جات کو قرض اور ایکویٹی کی جانب سے مالیات فراہم کرنے کا تناسب 29:71 ہے، اور ہمارا انٹریسٹ اس کو 4.47 گنا کور کرتا ہے۔

خطرات کو مٹانے کے لئے انتظامات اور حکمتِ عملی :

ہر کاروبار کو خطرات اور غیر یقینی صورتحال کا سامنا کرنا پڑتا ہے، اور یہ اس کاروبار کے مفادات کو متاثر کرسکتا ہے۔ کمپنی اس کی پیروی میں نہ صرف یہ کہ خود محتاط رہتی ہے بلکہ محتاط منطق نافذ کرتی ہے۔ کمپنی ہر قسم کے طویل المدتی اور مختصر مدتی خطرات کو تسلیم کرتی ہے اور ان پر قابو پانے اور انہیں ختم کرنے پر زور دیتی ہے۔

کمپنی سمجھتی ہے کہ وہ درجِ ذیل خطرات میں گھری ہے اور ان کا سامنا کرسکتی ہے :

1. آپریشنل خطرہ :

آپریشنل خطرات کو کم کرنے لئے، لازمی حکمتِ عملی تیار کی گئی ہے، اور تمام آپریٹنگ پلانٹس پر یقینی اعتماد بنائے رکھنے کے لئے مسلسل سرمایہ کاری کی جارہی ہے۔ کمپنی نے حب پلانٹ میں ضروری بحالی اور مرمت کے کام کئے ہیں اس کے علاوہ نارووال اور لاریب پلانٹ پر درکار ضروری مرمت کا کام جاری رہتا ہے۔

2. مالیاتی خطرہ :

گردشی قرضے یا سرکلر ڈیبٹ بجلی کے شعبے پر مسلسل دباؤ بڑھا رہے ہیں، تاہم کمپنی بغیر کسی مداخلت کے کام کرنے کے قابل تھی۔ بجلی کے خریداروں کو مالی مشکلات کا سامنا ہے، جو ممکنہ طور پر پلانٹ کے آپریشن کو جاری رکھنے اور مستقبل کی ترقی کے اقدامات کی پیروی کرنے کے لئے کمپنی کی صلاحیت کو خطرے سے دوچار کرسکتا ہے۔

گزشتہ چند برسوں سے CPPA-G نے اسٹینڈ بائی لیٹر آف کریڈٹ (SBLC) فراہم نہیں کیا ہے، جو کہ PPA کے تحت حب پلانٹ کے لئے جاری کرنا چاہئے تھا، اور یہ کہ ادائیگیوں میں مسلسل تاخیر کے نتیجے میں کمپنی (Fuel FSA Supply Agreement) کے تحت پی ایس او کو فراہم کیا جانے والا SBLC بھی فراہم کرنے میں ناکام رہی ہے۔

سرکلر ڈیبٹ یا گردشی قرضوں کے مسئلے کو حل کرنے کے لئے کہ جس نے پاور انڈسٹری کو شدید مصائب میں مبتلا کیا ہوا ہے، کمپنی مختلف سطحوں پر حکومتِ پاکستان سے رابطے کر رہی ہے۔ کمپنی سرکلر ڈیبٹ کے حل کے لئے اور پاور سیکٹر کے ہموار آپریٹنگ ماحول کی تخلیق کے لئے بجلی پیدا کرنے والوں کی نجی مشاورتی کونسل (IPPAC) کے ساتھ بھی کام کر رہی ہے۔

دیگر مالی خطرات میں درجِ ذیل شامل ہیں:

a. قرض کا خطرہ

حب پلانٹ کو CPPA-G کی جانب سے ادائیگی میں تاخیر کو ایندھن کے فراہم کنندہ کو ادائیگی میں تاخیر کے ذریعے منتظم کیا جارہا ہے۔ جب کہ نارووال پلانٹ کے لئے NTDC کی جانب سے ادیگی میں تاخیر بینک کے قرضوں سے انتظام کیا جاتا ہے۔ نافذ شدہ معاہدے کے تحت حکومتِ پاکستان نے بجلی کے خریداروں کی کارکردگی کی ضمانت دی ہے۔

b. مارکیٹ کا خطرہ

کمپنی کو مارکیٹ کا کوئی خطرہ لاحق نہیں ہے، کیونکہ ریاستی ملکیتی بجلی کے خریاداروں کے ساتھ طویل المدتی PPAs کے تحت کاروبار منظم انداز میں چلتا رہتا ہے۔ بجلی ان کی مانگ کے مطابق پیدا کی جاتی ہے، اور قومی گرڈ کو فراہم کردی جاتی ہے۔

c. لیکویڈیٹی کا خطرہ

بجلی کے خریداروں سے وصولیابیوں کی ادائیگی میں تاخیر سمیت اپنے وعدوں اور ذمہ داریوں کو پورا کرنے لئے، اور عام کاروبار کو یقینی بنانے کے لئے کمپنی نے مختلف مالیاتی اداروں سے سرمائے کا انتظام کیا ہے۔

لاریب انرجی لمیٹڈ :

لاریب پلانٹ کی 93 فیصد دستیابی کے برخلاف اس کی اوسط دستیابی 97.87 فیصد تھی، جس سے اس کمپنی کے پُراعتماد آپریشن کی عکاسی ہوئی ہے۔ اس کی بجلی کی خالص پیداوار یعنی نیٹ الیکٹرک آؤٹ پٹ (NEO) 463 گیگاواٹ آور تھی جو 17-2016ء مقابلتاً کم تھی یعنی 470 گیگاواٹ آور جو سال 16-2015ء میں 545 گیگاواٹ آور تھی، اس کی وجہ منگلا سے اوسط سے کم تر درجے کی ہائیڈرولوجی کی وصولیابی تھی۔

سالانہ مرمت برائے مالی سال 17-2016ء مقررہ وقت سے 6 دن قبل مکمل کر لی گئی، مسلسل بہتری اور عدم تعطل کی وجہ سے کمپلیکس نے 22 مارچ 2017ء کو اپنے چوتھے سالانہ معاہدے کو مکمل کیا۔ بجلی کی خریداری کے معاہدے کے تحت مقررہ 470 گیگاواٹ آور کے مقابلے میں 467 گیگاواٹ آور کی سبز توانائی یا گرین انرجی پیدا کی گئی۔

Predictive Enhancement and Performance Improvement (PEPI) Solutions یعنی پیش رفت بڑھانے اور کارکردگی کو بہتر بنانے (پی ای پی آئی) کے حل:

ڈیجیٹل صنعتی حل کی فراہمی کے لئے، کمپنی نے جنرل الیکٹرک (GE) کے ساتھ معاہدہ پر دستخط کئے ہیں۔ یہ حل کمپنی کو اس کے آپریشن پر اعتماد کو بڑھانے میں معاون ہوں گے۔

پریڈکس کا استعمال کرتے ہوئے جنرل الیکٹرک کے کلاؤڈ کی بنیاد پر آپریٹنگ ڈیٹا حب پلانٹ کا تجزیہ کیا گیا ہے، اور اس کی کارکردگی کو بہتر بنانے کے لئے نشاندہی کی گئی ہے۔ کمپنی نے جنرل الیکٹرک کے ساتھ اسٹیم ٹربائن کے Retrofit کا معاہدہ بھی کیا ہے۔ نارووال پلانٹ پر (PEPI) پراجیکٹ کی تنصیب کے ساتھ ڈیجیٹل کنٹرول سینٹر پر آن سائٹ مانیٹرنگ سسٹم کی تنصیب کا کام شروع ہو چکا ہے۔

مالیاتی کارکردگی :

نظرِ ثانی شدہ سال کے دوران گروپ کی مالیات درج ذیل رہیں :

روپے ملین میں

غیر مستحکم	سال مختتمہ 30 جون 2017ء	سال مختتمہ 30 جون 2016ء
کاروبار	78,590	71,925
آپریٹنگ کے اخراجات	69,273	61,490
خالص منافع	9,600	11,576
آمدنی فی حصص (روپے)	9.24	10.00

روپے ملین میں

مستحکم	سال مختتمہ 30 جون 2017ء	سال مختتمہ 30 جون 2016ء
کاروبار	101,188	91,595
آپریٹنگ کے اخراجات	83,929	73,013
خالص منافع	10,689	11,903
آمدنی فی حصص (*) روپے	9.24	10.29

* ہولڈنگ کمپنی کے مالکان کے مطابق

منافع بخشی :

نظرِ ثانی شدہ مدت میں فی حصص مجموعی آمدنی 9.24 روپے رہی جب کہ پچھلے برس یہ آمدنی 10.29 روپے تھی۔ فی حصص مجموعی آمدنی میں کمی کی بنیادی وجہ حب پلانٹ میں مرمت کے بھاری کام تھے، 36,000 گھنٹے کام کرنے کے بعد نارووال پلانٹ کے چھ انجنوں کی بڑی اوور ہالنگ کی گئی، انڈیکس اور ایکسچینج ریٹ کی کم ترین شرح کے علاوہ TEL اور CPHGC کے بھاری نقصانات تھے۔ یاد رہے کہ مذکورہ دونوں پراجیکٹ ابھی زیرِ تعمیر ہیں۔

کمپنی کا غیر مجموعی خالص منافع زیرِ جائزہ مدت میں 9,600 ملین روپے تھا، اس کے نتیجے میں فی حصص آمدنی 8.29 روپے رہی جو گزشتہ سال کی اسی مدت میں رہنے والے خالص منافع 11,576 ملین روپے پر رہنے والی فی حصص آمدنی 10.0 روپے کے مقابلے میں کم تھی۔ منافع میں یہ کمی یکم اپریل 2017ء کو ہونے والے نارووال پلانٹ کے demerger کی وجہ سے ہوئی، اس بات کا نتیجہ میں نارووال کے نتائج اب نارووال انرجی لمیٹڈ (NEL) کو رپورٹ ہوتے ہیں، حب پلانٹ پر بھاری مرمت کی گئی اور 36,000 گھنٹوں کے کام کے بعد نارووال پلانٹ کے چھ انجنوں کی بڑی مرمت کی گئی، ایکسچینج کی کم تر شرح نے جزوی طور پر ضمنی کمپنیوں کی جانب سے منافع منقسمہ اور بونس کی اونچی آمدنی کو متاثر کیا۔

لیکویڈیٹی اور مالیاتی انتظامات :

بجلی کے خریداروں کی جانب سے ادائیگی گزشتہ چند برسوں کے مقابلے میں کافی بہتر رہی۔ تاہم، کمپنی کی جانب سے وصولیابیوں میں ایک بڑی رقم پھنسی ہوئی ہے جس کے نتیجے میں پورے سال کے دوران لیکویڈیٹی کے انتظامات میں کافی مسائل درپیش ہوتے ہیں۔

ڈائریکٹرز کی رپورٹ :

آپ کی کمپنی کے ڈائریکٹرز بمسرت مالی سال مختتمہ 30 جون ، 2017ء کے لئے اپنی کمپنی کے آڈٹ کردہ مالیاتی اسٹیٹمنٹس کے ساتھ ساتھ کمپنی کی سالانہ رپورٹ پیش کرتے ہیں۔

کمپنی کے بارے میں :

پاکستان کے پہلے آزاد پاور پروڈیوسر کی حیثیت سے، حب پاور کمپنی لمیٹڈ بجلی کی 1600 میگاواٹ سے زائد کی کمبائنڈ جنریشن کی صلاحیت رکھتی ہے۔ کمپنی کے (RFO) یعنی residual fuel oils کا تھرمل پلانٹ بلوچستان کے علاقے حب کے موضع کنڈ میں واقع ہے، جو قومی گرڈ کو 1200 میگاواٹ بجلی کی قابلِ اعتماد اور بلاتعطل فراہمی کرتا ہے۔ کمپنی کا کمبائنڈ سائیکل کا RFO فائرڈ انجن کی بنیاد پر پاور پلانٹ پنجاب کے علاقے نارووال کے موضع پونگ میں واقع ہے، اس کے علاوہ کمپنی لاریب انرجی لمیٹڈ میں 75 فیصد کے انتظامی امور کے حصص رکھتی ہے جو کہ آزاد جموں وکشمیر کے منگلا ڈیم کے نیچے کی طرف بہاؤ سے 8 کلومیٹر دور نیو بونگ اسکیپ کے قریب دریائی پانی سے چلنے والے ایک ہائیڈل پاور پلانٹ کی مالک ہے اور اسے چلاتی ہے۔

نئے اقدامات کے تحت کمپنی نے مکمل ملکیت کی ضمنی کمپنیاں قائم کیں۔ درآمد شدہ کوئلے کی بنیاد پر 1,320 میگاواٹ کے پاور پراجیکٹ اور مستقبل کے دیگر ترقیاتی منصوبوں کے لئے، کمپنی نے حب پاور ہولڈنگز لمیٹڈ (HPHL) قائم کی۔

حب پاور سروسز لمیٹڈ (HPSL) ایک مکمل ملکیت والی ضمنی کمپنی ہے، جو اس کے موجودہ پاور اثاثوں کے O&M کو منظم کرنے لئے قائم کی گئی، اس کے مستقبل کے منصوبوں میں ملکی اور غیر ملکی O&M کے کاروبار کے مواقع کی تلاش ہے۔ ایک اور مکمل ضمنی کمپنی، نارووال انرجی لمیٹڈ، نے نارووال پلانٹ کے اثاثے اور ذمہ داریوں کو منسوخ شدہ کمپنیز آرڈیننس 1984ء کے تحت اس کے عدم انضمام (Demerger) کے بعد سنبھال لیا۔

تھر کول بلاک II سندھ میں 330 میگاواٹ کے مائن ماؤتھ (یعنی کان کے دھانے پر واقع) کوئلے سے چلنے والے پاور پلانٹ کے قیام کے لئے کمپنی نے تھر انرجی لمیٹڈ کے نام سے حب پاور کمپنی لمیٹڈ کی ایک مکمل ملکیتی ضمنی کمپنی قائم کی۔ HPHL کے ذریعے درآمد شدہ کوئلے پر مبنی پاور پراجیکٹ کا آغاز کرنے کے لئے کمپنی نے چائنا پاور انٹرنیشنل ہولڈنگز (CPIH) کے اشتراک سے چائنا پاور حب جنریشن کمپنی (پرائیویٹ) لمیٹڈ (CPHGC) قائم کی۔

کمپنی تھر میں کوئلے کی کان کی ترقی کے لئے سندھ اینگرو کول مائننگ کمپنی لمیٹڈ (SECMC) کے سندھ گورنمنٹ، اینگرو، تھل لمیٹڈ، ایچ بی ایل اور CMEC کے ایک مشترکہ منصوبے میں 20 ملین امریکی ڈالر کی سرمایہ کاری بھی کر رہی ہے، جو تھر میں کوئلے کی اس کان کی ترقی کے لئے ہے۔ جس کے پاس دنیا کا ساتواں بڑا کوئلے کا ذخیرہ ہے۔

مذکورہ کمپنی پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی کی GDRs (Global Deposit Receipt) کو لکسمبرگ اسٹاک ایکسچینج سے گزشتہ کچھ برسوں میں ٹریڈنگ نہ ہونے کی وجہ سے ہٹادیا گیا ہے۔

صحت، تحفّظ اور ماحولیات :

ہیلتھ، سیفٹی اینڈ انوائرنمنٹ یعنی (HSE) کمپنی کی اوّلین اور سب سے بڑی ترجیح ہے۔ کمپنی سیفٹی کے لئے DuPont سیفٹی سسٹم کے لیول III پر عملدرآمد کرتی ہے اور اپنے تمام پلانٹس پر اس کا نفاذ کر دیا گیا ہے جب کہ اس ضمن میں ضروری تربیتوں پر پیش رفت جاری ہے۔ بجلی کے پیداواری پلانٹس کی کارکردگی میں بہتری اور ان پر اٹھنے والی لاگتوں کو بہتر کرنے کے لئے کمپنی پلانٹس کی کارکردگی میں بہتری اور ان کی لاگت کی اصلاح سے متعلقہ آپریشنل ایکسیلنس کو ہر پہلو پر لاگو کر رہی ہے۔

آپریشن کی جھلکیاں :

نظر ثانی شدہ مدّت میں کمپنی کے تینوں پلانٹس کی آپریشنل ہائی لائٹس مندرجہ ذیل ہیں:

حب پلانٹ :

حب پلانٹ قومی گرڈ کو قابلِ اعتماد اور بلاتعطل بجلی فراہم کرتا ہے۔ دورانِ سال پلانٹ نے 6,793 گیگاواٹ آور بجلی پیدا کی (جب کہ سال 2015-16ء میں پلانٹ نے 7,547 گیگاواٹ آور بجلی پیدا کی تھی) جب کہ لوڈ کا عنصر 64 فیصد ہے (سال 2015-16ء میں لوڈ فیکٹر 72 فیصد تھا) لوڈ فیکٹر میں اس کمی کی وجہ دوران سال NPCC یعنی نیشنل پاور کنٹرول سینٹر کی زیادہ کٹوتی رہی۔

نارووال پلانٹ :

نارووال پلانٹ نے قومی گرڈ کو 1,334 گیگاواٹ آور بجلی فراہم کی جب کہ گزشتہ برس فراہم کی جانے والی بجلی کی مقدار 1,162 گیگا واٹ آور تھی۔ مذکورہ برس پلانٹ 71 فیصد کے لوڈ فیکٹر پر چلا جب کہ گزشتہ برس یہی لوڈ فیکٹر 62 فیصد تھا۔ پلانٹ اپنی کارکردگی میں بہتری کے لئے اپنی تھرمل کارکردگی اور دستیابی کو بہتر بنانے کی بھرپور کوششیں کر رہا ہے۔ دستیابی یعنی Availability کا فیکٹر 91 فیصد تھا جو کہ نیشنل پاور کنٹرول سینٹر (NPCC) کی جانب سے لوڈ میں کٹوتی کی وجہ سے ہوا۔

چھ انجنوں کو اس سال بڑی مرمت Major overhaul سے گذرنا پڑا، جب کہ پلانٹ کے آپریشنل ہونے سے اب تک کُل 8 انجنوں کی بڑی اوور ہالنگ ہوئی، بقیہ 3 انجنوں کا سال 2017-18ء میں اوور ہالنگ کا منصوبہ ہے۔ اسٹیم ٹربائن کی بھی بڑی اوور ہالنگ دورانِ سال مکمل کر لی گئی۔

Issues Raised At Last AGM

The 25th Annual General Meeting of the Company was held on October 18, 2016. The meeting included business matters (both ordinary and special) and general clarifications on Company's published financial statements which were duly sought by the shareholders.

Stakeholders' Engagement

In order to maintain the confidence and positive perception of its stakeholders, the Company actively engages with its stakeholders through transparent and sustained relationships. The Company also ensures fair dealings with banks and lenders, improved risk management, compliance with laws and regulations, better corporate recognition, improved commitment and participation of valued and competent human resource and places great emphasis on building excellent image in front of public at large.

Frequency of Engagements

The occurrence of engagements is based on business and corporate requirements as specified by the Code of Corporate Governance, contractual obligations or on requirement basis, with the following stakeholders:

- Investors / Shareholders
- WAPDA and Suppliers
- Banks and other lenders
- Media
- Regulators
- Employees
- Local community and General Public

Laraib Energy Limited Plant site

Code of Business Ethics

Our Code of Business Ethics undertakes all business units and employees of The Hub Power Company Limited and its subsidiaries. The Code explains the conduct Hubco expects of its employees and likewise what the employees can expect from the Company.

Observance of our Code ensures lasting value-creation for our stakeholders and sustains the upright standing of the Company. Unethical practices of any sort are not acceptable to find their way into the business.

Employees, always, must perform in the Company's interests and must comply to its stated standards of environmental, safety and management practices. We encourage employees to report any matter which causes concern. Any employee who in good faith reports any act of apparent misconduct or unethical behavior will not be victimized or treated adversely.

We believe that the Code of Business Ethics is vital in conducting our business and ourselves with respect to the environment in which we operate.

Anti-Corruption Measures

The Company severely dejects corrupt business practices and does not give or receive bribes in order to retain or bestow business or financial advantages.

All employees of the Company are directed that any demand for or offer of such bribe must be immediately rejected and reported to the management.

EY
Building a better working world

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of The Hub Power Company Limited (the Company) for the year ended 30 June 2017 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24 (b) of the Code, where the Company is listed.

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

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors' for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended 30 June 2017.

EY Ford Rhodes
Chartered Accountants
Date: August 17, 2017
Place: Karachi

Statement of Compliance with the Code of Corporate Governance

for the year ended June 30, 2017

This statement is being presented in compliance with the Code of Corporate Governance (the "Code") contained in the regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code as follows:

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

2. On June 24, 1994, prior to the issuance of the Company's shares to the public in October 1994, the then Board of Directors of the Company had approved the implementation of the Company's own Code of Corporate Governance. The Company's internal Code of Corporate Governance has been updated in line with the Code from time to time and is implemented in complete letter and spirit.

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

   Independent Directors
   Iqbal Alimohamed
   Shahid Ghaffar

   Executive Director
   Khalid Mansoor

   Non-Executive Directors
   Hussain Dawood
   Javed Akbar
   Shoaib Mir
   Abdul Samad Dawood
   Ruhail Mohammed
   Inam ur Rahman
   Andalib Alavi
   Shahzada Dawood
   Muhammad Waseem Mukhtar
   Owais Shahid
   Qaiser Javed

The independent directors meet the criteria of independence set forth in clause 5.19.1 (b) of the Code.

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

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

6. Two casual vacancies occurred on the Board on December 30, 2016 and March 11, 2017 and during the year ended June 30, 2017 and was filled up by the director within 12 and 47 days, respectively.

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

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

9. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board/Shareholders.

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

11. One director attended the director's training program during the year.

12. The Board had approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment as determined by the CEO.

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

14. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

15. The Directors, CEO and executives do not hold any interest in the shares of the Company other than those disclosed in the pattern of shareholding.

16. The Company has complied with all the corporate and financial reporting requirements of the Code.

17. The Board has formed an Audit Committee. It comprises of Seven members. The Chairman of the Committee is an independent director and all other members are non-executive directors including the Chairman.

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

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

20. The Board has set-up an effective internal audit function which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

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

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

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

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

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

26. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

27. We confirm that all principles enshrined in the Code have been complied with.

By order of the Board

Karachi
August 17, 2017

Khalid Mansoor
Chief Executive

Business Continuity Planning

Despite our rapid expansion and the complexity of risk that it accompanies, Hubco endures rigorous crisis management planning for all its plants and site facilities. Our BCP ensures endurance of our business operations in face of a natural calamity or an incident.

Our action plan formulated in advance with the aim to prevent the stoppage of important and crucial company operations or restore and restart them in as little time as possible. To mitigate the risks associated with such an event or occurrence we have formulated BCPs for different types of crisis such as natural disasters, plant breakdown, political problems, etc.

Hubco is fully equipped to immediately initiate its BCP protocols based on these categories and work to ensure the continuity of its operations.

CEO's Performance Review

The CEO was re-appointed by the Board of Directors for a term of three years from May 20, 2016 when his present contract expired. Each year, the Board reviews the performance of the CEO against pre-determined operational and strategic goals. CEO is to manage the Company, implement strategic decisions and policies of the Board and align the Company's direction with the vision and objectives set by the Board.

Role of Chairman

The Chairman's primary role is to ensure that the Board is effective in its tasks of setting and implementing the Company's direction and strategy.

The Chairman of the Board ensures effective operations of the Board and its Committees in conformity with the highest standards of corporate governance and ensures that all Board committees are properly established, composed and operated. He is also responsible for setting the agenda, style and tone of Board discussions to promote constructive debate and effective decision-making.

The Chairman also plays an integral role in promoting effective relationships and communications between non-executive directors.

Role of Chief Executive

The Company is run by its Board of Directors and its affairs are managed on a day to day basis by the Chief Executive under the direction and control of the Board.

In performing his task the Chief Executive is required to protect and improve the shareholders' value and the long-term health of the Company.

The Chief Executive is responsible for implementing the Company's long and short term plans. He acts as a direct liaison between the Board and Management of the Company and communicates to the Board on behalf of Management and is also the focal point for the liaison with Government offices and their agencies, press, environmental and other interest groups.

Celebrating
twenty years

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR)

The Hub Power Company Limited (the Company) strongly believes in the integration of Corporate Social Responsibility (CSR) into its business, and has consistently worked for the uplift of communities that are influenced directly or indirectly by our business. The Corporate Social Responsibility of the Company is based on the principles of transparency, accountability, integrity and sustainability.

For us, it is a mission to contribute to the socio-economic development of Pakistan. We aspire to bring a positive change by improving the quality of life of the local communities and societies where we operate.

CSR Strategy

The Company's CSR strategy is based on making sustained and regular efforts with long lasting effects in the fields of Education, Health, Livelihood interventions and Community Physical Infrastructure.

Our social interventions are all-encompassing and are executed in engagement with the local communities and the help of various partner associations. We are principally aligned to contribute 1% of our profit after tax on CSR activities and are managing a series of programs in the fields mentioned.

Health

This year the Company placed special emphasis on the cleanliness of the Hub and Lasbella District. In this regard, we spearheaded a cleanliness drive initiated by Deputy Commissioner Lasbela where the district local government, Lasbela Industrial Development Authority (LIDA) and other corporates joined hands to lift the garbage from the streets and centers of the district. Several hundred ton of garbage was removed from the streets of Hub City under this initiative.

As a regular part of its Health Program, Company continued its support to health centers in the neighboring villages of Hub under the supervision of the trained LHVs (Lady Health Visitors). In order to reach out to the far-flung villages, the Company has established mobile medical units that caters to the locals of twenty-seven nearby villages of Hub & Gadani. Each unit provides the villages with free medical services and medicines under the administration a Lady Doctor and a medical assistant.

Our Health Program also regularly holds General Medical and skin camps in District Lasbela. The Company supports local government hospital at Hub and dispensaries in Gadani with supply of free medicines.

The Company places a special focus in ophthalmology (eye-care) to support the villagers with eye problems like blindness, cataracts, macular degeneration and glaucoma. The Company regularly conducts Free Eye Camp in Jam Ghulam Qadir Hospital, Hub, providing an opportunity for the less privileged villagers of surrounding areas to receive medical aid. The initiative conducted 1250 OPDs and 114 operations.

Under the same program, the Company during the year carried eye screening in eighteen local Government schools of Hub & Gadani. A team consisting of doctor & technicians from Al Baseer Eye Hospital, Karachi visited the schools along with the Company's CSR team and conducted eye check-up of over 1300 children, providing medicines and eye glasses to the students.

The Company also renders support and initiate health programs on the recommendation of the local community. The Company conducted a need-survey in which a large number of locals requested for the treatment of Hepatitis B. Taking the lead, the Company initiated a Hepatitis-B vaccination program in the surrounding villages of Hub in collaboration with The Health Foundation. In addition, a two-day campaign to curb the chikungunya epidemic was also organized in Gadani where medicines were provided to the affected patients and mobilization of spray was also done in collaboration with the Dist. Govt. Health Department.


Cleanliness Drive, Hub District


Eye Camp in Jam Ghulam Qadir Hospital, Hub


Medical Camp, Hub District

The Company in collaboration with Ansaar Management Company (AMC), has established a dispensary at Poong Village, Narowal to provide appropriate medical facilities to the local residents. During the year under review, the adopted dispensary benefited 4,800 patients of which 500 were treated free-of-cost. In addition, the Company arranged several awareness sessions, to educate the local populace on seasonal diseases and measures to protect themselves.

Under the patronage of our Narowal Plant, various healthcare services, education and civil infrastructure initiatives were undertaken at Poong, a village adopted by the Company in 2014. Under our CSR outreach, a basic health unit is under construction at Burewali near the Narowal plant. The unit will be equipped with all basic medical facilities along with a dispenser (available on daily basis) and a qualified doctor visiting 5 days a week.

Laraib Energy arranged eye screening camps in collaboration with Al-Shifa Eye Trust, which benefited 521 students & 513 community adults.

Education

TCF School at Hub

The Company continues to fund the TCF School at Hub constructed under its CSR program, providing quality education to the students without any cost. Approximately 450 students from Hub & Gadani areas are studying at this school and are provided with free transportation, school bags and uniforms. Recently an extension at the school has added 120 more students in the newly built section. The Company also installed RO plant at the campus for providing safe and drinking water to the school children.

The Company is also constructing another TCF primary school on Pirkas Road. This school will enroll 180 children and classes will commence in September 2017.

The Company also distributed more than 6,000 schools bags and stationary packs to students in district Lasbella under a MoU Signed between The Company, Government of Baluchistan and USAID.

Supporting Local Government Schools

The Company signed a MoU with The Citizen Foundation for the adoption of three Government schools in Hub and Lasbella district.

The Company regularly supports local government schools in Hub and Gadani area by providing free school bags, furniture and drinkable water supply through tankers. The Company sponsored Balochi students in the Young Leaders Conference held in Karachi covering the participation fee, accommodation and meals.

Narowal Energy Limited has adopted a government primary school in village Poong in Narowal. Over the last three years, results have shown an enormous improvement in the form of increasing enrolment, grades and a more balanced gender ratio. In addition to providing value added infrastructure, several other initiatives were also taken that included periodic training sessions for teachers, co-curricular activities for students, health and hygiene awareness sessions for students etc. The Company has also adopted a primary school in Burewali village.


Adoption of Government schools in Hub & Lasbella district

Scholarships and Sponsorships

Educating the women of Balochistan has been a regular part of our educational interventions under which scholarships are being provided to 30 female students studying at Sardar Bahadur Khan Women University (SBKWU) Quetta. The scholarship covers semester fee, stipend and hostel charges.

Laraib Energy has also initiated a scholarship program under which 18 girls and 9 boys were awarded scholarships in 3 different community schools. The scholarship covers 100% tuition fee, uniform and syllabus.

Corporate Social Responsibility (CSR)

Apprenticeship Training Scheme

The Company has embarked on the mission to develop skilled-youth in the province of Balochistan. Our apprenticeship training program is carried out at Hub Plant for the local youth of Balochistan.

To develop highly skilled Balochi youth, the Company in 2016 increased the trade apprentice strength to 24 as compared to 12 in previous years. The scheme is only for Balochi students and selection is purely on merit. Presently 12 students are undergoing 2 years training at Hub plant.

Graduation Ceremony of Apprentices

The induction of this program is merit based and apprenticeship is offered after detailed assessments. The Company provides free technical training for a period of 2-years and also provides all necessary support including boarding and lodging, onsite housing and transportation entailed with monthly stipend to cover their miscellaneous expenses. The apprentices receive training in various technical (electrical, mechanical, instrumentation, plant operations and HVAC) and social skills.

So far, 14 batches comprising of 168 local boys, have graduated from the program. The graduates of our apprenticeship program are employed across various countries of which 86% are working in the industry in Pakistan and Middle East. (14% in Middle East/GCC countries; 29% in other industries including government organizations; 43% are working at Hub Plant either directly or with various services contractors).

Recreation

Under its patronage, the Company regularly funds a number of local football and cricket tournaments and provide sports gear, to support and promote healthy activities among the communities.

Livelihood Interventions

The Company always focuses on generating employment for the local population and subsequently encourages its contractors to hire local people according to their ability and skills. The Company has been successfully running various programs for the economic well-being of the local communities.

The Company has initiated a program for the training and development of the local fisherman of neighboring villages. The scheme is being


Distribution of Fishing Boxes

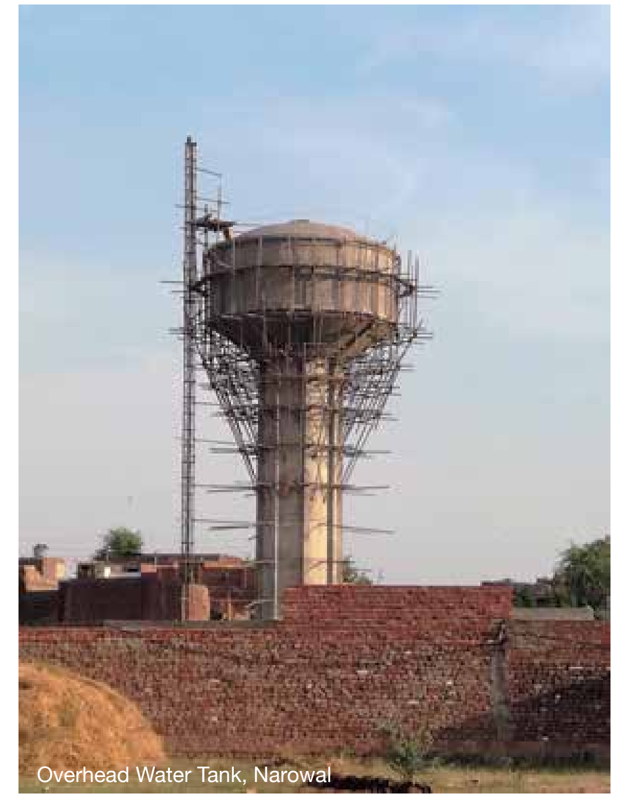
supervised by M/s. CARD (a local NGO of District Lasbela) under which fisherman are also provided with fishing boxes to preserve their catch and meet the seafood quality standards.

Laraib Energy is also engaged in imparting vocational training and has also conducted a six-month electrician certificate course approved from TEVTA at Mirpur Institute of Technology. Around 10 local unemployed youth were sponsored in the training.

Community Physical Infrastructure

Developing the basic infrastructure of the local villages, the Company has installed thirty-four Solar Street Lights in neighboring villages and a 9 KW Solar System installed at Jam Ghulam Qadir Hospital-Hub to cover its OPD, Operation Theatre and Laboratory. The Company also supplies clean drinking water to the hospital.

One of our initiatives in Narowal was laying of 11,300 running ft of underground sewerage pipeline in village Poong that is culminating into sewerage treatment facility also constructed by the Company. This facility is benefiting approximately 2,500 residents of the village. The waste water is being treated through aquatic plants making this water reusable for irrigation of neighboring farms.


Overhead Water Tank, Narowal


Waste-water-treatment Plant, Narowal

In addition to aforementioned initiatives, the Company has completed the construction of a water tower with a capacity to supply approximately 94,000 liters of fresh water (25,000 gallons) to the adopted village Poong, Narowal

Laraib Energy upgraded the recreational facility in Mirpur city in collaboration with Municipal Corporation Mirpur (MCM). Phase-1 for the construction of eight (08) solid waste dumping stations in Mirpur city was completed in collaboration with Environmental Protection Agency (EPA) and MCM. Two water treatment plants were also installed in Mirpur city in collaboration with the local government and MCM.

Vocational Training Program

In order to equip the local youth with occupational training, the Company collaborated with Hunar Foundation to provide vocational training to deserving students passing out from TCF school. The Company's scholarship covered training fee, accommodation and meal expenses.

Other Interventions

Laraib Energy regularly conducts Community Awareness Campaign for preventive measures during the flood situations. The campaign covers 11 downstream villages with a total population of approximately 18-20 thousand people living on the banks of the Jhelum river and within the reach of spillway releases from Mangla.

Regular donations to various organizations under our CSR Program includes

- Professional Education Foundation
- Institute of Business Administration
- The Health Foundation
- Karwan-e-Hayat
- Patients Aid Foundation
- Markaz-e-Umeed
- Darul Sukoon
- PEN Foundation
- Dawood Foundation
- Fatima Kidney Care Foundation.

Laraib Energy donated to various organizations which included Pakistan Para Olympic Committee, Pakistan Foundation Fighting Blindness and Islamabad Traffic Police.

Health, Safety & Environment (HSE)

Health, Safety & Environment (HSE)

The Company is committed in cultivating a culture which ensures safety and healthy environment. By following our safety and security goals, we are in pursuit of a safe & secure workplace for our employees & all stakeholders engaged in our business operations. The reflection of our efforts is visible with the achievement of a lowest ever Total Recordable Injury Rate (TRIR) of 0.17 achieved in a year under review.

We consult employees on matters affecting their health and safety, encourage communication and consider HSE compliance at all times as a responsibility of everybody in the organization. We are also committed to comply with all legal, regulatory and other HSE requirements to which we subscribe. At Hubco, a comprehensive HSE management system is in place to review objectives and targets for the continual improvement while the policy is disseminated to all its stakeholders.

Reduction in Carbon Footprint

The Company pursues the path to clean energy under United Nations Framework Convention on Climate Change (UNFCCC). Under this compliance our 84 MW New Bong Escape Hydropower Project, Laraib Energy Limited, is registered under Clean Development Mechanism (CDM) project. The Company continues to ensure its compliance with Environment & Social Management Plan (ESMP).

Workplace Safety and Security

The Company lays relentless efforts in ensuring workplace safety and security of its personnel and premises. We ensure continuous awareness of our employees about the workplace safety and health issues. The Company uses regular internal communication channels, transformation forums and internal safety workshops to educate the employees about the best HSE practices, safety rules and cautions in all work activities.

We conduct risk assessments that address all the hazards that might cause harm in workplace. Additionally, effective Management Safety Audits and ToolBox Talks are carried out at our sites to ensure a proactive approach towards HSE.

Waste Water Effluent and Air Emissions Management

As an environment conscious company, the Company strictly conforms to National Environmental Quality Standards (NEQS) with regards to Waste Water Effluent and Air Emissions from our all our sites. We regularly report our effluent and emission results to Provincial Government on Self-Monitoring and Reporting Technique (SMART).

Green Office Certification

Environment friendliness is not limited to our operations, but all our facilities are in constant pursuance of this trail. A reflection of our efforts is that our Head Office was certified as Green Office by WWF. For achieving and maintaining this world-renowned certificate our HSE team inspected and scrutinized three indicators during the year: paper, energy and waste. This inspection also gave us a baseline for further reduction during the upcoming year and achieve our targets.

Further weaving the sustainability in our culture, the Company regularly distributes environment conscious souvenirs like Jade Plants and solar-lights to each employee. Other measures include installation of duplex printers to save paper, replacement of bulb to LEDs, installation of motion sensors and using 3M films on glass windows to reduce indoor ambient temperature, are the kind of initiatives taken to yield better results.

Other initiatives related to occupational health and safety include:

- Internal audits of HSE
- Analysis of all incidents, accidents and unsafe conditions
- Hazard Identification and Risk Assessment (HIRA)
- HSE operational instructions have been formulated in the local language
- Safety talks are carried out
- Training and practical demonstrations are conducted regularly to increase awareness and understanding about fire and safety procedures
- Emergency drills are conducted
- Employees are urged to report unsafe work conditions and non-compliance of our HSE procedures
- Safe water: Water filtration systems have been installed at our sites and drinking water at our campuses is tested periodically
- Environmental parameters are monitored
- HSE awareness through Newsletters

The scope of our HSE policy not only extends to our employees but also covers our stakeholders from any potential risks. Our Environmental initiatives have also been recognized by various prestigious awarding bodies. All of our Plants have been certified in Environmental Management System (ISO 14001) and Safety Management System (OHSAS 18001).

DuPont Safety Management System

Ensuring the safety standards for personnel and processes, the Company is undergoing the implementation of DuPont Safety Standards – one of the world's best OSHA (Occupational Health and Safety Administration) based safety standards. The initiative is a testament of our commitment to not only ensure effective implementation and compliance of the HSE system but also enhance it to world class excellence. Our three major plant sites are currently training their employees and implementing the process and risk management elements.

Recognition by Royal Society for the Prevention of Accident (ROSPA)

Our Hub Plant honored as the first power station in Pakistan, which is recognized by ROSPA (Royal Society for the Prevention of Accident) for its excellent performance in the management of Occupational Health and Safety.

We strive proactively to prevent or minimize all possible causes of injury and ill health, prevent environmental pollution, minimize waste, conserve energy, enhance safety awareness, impart HSE training, prepare for emergencies and manage environmental impact arising from the workplace, products and services that can affect the surrounding communities and the environment at large.

We consult employees on matters affecting their health and safety, encourage communication and consider HSE compliance at all times as a responsibility of everybody in the organization. We are also committed to comply with all legal, regulatory and other HSE requirements to which we subscribe. At Hubco, a comprehensive HSE management system is in place to review objectives and targets for the continual improvement while the policy is disseminated to all its stakeholders.

HSE Initiatives for the New Coal Project

Our 2 x 660 MW Coal-based Power Plant and the associated jetty received its NOC from Balochistan Environment Protection Agency (EPA) last year. This year our coal project 330 MW Mine-Mouth Power Plant, to be based in Thar, had its Environment, and Social Impact Assessment (ESIA) study conducted by Haigler Bailly based following which it has received the NOC from Sindh Environment Protection Agency.

Human Resources

Celebrating

twenty years

Hubco – Leadership Development & Transformation

Over the last three years, HUBCO has transformed from stagnation to being a high performing growth oriented organization. The HR department has played a vital role in ensuring this transformation by partnering with the business at every step of the way. This year has also proved to be another major step in the right direction for HR. The key focus for the year was on setting Direction & Organizational & Leadership Development.

Sharpening the Vision & Mission

For any organization to succeed, it is essential for all employees to share the organization's vision and for them to live by a common set of values. An exercise to formalize HUBCO's Vision and Values through a consultative process was initiated. External Consultants were engaged for this initiative. The Vision and Values for HUBCO have been finalized and will be cascaded at all levels in the next year.

Organizational Alignment

For any organization, long-term business sustainability is of prime importance and it is dependent on Organizational Capacity and Capability. To ensure this, a robust Organizational Analysis was conducted. Post this, Organization Structures for HUBCO and its subsidiaries were revamped and the HR policies and systems for subsidiaries were aligned with HUBCO Corp. This has yielded efficiency improvements by bringing in the requisite synergies.

The alignment has further strengthened the partnership between HUBCO Corp and its subsidiaries and has improved talent fungibility. Throughout the year, Corp HR has not only partnered with subsidiaries but has also lent support to China Power Hub Generation Company (CPHGC) – an associated company of HUBCO, for the establishment of HR systems and strengthening of its organization. For this, 10 highly skilled and trained HUBCO employees were transferred to CPHGC. In a similar initiative HUBCO has partnered with Fauji Fertilizer Company (FFC) to engage their talent in the development of Thar Coal Project.

Talent Development

In continuation with the efforts of HR to enhance the business sustainability, great focus was put on Talent Development. A detailed capability assessment for the Leadership team was conducted by an internationally reputed consulting partner. Development plans for the Leadership Team are being put in place to ensure that HUBCO has the best in team, capable of delivering on the organizational Vision and Values and Long-term Strategic Objectives.

Train & Grow with Learning HUB

For the development of employees across the board and to further strengthen the Learning Culture in the organization, training strategy for HUBCO was revamped at the start of the year. Through this strategy, Learning HUB – HUBCO's own training academy was successfully launched. The training mix was diversified and internal faculty was utilized. Knowledge Sharing Sessions were introduced on various topics where HODs shared the role of their respective departments and educated the audience on various aspects of the power business.

Excercise for re-alignment of Vision & Values

Through Learning HUB, a total of 758 Man-Days of training were conducted during the year which translate to 7 Man-Days per employee on average. This has proved to be of great value in terms of knowledge transfer and cost optimization. The average rating for these trainings was 4.1 on a scale of 5.

Apprenticeship

Through its subsidiary Hub Power Services Limited (HPSL), HR has strived to local area youth and invest in their development. Hub Plant has been successfully running the Apprentice Development Program for last 20 years which is registered with Directorate of Manpower & Training, Government of Balochistan. Post completion, the trainees get lucrative job opportunities not only in Local Industry but also in the Middle East. To increase the impact of this program, the intake of the program has been doubled for HUB Plant and the same has been introduced at Narowal Plant. 9 trainees were inducted in the first batch.

Recruitment Drives

To improve the Employer Brand of HUBCO, Recruitment Drives were conducted at a few leading institutes of Pakistan, namely, IoBM, KSBL, NUST & NED where 886 students participated. During the drive, students were brief about HUBCO, its growth initiatives and critical factors that make HUBCO the right choice for them.

Management Trainee

HUBCO's revamped Technical Management Trainee (MT) Program was launched during the year. The MT Program at HUBCO is designed to prepare talented and ambitious graduates for leadership roles, by giving them challenging assignments in an accelerated learning environment. A total of fifteen MTs were inducted who were a part of this disciplined training program at Hub Site. Over the course of one year, these graduates were given exceptional opportunities to develop both the technical and leadership competencies, through a rich mix of training, development and mentoring. The program offered not only well planned training sessions but also on-job rotation to these young professionals who are to be the future of Pakistan.

Internship Program

During the year, HUBCO's revamped project-driven Summer Internship Program for Technical and Business students was launched. It is a 6 week program and 8 Interns were inducted of which 3 were Engineering students and 5 were Business students. The program is multi-faceted as it offer these students an unparalleled opportunity to work independently, partner with key individuals on cross-functional projects and gain an extensive corporate exposure. The program serves as a pipeline for Management Trainee inductions and the top interns are considered for the Management Trainee Program upon graduation.

Employee Engagement

In order to enhance Employee Engagement, comprehensive analysis for the diagnostic report of last year's resutls was conducted and international best practices for Employee Engagement Action Planning were studied in detail. Based on this, it was decided to conduct Departmental Employee Engagement Action Planning Sessions. In these sessions, employees along with their HoDs actively participated, discussed the issues and finalized an action plan to mitigate employee engagement issues. The devised Departmental Action Plans were implemented and required policy revisions were done through requisite approval. Employee Engagement Survey for this year was successfully completed in a timely manner with 100% response rate for HUBCO Corp and all its subsidiares.


Career Fair, Karachi


Management Trainee Program

Speak Up Policy

Our Speak-up policy is designed to enable employees of the Company, including temporary staff, stakeholders and contractors to raise complaints internally and at appropriate level. The Company is committed to achieving and maintaining the highest standards of openness, integrity, ethical values and accountability. Hence it expects all of its employees to do the same. In the interest of the Company, it is the responsibility of every employee to ensure that any inappropriate event does not occur. An inappropriate event could be any behavior, action or incident that compromises the interests of shareholders, investors, customers or any other stakeholder. It is also mission-critical to maintain a good corporate image, thus raising standards of corporate governance.

IT Policy

Our IT policy outlines the responsibilities of all the users at the Hub Power Company. The policy safeguards the information security when it is stored and transmitted, and guards the data from unauthorized or accidental modification or destruction, and disclosure. The purpose of our IT Governance Policy is also to guarantee the continuity of IT operations and electronic communication. Under this policy, the Company keeps the IT infrastructure abreast with relevant updates and system upgrades and enhances the system security to minimize risk of malicious attacks. The policy also provides an outline for effective and efficient data and infrastructure backup system as part of Disaster Recovery Management.

HR Policy and Succession Planning

The aim of our HR policy is to develop a performance culture based on excellence providing association between an employee's performance and company's goals. The policy also provisions our desired organizational culture.

In order to ensure the continued business excellecne, the Company has formed a vigorous Succession Plan for the positions of CEO, CEO Direct Reports and Business Critical Roles. The Plan is approved & managed by the Board Compensation Committee (BCC) whereby the successors are categorized into the following categories:

- Immediate: Candidates ready to take the leadership positions
- Medium Term: Candidates ready in 1 to 2 Years
- Long Term: Candidates ready in 3 to 5 years

Celebrating XX twenty years

Financial Performance

Financial Ratios

		2017*	2016	2015	2014	2013 (Restated)	2012
Profitability Ratios							
Gross Profit margin	%	11.86	17.11	10.94	7.25	9.84	8.96
Net Profit margin	%	10.50	13.40	7.49	4.05	5.66	4.69
Operating cost to turnover	%	88.14	82.89	89.06	92.75	90.16	91.04
Fuel cost to turnover	%	89.24	73.27	81.97	86.60	85.03	86.80
EBITDA Margin to Sales	%	15.41	20.47	13.16	8.57	11.24	10.28
Operating Leverage Ratio	Times	3.46	(0.06)	(1.63)	12.28	(0.86)	1.76
Return on Equity	%	35.08	39.10	31.44	20.58	29.63	27.17
Return on Capital Employed	%	26.82	28.85	26.76	19.73	27.71	25.99
Liquidity Ratios							
Current Ratio	Times	0.96	1.03	1.08	1.06	1.18	1.04
Quick / Acid Test Ratio	Times	0.90	0.97	1.01	1.01	1.05	1.02
Cash to Current Liabilities	Times	0.014	0.037	0.006	0.032	0.396	0.003
Cash Flow from Operations to Sales	%	4.22	14.93	10.24	(9.83)	25.06	(0.18)
Working capital	Rs. in million	(3,697)	2,352	6,296	5,086	7,902	5,824
Activity / Turnover Ratios							
No. of Days in Inventory	Days	14	15	9	8	7	6
Inventory Turnover	Times	25.90	23.75	39.98	45.23	49.67	57.34
No. of Days in Receivables	Days	352	318	212	118	194	248
Receivables Turnover	Times	1.04	1.15	1.72	3.09	1.89	1.47
No. of Days in Payables	Days	328	351	196	122	200	239
Payables Turnover	Times	1.11	1.04	1.86	3.00	1.82	1.53
Operating Cycle	Days	38	(18)	25	4	1	15
Total Asset Turnover	Times	0.68	0.64	1.04	1.19	1.67	0.84
Fixed Assets Turnover	Times	4.55	2.36	3.39	3.93	3.82	3.79
Working Capital Turnover	Times	(21.26)	36.75	20.88	31.81	20.99	30.00
Investment / Market Ratios							
Earnings Per Share	Rs.	8.29	10.00	8.51	5.66	8.11	7.08
Price Earning Ratio	Times	14.17	12.01	11.00	10.28	7.60	5.92
Dividend Yield	%	6.39	9.16	10.15	11.18	12.98	14.32
Dividend Payout Ratio	Times	0.90	1.10	1.12	1.15	0.99	0.85
Dividend Cover Ratio	Times	1.11	0.91	0.90	0.87	1.01	1.18
Cash Dividend Per Share - Interims	Rs.	5.00	8.00	4.00	2.50	3.50	3.00
Cash Dividend per share - Final	Rs.	2.50	3.00	5.50	4.00	4.50	3.00
Cash Dividend per share - Total	Rs.	7.50	11.00	9.50	6.50	8.00	6.00
Market Value Per Share							
Year end	Rs.	117.43	120.06	93.57	58.16	61.65	41.89
High	Rs.	145.43	122.88	97.84	59.05	65.65	40.87
Low	Rs.	103.15	96.03	57.60	57.77	44.01	30.14
Breakup Value /(Net assets/share)	Rs.	16.84	23.83	27.34	26.83	28.18	26.59
Capital Structure Ratios							
Financial Leverage Ratio	Times	0.40	0.76	0.71	0.76	0.79	0.91
Weighted Average Cost of Debt	%	5.45	8.74	11.77	12.50	16.31	15.44
Debt to Equity Ratio	Ratio	29:71	43:57	42:58	43:57	44:56	48:52
Interest Cover Ratio	Times	5.71	4.77	3.21	2.42	2.43	2.16
No. of Ordinary Shares	No. in million	1157	1157	1157	1157	1157	1157

* The ratios are calculated after excluding the results of Narowal Operations, which has been classified as discontinued operations in the financial statements.

DuPont Analysis

Ratios		2017*	2016	Comments
Tax Burden/Efficiency (Net Income/PBT)	%	98.31	98.74	Declined mainly due to decrease in income.
Interest Burden/Efficiency (PBT/EBIT)	%	82.49	79.03	Improved mainly due to decrease in finance cost due to lower interest rates and principal repayments.
Operating Income Margin (EBIT/Sales)	%	12.96	17.17	Declined mainly due to demerger of Narowal Plant effective from April 1, 2017 and higher repair and maintenance.
Asset Turnover (Sales/Assets)	Times	0.68	0.64	Improved mainly due to higher turnover of Hub plant mainly due to higher RFO prices.
Leverage Ratio (Assets/Equity)	Times	5.90	4.86	Increased mainly due to transfer of retained earnings to Narowal Energy Limited, pursuant to demerger of Narowal Plant.
Return on Equity (ROE)	%	35.08	39.10	Declined mainly due decrease in earnings due to demerger of Narowal Plant.

*The above analysis is based on the profits from continuing operations however, comparative ratios have not been represented.

Narowal Plant Site

Horizontal and Vertical Analysis of Profit and Loss Account

Horizontal Analysis

	2017 (Rs. Million)	17 Vs. 16 %	2016 (Rs. Million)	16 Vs. 15 %	2015 (Rs. Million)	15 Vs. 14 %
Turnover	78,590	(9.06)	86,415	(34.28)	131,484	(18.74)
Operating costs	(69,273)	(3.29)	(71,627)	(38.83)	(117,093)	(21.97)
Gross Profit	9,317	(37.00)	14,788	2.76	14,391	22.61
General and administration expenses	(615)	(33.51)	(925)	0.43	(921)	39.33
Other income	1,557	7.83	1,444	(5.74)	1,532	1,745.78
Other operating expenses	(77)	(83.77)	(473)	4.88	(451)	100.00
Profit from operations	10,182	(31.36)	14,834	1.94	14,551	30.41
Finance costs	(1,784)	(43)	(3,109)	(31.49)	(4,538)	(1.45)
Profit before taxation	8,398	(28)	11,725	17.10	10,013	52.80
Taxation	(142)	(4.43)	(149)	(6.88)	(160)	3,900.00
Profit after tax from continuing operations	8,256	(28.68)	11,576	17.49	9,853	50.45
Profit after tax from discontinued operations	1,344	-	-	-	-	-
Profit for the year	9,600	(17.07)	11,576	17.49	9,853	50.45

	2014 (Rs. Million)	14 Vs. 13 %	2013 (Rs. Million)	13 Vs. 12 %	2012 (Rs. Million)	12 Vs. 11 %	2011 (Rs. Million)
Turnover	161,807	(2.44)	165,862	(5.07)	174,712	41.69	123,310
Operating costs	(150,071)	0.35	(149,544)	(5.98)	(159,061)	39.41	(114,093)
Gross Profit	11,736	(28.08)	16,318	4.26	15,651	69.81	9,217
General and administration expenses	(661)	59.28	(415)	0.48	(413)	(5.49)	(437)
Other income	83	144.12	34	(2.86)	35	29.63	27
Other operating expenses	-	-	-	-	-	-	-
Profit from operations	11,158	(29.99)	15,937	4.35	15,273	73.42	8,807
Finance costs	(4,605)	(29.66)	(6,547)	(7.57)	(7,083)	109.43	(3,382)
Profit before taxation	6,553	(30.21)	9,390	14.65	8,190	50.97	5,425
Taxation	(4)	(100.00)	(2)	(100.00)	-	-	-
Profit after tax from continuing operations	6,549	(30.24)	9,388	14.63	8,190	50.97	5,425
Profit after tax from discontinued operations	-	-	-	-	-	-	-
Profit for the year	6,549	(30.24)	9,388	14.63	8,190	50.97	5,425

Vertical Analysis

	2017 (Rs. Million)	2017 % of turnover	2016 (Rs. Million)	2016 % of turnover	2015 (Rs. Million)	2015 % of turnover
Turnover	78,590	100.00	86,415	100.00	131,484	100.00
Operating costs	(69,273)	(88.14)	(71,627)	(82.89)	(117,093)	(89.05)
Gross Profit	9,317	11.86	14,788	17.11	14,391	10.95
General and administration expenses	(615)	(0.78)	(925)	(1.07)	(921)	(0.70)
Other income	1,557	1.98	1,444	1.67	1,532	1.17
Other operating expenses	(77)	(0.10)	(473)	(0.55)	(451)	(0.34)
Profit from operations	10,182	12.96	14,834	17.17	14,551	11.07
Finance costs	(1,784)	(2.27)	(3,109)	(3.60)	(4,538)	(3.45)
Profit before taxation	8,398	10.69	11,725	13.57	10,013	7.62
Taxation	(142)	(0.18)	(149)	(0.17)	(160)	(0.12)
Profit for the year	8,256	10.50	11,576	13.40	9,853	7.49

	2014 (Rs. Million)	2014 % of turnover	2013 (Rs. Million)	2013 % of turnover	2012 (Rs. Million)	2012 % of turnover	2011 (Rs. Million)
Turnover	161,807	100.00	165,862	100.00	174,712	100.00	123,310
Operating costs	(150,071)	(92.75)	(149,544)	(90.16)	(159,061)	(91.04)	(114,093)
Gross Profit	11,736	7.25	16,318	9.84	15,651	8.96	9,217
General and administration expenses	(661)	(0.41)	(415)	(0.25)	(413)	(0.24)	(437)
Other income	83	0.05	34	0.02	35	0.02	27
Other operating expenses	-	-	-	-	-	-	-
Profit from operations	11,158	6.90	15,937	9.61	15,273	8.74	8,807
Finance costs	(4,605)	(2.85)	(6,547)	(3.95)	(7,083)	(4.05)	(3,382)
Profit before taxation	6,553	4.05	9,390	5.66	8,190	4.69	5,425
Taxation	(4)	(0.00)	(2)	(0.00)	-	-	-
Profit for the year	6,549	4.05	9,388	5.66	8,190	4.69	5,425

Balance Sheet Horizontal Analysis

	2017	17 Vs. 16	2016	16 Vs. 15	2015	15 Vs. 14	2014	14 Vs. 13	2013	13 Vs. 12	2012	12 Vs. 11	2011
	(Rs. Million)	%	(Rs. Million)	%	(Rs. Million)	%	(Rs. Million)	%	(Rs. Million)	%	(Rs. Million)	%	(Rs. Million)
									Restated				
ASSETS													
NON-CURRENT ASSETS													
Fixed Assets													
Property, Plant and equipments	17,262	(52.82)	36,587	(5.75)	38,818	(5.83)	41,223	(5.15)	43,463	(5.59)	46,038	(5.83)	48,890
Intangibles	45	1.73	44	1,374.53	3	(75.00)	12	(55.56)	27	8.00	25	257.14	7
Long term investments	11,174	90.15	5,876	19.49	4,918	5.22	4,674	-	4,674	-	4,674	15.87	4,034
Long term loan and advance	-	-	-	-	-	(100.00)	63	(27.59)	87	171.88	32	(28.89)	45
Long term deposits and prepayments	133	539.18	21	9.52	19	(9.52)	21	162.50	8	-	8	33.33	6
	28,614	(32.72)	42,528	(2.81)	43,758	(4.86)	45,993	(4.70)	48,259	(4.96)	50,777	(5.30)	53,619
CURRENT ASSETS													
Stores, spares and consumables	1,960	(20.33)	2,460	16.53	2,111	32.02	1,599	1.59	1,574	45.07	1,085	202.23	359
Stock-in-trade	2,786	8.69	2,563	(26.13)	3,470	45.25	2,389	(43.76)	4,248	139.46	1,774	(52.99)	3,774
Trade debts	73,663	(5.25)	77,747	6.97	72,683	(9.01)	79,879	222.11	24,799	(83.59)	151,161	76.17	85,806
Loan and advances	143	(42.15)	247	128.87	108	38.46	78	(27.78)	108	332.00	25	(37.50)	40
Advances, prepayments and other receivables	6,591	27.23	5,181	55.34	3,335	18.35	2,818	(13.45)	3,256	30.34	2,498	143.23	1,027
Cash and bank balances	1,223	(62.71)	3,280	577.70	484	(81.91)	2,676	(84.32)	17,069	3,334.41	497	(69.23)	1,615
	86,366	(5.59)	91,478	11.30	82,191	(8.10)	89,439	75.19	51,054	(67.49)	157,040	69.55	92,621
Non-current asset held for sale	4	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	114,984	(14.19)	134,006	6.40	125,949	(7.00)	135,432	36.37	99,313	(52.21)	207,817	42.11	146,240
EQUITY AND LIABILITIES													
SHARE CAPTIAL AND RESERVE													
Share Capital													
Authorised	12,000	-	12,000	-	12,000	-	12,000	-	12,000	-	12,000	-	12,000
Issued, subscribed and paid-up	11,572	-	11,572	-	11,572	-	11,572	-	11,572	-	11,572	-	11,572
Revenue Reserve													
Unappropriated profit	7,914	(50.56)	16,007	(20.22)	20,063	3.03	19,473	(7.44)	21,038	9.60	19,195	6.94	17,949
TOTAL EQUITY	19,486	(29.35)	27,579	(12.82)	31,635	1.90	31,045	(4.80)	32,610	5.99	30,767	4.22	29,521
NON-CURRENT LIABILITIES													
Long term loans	5,432	(68.60)	17,301	(6.07)	18,419	(8.06)	20,034	(14.93)	23,551	(8.84)	25,834	(5.13)	27,231
Deferred liability - Gratuity	-	-	-	-	-	-	-	-	-	-	-	(100.00)	19
CURRENT LIABILITIES													
Trade and other payables	67,373	(1.34)	68,291	13.72	60,053	(4.37)	62,794	80.25	34,838	(72.72)	127,723	72.19	74,177
Interest/mark-up accrued	257	(50.07)	515	(32.54)	763	(34.11)	1,158	(18.57)	1,422	(13.24)	1,639	2.63	1,597
Short term borrowings	20,091	21.47	16,540	50.87	10,963	(35.05)	16,878	272.83	4,527	(77.01)	19,688	68.53	11,682
Current maturity of long term loans	2,345	(37.96)	3,780	(8.17)	4,116	16.83	3,523	48.96	2,365	9.19	2,166	7.60	2,013
	90,066	1.05	89,126	17.43	75,895	(10.03)	84,353	95.48	43,152	(71.46)	151,216	69.01	89,469
TOTAL EQUITY AND LIABILITIES	114,984	(14.19)	134,006	6.40	125,949	(7.00)	135,432	36.37	99,313	(52.21)	207,817	42.11	146,240

Balance Sheet Vertical Analysis

	2017 (Rs. Million)	%	2016 (Rs. Million)	%	2015 (Rs. Million)	%	2014 (Rs. Million)	%	2013 (Rs. Million) Restated	%	2012 (Rs. Million)	%
ASSETS												
NON-CURRENT ASSETS												
Fixed Assets												
Property, Plant and equipments	17,262	15.01	36,587	27.30	38,818	30.82	41,223	30.44	43,463	43.76	46,038	22.15
Intangibles	45	0.04	44	0.03	3	0.00	12	0.01	27	0.03	25	0.01
Long term investments	11,174	9.72	5,876	4.38	4,918	3.90	4,674	3.45	4,674	4.71	4,674	2.25
Long term loan and advance	-	-	-	-	-	-	63	0.05	87	0.09	32	0.02
Long term deposits and prepayments	133	0.12	21	0.02	19	0.02	21	0.02	8	0.01	8	0.00
	28,614	24.89	42,528	31.73	43,758	34.74	45,993	33.96	48,259	48.59	50,777	24.43
CURRENT ASSETS												
Stores, spares and consumables	1,960	1.70	2,460	1.84	2,111	1.68	1,599	1.18	1,574	1.58	1,085	0.52
Stock-in-trade	2,786	2.42	2,563	1.91	3,470	2.76	2,389	1.76	4,248	4.28	1,774	0.85
Trade debts	73,663	64.06	77,747	58.02	72,683	57.71	79,879	58.98	24,799	24.97	151,161	72.74
Loan and advances	143	0.12	247	0.18	108	0.09	78	0.06	108	0.11	25	0.01
Advances, prepayments and other receivables	6,591	5.73	5,181	3.87	3,335	2.65	2,818	2.08	3,256	3.28	2,498	1.20
Cash and bank balances	1,223	1.06	3,280	2.45	484	0.38	2,676	1.98	17,069	17.19	497	0.24
	86,366	75.11	91,477	68.26	82,191	65.26	89,439	66.04	51,054	51.41	157,040	75.57
Non-current asset held for sale	4	-	-	-								
TOTAL ASSETS	114,984	100.00	134,006	100.00	125,949	100.00	135,432	100.00	99,313	100.00	207,817	100.00
EQUITY AND LIABILITIES												
SHARE CAPTIAL AND RESERVE												
Share Capital												
Authorised	12,000	-	12,000	-	12,000	-	12,000	-	12,000	-	12,000	-
Issued, subscribed and paid-up	11,572	10.06	11,572	8.64	11,572	9.19	11,572	8.54	11,572	11.65	11,572	5.57
Revenue Reserve												
Unappropriated profit	7,914	6.88	16,007	11.95	20,063	15.93	19,473	14.38	21,038	21.18	19,195	9.24
TOTAL EQUITY	19,486	16.95	27,579	20.58	31,635	25.12	31,045	22.92	32,610	32.84	30,767	14.80
NON-CURRENT LIABILITIES												
Long term loans	5,432	4.72	17,301	12.91	18,419	14.62	20,034	14.79	23,551	23.71	25,834	12.43
CURRENT LIABILITIES												
Trade and other payables	67,373	58.59	68,291	50.96	60,053	47.68	62,794	46.37	34,838	35.08	127,723	61.46
Interest/mark-up accrued	257	0.22	515	0.38	763	0.61	1,158	0.86	1,422	1.43	1,639	0.79
Short term borrowings	20,091	17.47	16,540	12.34	10,963	8.70	16,878	12.46	4,527	4.56	19,688	9.47
Current maturity of long term loans	2,345	2.04	3,780	2.83	4,116	3.27	3,523	2.60	2,365	2.38	2,166	1.04
	90,066	78.33	89,126	66.51	75,895	60.26	84,353	62.28	43,152	43.45	151,216	72.76
TOTAL EQUITY AND LIABILITIES	114,984	100.00	134,006	100.00	125,949	100.00	135,432	100.00	99,313	100.00	207,817	100.00

Six years Profit & Loss Account at a glance

	2017	2016	2015	2014	2013	2012
	(Rs. Million)					
Turnover	78,590	86,415	131,484	161,807	165,862	174,712
Operating costs	(69,273)	(71,627)	(117,093)	(150,070)	(149,544)	(159,061)
Gross Profit	9,317	14,788	14,391	11,737	16,318	15,651
Other income	1,557	1,444	1,532	83	34	35
General and administration expenses	(615)	(925)	(921)	(661)	(415)	(413)
Finance costs	(1,784)	(3,109)	(4,538)	(4,605)	(6,547)	(7,083)
Other expenses	(77)	(473)	(451)	-	-	-
Taxation	(142)	(149)	(160)	(4)	(2)	-
Profit after tax from continuing operations	8,256	11,576	9,853	6,549	9,388	8,190
Profit after tax from discontinued operations	1,344	-	-	-	-	-
Profit for the year	9,600	11,576	9,853	6,549	9,388	8,190
Basic and diluted earnings per share (Rupees)	8.29	10.00	8.51	5.66	8.11	7.08

	2017	2016	2015	2014	2013	2012
EBITDA	(Rs. Million)					
Profit after tax for the year (from continuing operations)	8,256	11,576	9,853	6,549	9,388	8,190
Finance costs	1,784	3,109	4,538	4,605	6,547	7,083
Depreciation	1,903	2,837	2,741	2,694	2,684	2,673
Amortization	26	20	8	15	15	16
Taxation	142	149	160	4	2	-
EBITDA	12,111	17,691	17,300	13,867	18,636	17,962

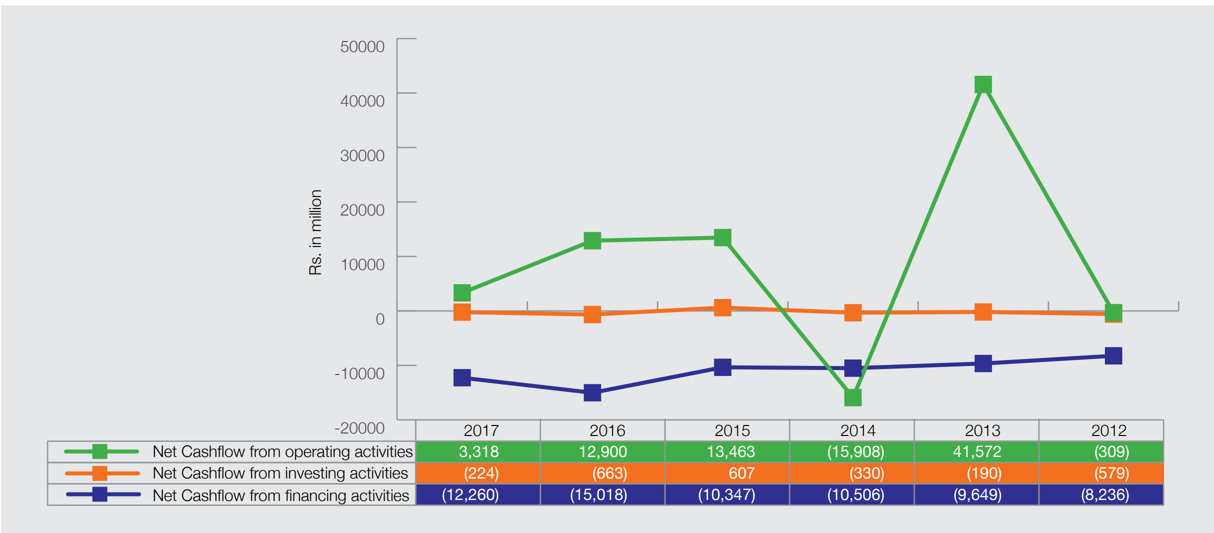
	2017	2016	2015	2014	2013	2012
EBIT	(Rs. Million)					
Profit after tax for the year (from continuing operations)	8,256	11,576	9,853	6,549	9,388	8,190
Finance costs	1,784	3,109	4,538	4,605	6,547	7,083
Taxation	142	149	160	4	2	-
EBIT	10,182	14,834	14,551	11,158	15,937	15,273

Six years Balance Sheet at a glance

	2017	2016	2015	2014	2013 (Restated)	2012
	(Rs. Million)					
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, Plant and equipments	17,262	36,587	38,818	41,223	43,463	46,038
Intangibles	45	44	3	12	27	25
Investment in subsidiary	10,566	5,300	4,675	4,674	4,674	4,674
Investment in associate	608	576	243	-	-	-
Long term loan and advance	-	-	-	63	87	32
Long term deposits and prepayments	133	21	19	21	8	8
	28,614	42,528	43,758	45,993	48,259	50,777
CURRENT ASSETS						
Stores and spares	1,960	2,460	2,111	1,599	1,574	1,085
Stock-in-trade	2,786	2,563	3,470	2,388	4,248	1,774
Trade debts	73,662	77,747	72,683	79,879	24,799	151,161
Loan and advances	143	247	108	78	108	25
Prepayments and other receivables	6,591	5,181	3,335	2,818	3,256	2,498
Cash and bank balances	1,223	3,280	484	2,676	17,069	497
	86,365	91,478	82,191	89,439	51,054	157,040
Non-current asset classified as held for sale	4	-	-	-	-	-
TOTAL ASSETS	114,983	134,006	125,949	135,432	99,313	207,817
EQUITY AND LIABILITIES						
SHARE CAPTIAL AND RESERVE						
Share Capital						
Authorised	12,000	12,000	12,000	12,000	12,000	12,000
Issued, subscribed and paid-up	11,572	11,572	11,572	11,572	11,572	11,572
Revenue Reserve						
Unappropriated profit	7,914	16,007	20,063	19,473	21,038	19,195
TOTAL EQUITY	19,486	27,579	31,635	31,045	32,610	30,767
NON-CURRENT LIABILITIES						
Long term loans	5,432	17,301	18,419	20,034	23,551	25,834
Share premium payable	-	-	-	-	-	-
Deferred liability - Gratuity	-	-	-	-	-	-
CURRENT LIABILITIES						
Trade and other payables	67,373	68,291	60,053	62,794	34,838	127,723
Interst/mark-up accrued	257	515	763	1,158	1,422	1,639
Short term borrowings	20,091	16,540	10,963	16,878	4,527	19,688
Current maturity of long term loans	2,345	3,780	4,116	3,523	2,365	2,166
	90,065	89,126	75,895	84,353	43,152	151,216
COMMITMENTS AND CONTINGENCIES						
TOTAL EQUITY AND LIABILITIES	114,983	134,006	125,949	135,432	99,313	207,817

Summary of six years Cash Flow at a glance

	2017	2016	2015	2014	2013	2012
	----	----	----	(Rs. Million)	----	----
Opening	(13,260)	(10,479)	(14,202)	12,542	(19,191)	(10,067)
Net Cashflow from operating activities	3,318	12,900	13,463	(15,908)	41,572	(309)
Net Cashflow from investing activities	(224)	(663)	607	(330)	(190)	(579)
Net Cashflow from financing activities	(12,260)	(15,018)	(10,347)	(10,506)	(9,649)	(8,236)
Cash and cash equivalents transferred to NEL	3,558	-	-	-	-	-
Closing	(18,867)	(13,260)	(10,479)	(14,202)	12,542	(19,191)

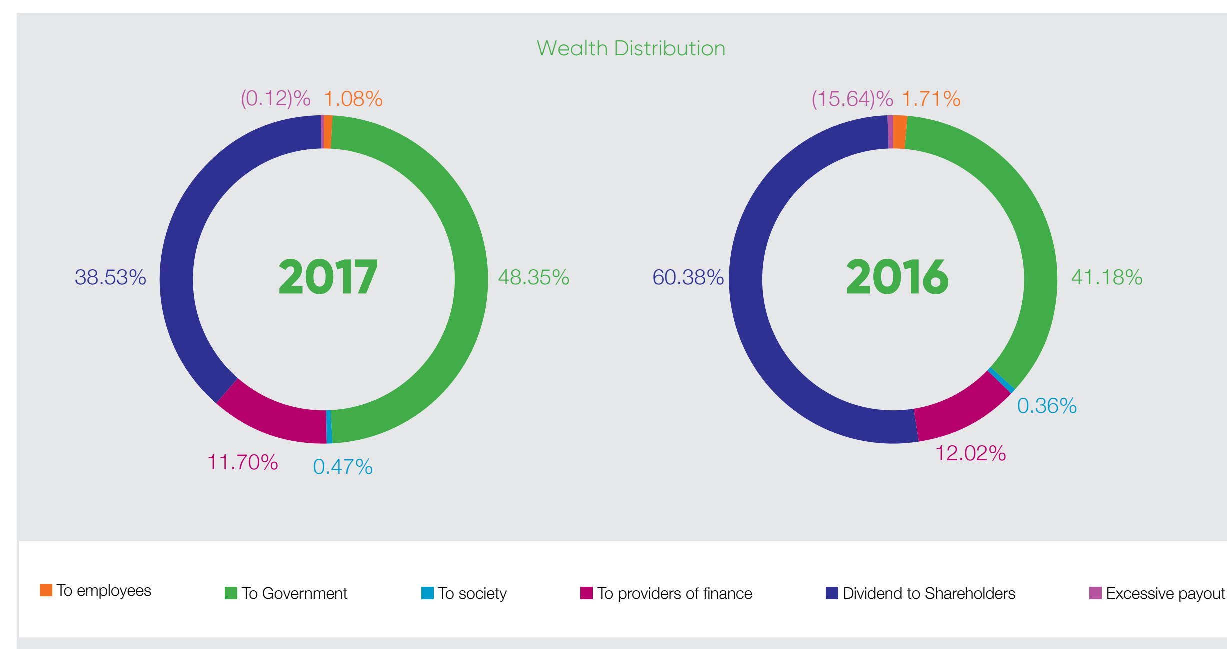


Comments on Unconsolidated Profit

- During the year on April 1, 2017, the operations of Narowal Plant were demerged into a separate legal entity (Narowal Energy Limited, NEL). This resulted in the representation of the prior year's reported amount whereby the results of Narowal Plant were reclassified as discontinued operations.
- The increase in turnover by 9.27% compared to last year is mainly due to the higher RFO prices and higher generation bonus.
- The increase in operating cost by 12.66% compared to last year is mainly due to higher RFO prices and higher repairs and maintenance at Hub Plant.
- The increase in other income was mainly due to dividends from subsidiaries, Hub Power Services Limited and Narowal Energy Limited partially offset by lower dividend from Laraib Energy Limited.
- The increase in finance cost was mainly due higher utilization of short term borrowings because of delay in payment from CPPA-G.
- The current year net profit decreased by 17.07% compare to last year resulting in a decrease in earnings per share from Rs. 10.0 to Rs. 8.29 (includes both continued and discontinued operations). The decrease in profit is mainly due to demerger of Narowal Plant, higher repair and maintenance expenditure on major overhauling at Hub Plant and 36,000 running hours' major maintenance of six engines at Narowal Plant, lower indexation and exchange rate partly offset by higher generation bonus and higher dividend income from subsidiaries.
- Because of decrease in earnings this year, the dividend per share was also reduced from previous year.
- Due to problems in recovering trade debts, Company is facing difficulties in maintaining current ratio and quick ratio and its working capital in terms of absolute amount has also decreased from positive Rs. 2,352 million to negative Rs. 3,697 million. The Company is currently managing the working capital through running finance facilities.

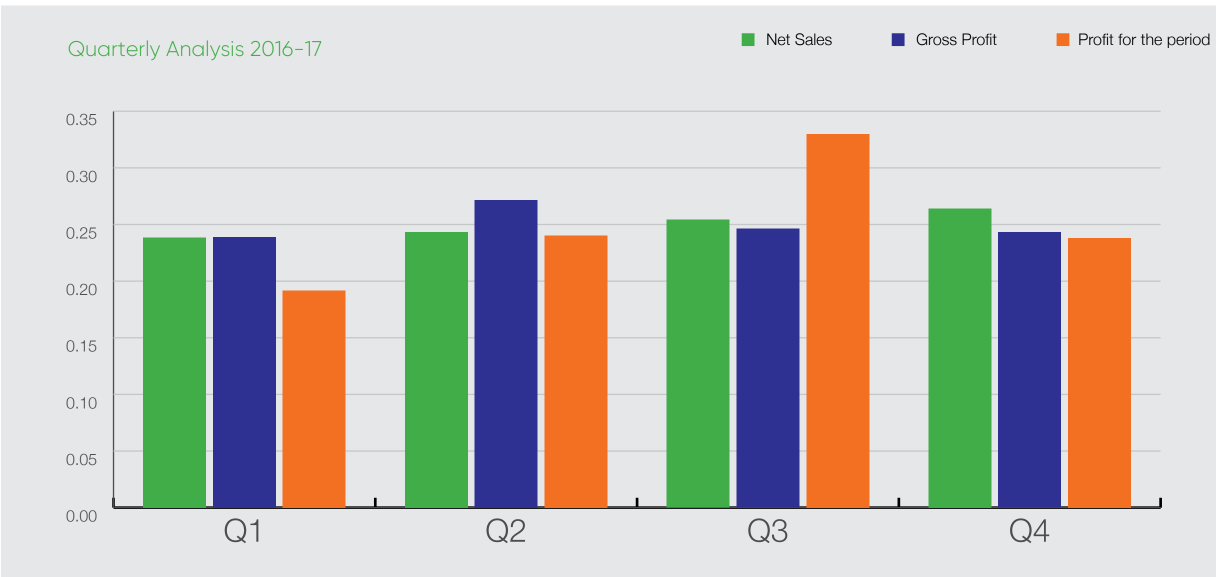
Statement of Value Addition

	2017		2016	
	(Rs. Million)	%	(Rs. Million)	%
Wealth Created				
Total Revenue inclusive sales tax and other income	104,200	433.67	98,362	380.17
Less: Operating cost & other general expenses	(80,172)	(333.67)	(72,489)	(280.17)
	24,027	100.00	25,873	100.00
Wealth distributed				
To employees				
Salaries, wages and other benefits	259	1.08	443	1.71
To Government				
Sales tax	11,474	47.75	10,502	40.59
Income tax	143	0.60	149	0.58
To society				
Donation	113	0.47	94	0.36
To providers of finance as financial charges	2,810	11.70	3,109	12.02
Dividend to Shareholders	9,257	38.53	15,622	60.38
Excessive payout from the Company	(29)	(0.12)	(4,046)	(15.64)
	24,027	100.00	25,873	100.00



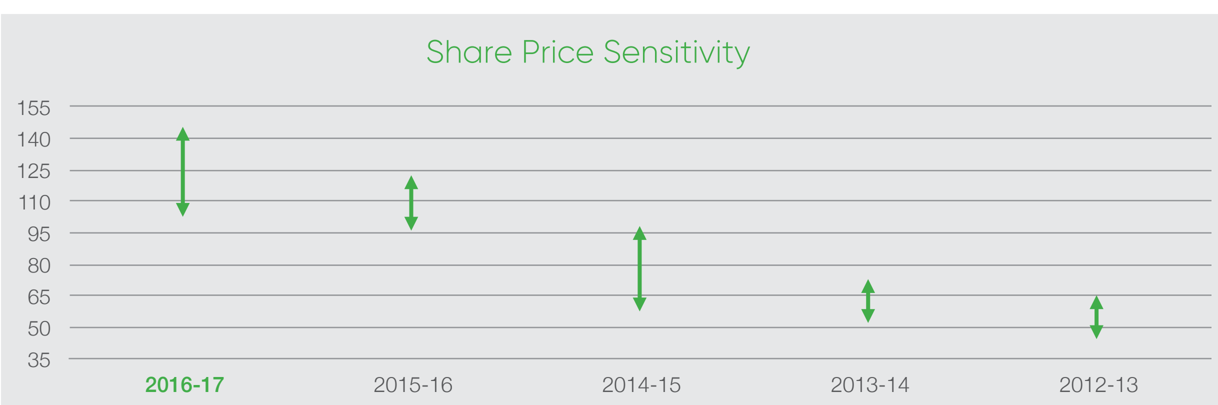
Quarterly Financial Analysis

	Jul - Sep 2016		Oct - Dec 2016		Jan - Mar 2017		Apr - Jun 2017		Jul 2016 - Jun 2017	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Net Sales	18,736,729	24%	19,115,155	24%	19,978,023	25%	20,759,860	26%	78,589,767	100%
Gross Profit	2,227,432	24%	2,529,879	27%	2,294,447	25%	2,265,317	24%	9,317,075	100%
Profit for the period	1,584,069	19%	1,984,166	24%	2,722,406	33%	1,965,452	24%	8,256,093	100%



Share Price Sensitivity

Share price in the stock market moves due to various factors such as company performance, general market sentiments, economic events and interest rates, etc. Being a responsible and law-compliant Company, Hubco circulates price sensitive information to the stock exchange in accordance with the requirements of listing regulations on timely manner. During the year 2016-17, Company's share price has touched the peak of Rs. 145.43 while the lowest recorded price was Rs. 103.15 with a closing price of Rs. 117.43 at the end of the year.t



	2016-17	2015-16	2014-15	2013-14	2012-13
Highest	145.43	122.88	97.84	73.42	65.37
Lowest	103.15	96.03	57.60	52.01	44.00
Closing	117.43	120.06	93.57	58.74	61.65

Cash Flow Statement - Direct Method

For the year ended June 30, 2017

	2017	2016
	(Rupees in'000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	97,639,800	91,854,112
Paid to suppliers / service provider - net	(90,916,259)	(75,201,211)
Paid to employees	(259,069)	(371,399)
Interest income received	17,964	21,448
Interest / mark-up paid	(2,742,044)	(3,198,383)
Workers' profit participation fund paid	(70,235)	(74,755)
Staff gratuity paid	(75,434)	(18,446)
Taxes paid	(277,179)	(111,135)
Net cash inflow from operating activities	3,317,544	12,900,231
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(804,993)	(678,092)
Sale proceeds from disposal of Fixed Assets	33,454	21,532
Long term investment made	(1,375,929)	(908,305)
Dividend received from subsidiaries	2,035,766	904,015
Long-term deposits and prepayments	(112,131)	(2,215)
Net cash outflow from investing activities	(223,833)	(663,065)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(10,400,256)	(13,484,847)
Proceeds from long term loans	1,566,031	3,100,000
Repayment of long term loans	(3,425,497)	(4,633,189)
Net cash outflow from financing activities	(12,259,722)	(15,018,036)
Net increase in cash and cash equivalents	(9,166,011)	(2,780,870)
Cash and cash equivalents at the beginning of the year	(13,260,148)	(10,479,278)
Cash and cash equivalents transferred to NEL	3,558,498	-
Cash and cash equivalents at the end of the year	(18,867,661)	(13,260,148)

Materiality approach adopted by the management

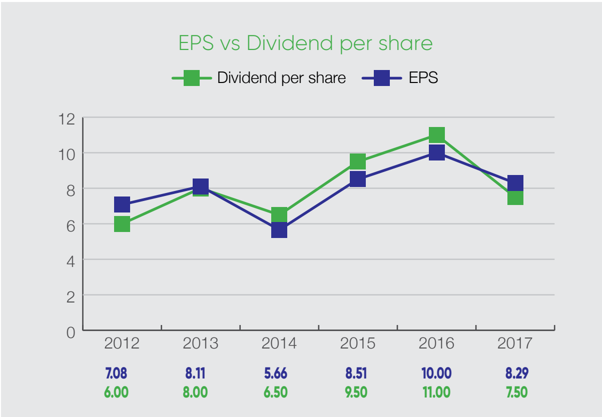
Determination of materiality levels, other than those provided under the regulations, is judgmental and varies between organizations. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the company. Materiality levels are reviewed periodically and are appropriately updated.

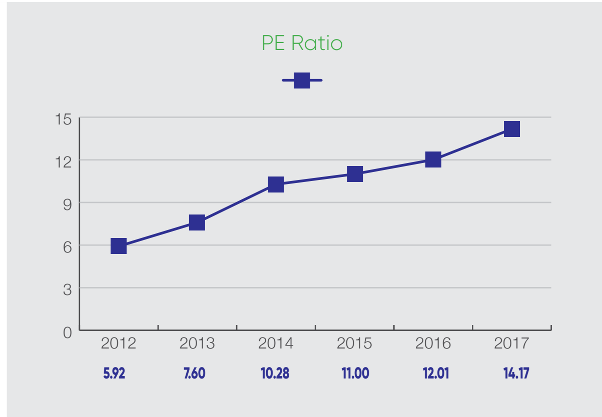
"Powers of the Board of Directors and the Management of the Company have been defined with special reference to, and in compliance with the repealed Companies Ordinance, 1984, the Code of Corporate Governance, the Articles of Association of the Company, guidelines and frameworks issued by professional bodies and best practices.

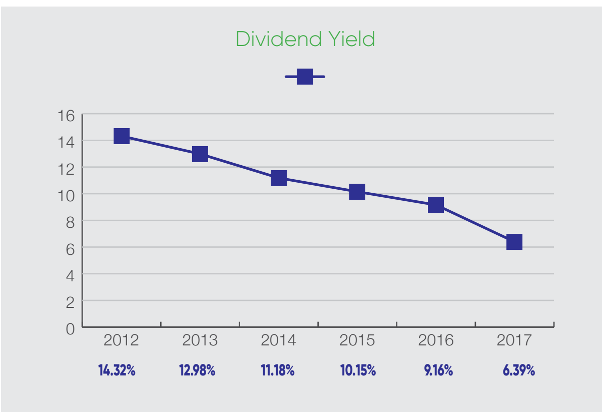
The Board powers include approvals for capital expenditure, disposal of fixed assets, annual business plans, policy formulation, risk management, human resource management, donations, matters relating to health safety and the environment, and other matters required by law or internal policies.

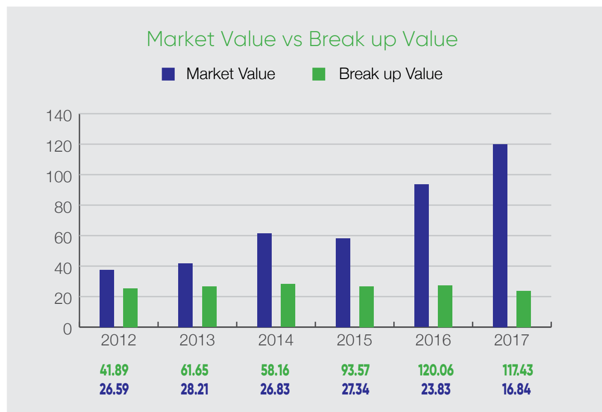
Authorizations for transactions and delegation of powers have also been defined clearly and carried out through formalized processes keeping in view defined materiality levels.

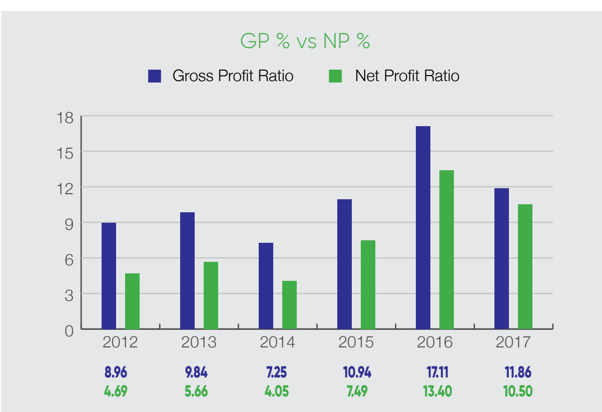
Graphical Presentation

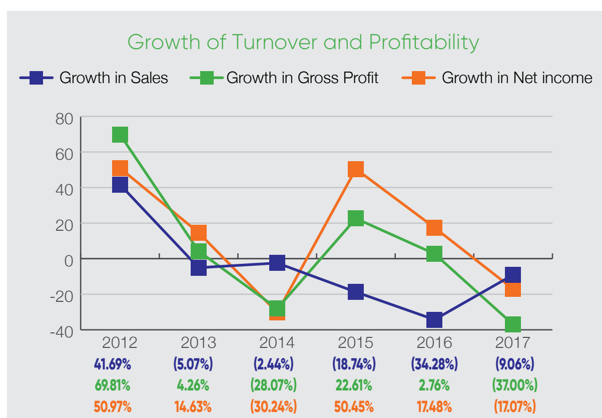


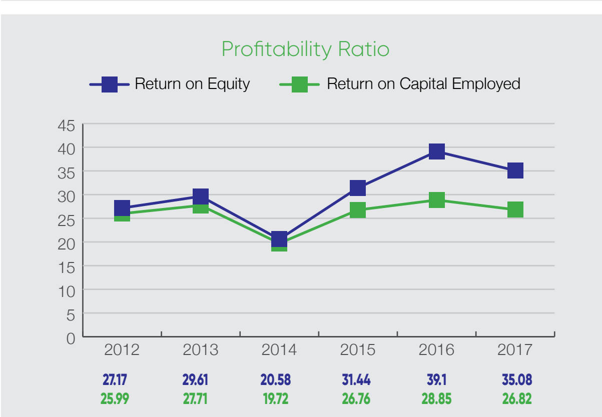


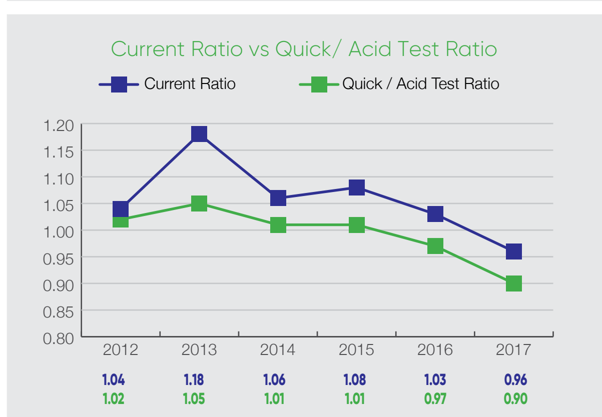


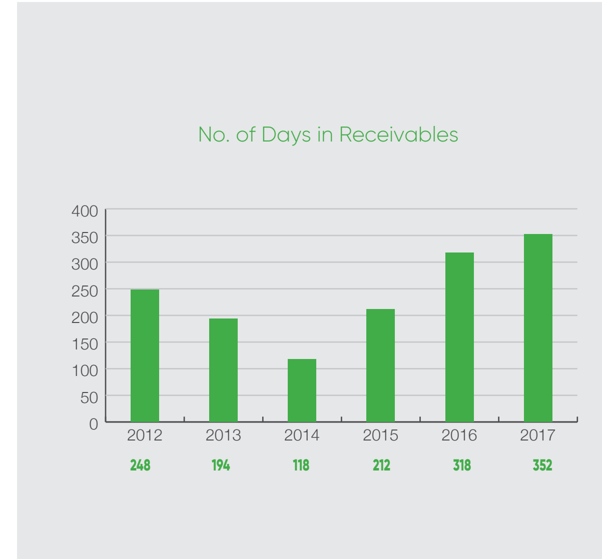


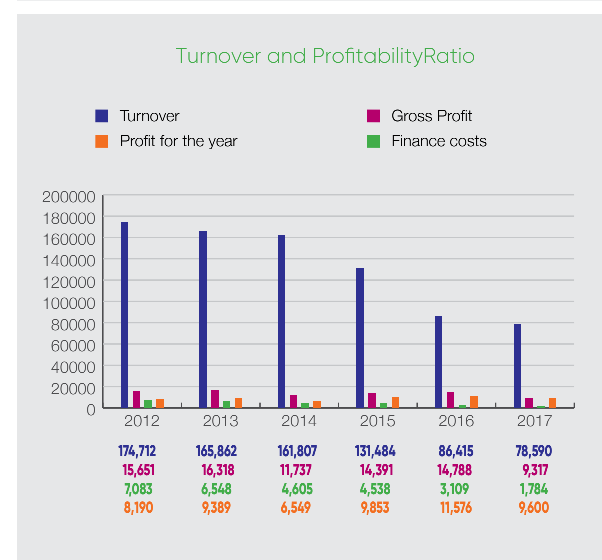


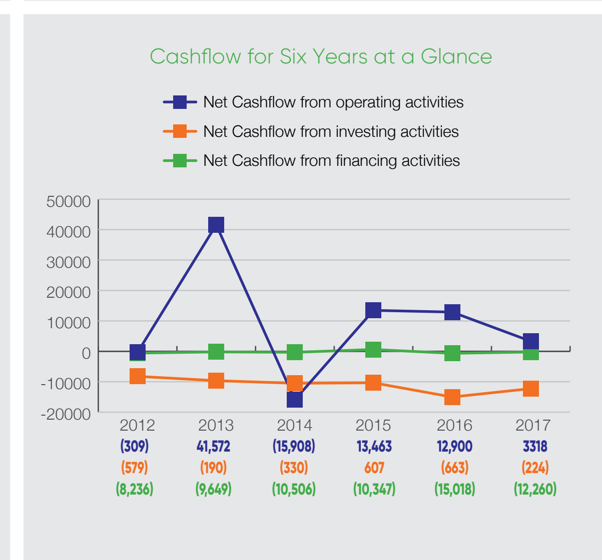






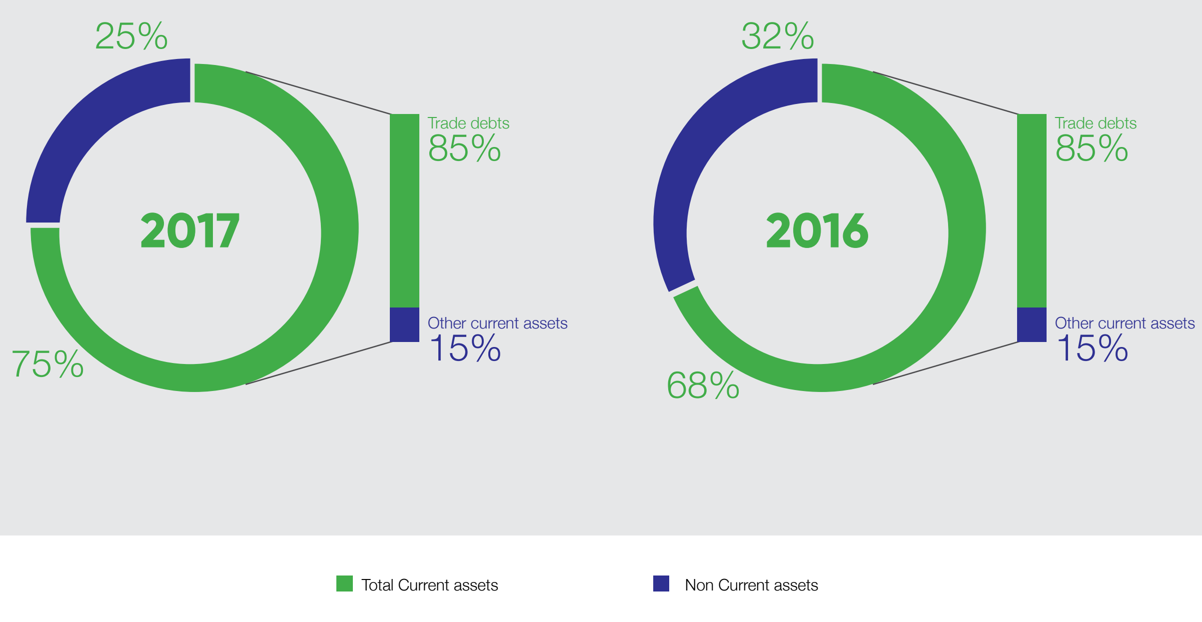




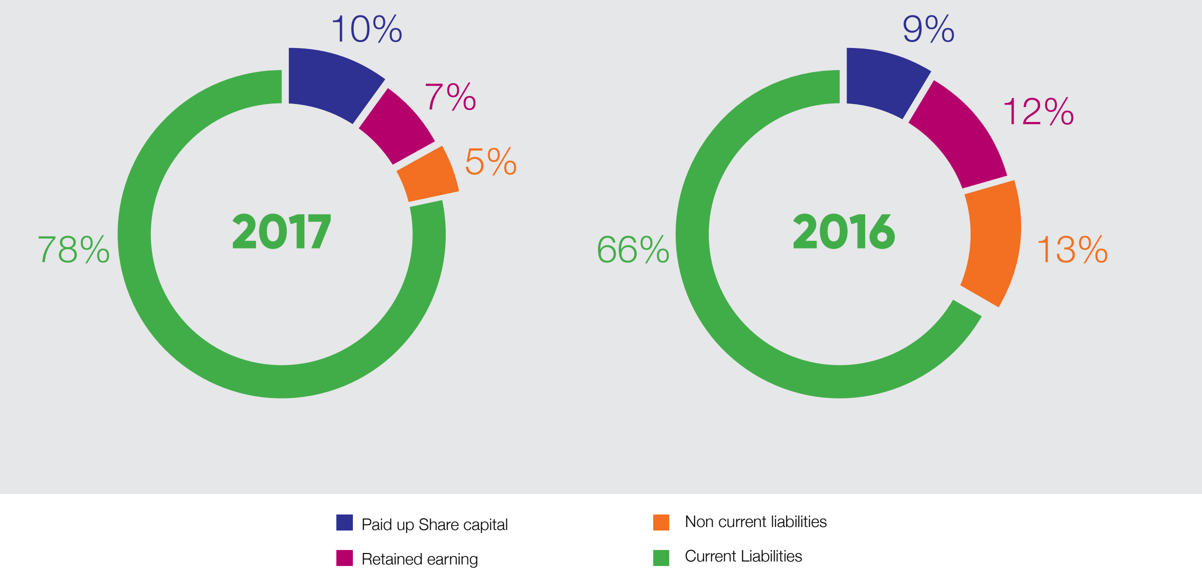


Graphical Presentation

Composition of Total Assets



Capital Structure



Unconsolidated Financial Statements

EY Ford Rhodes
Chartered Accountants
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Pakistan

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Fax: +9221 3568 1965
ey.khi@pk.ey.com
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Building a better working world

Auditors' Report To The Members

We have audited the annexed balance sheet of The Hub Power Company Limited as at 30 June 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of account have been kept by the Company as required by the repealed 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 repealed 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, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

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

EY Ford Rhodes

Chartered Accountants
Engagement Partner: Pervez Muslim
Date: 17 August 2017
Place: Karachi

Unconsolidated Profit And Loss Account

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
			Re-presented
CONTINUING OPERATIONS			
Turnover	3	78,589,767	71,925,328
Operating costs	4	(69,272,692)	(61,489,986)
GROSS PROFIT		9,317,075	10,435,342
General and administration expenses	5	(615,204)	(759,628)
Other income	6	1,557,042	1,439,122
Other operating expenses	7	(76,754)	(425,284)
PROFIT FROM OPERATIONS		10,182,159	10,689,552
Finance costs	8	(1,783,632)	(1,415,794)
PROFIT BEFORE TAXATION		8,398,527	9,273,758
Taxation	9	(142,434)	(147,494)
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		8,256,093	9,126,264
DISCONTINUED OPERATIONS			
Profit after taxation from discontinued operations	1.2	1,343,980	2,449,541
PROFIT FOR THE YEAR FROM CONTINUING AND DISCONTINUED OPERATIONS		9,600,073	11,575,805
Basic and diluted earnings per share (Rupees)			
- Continuing operations		7.13	7.89
- Discontinued operations		1.16	2.11
	32	8.29	10.00

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

Khalid Mansoor	Abdul Nasir	Iqbal Alimohamed
Chief Executive	Chief Financial Officer	Director

Unconsolidated Statement of Comprehensive Income

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Profit for the year from continuing and discontinued operations		9,600,073	11,575,805
Other comprehensive income for the year			
Items that will not be reclassified to Profit or Loss in subsequent periods			
Gain / (loss) on remeasurement of post employment benefit obligation	22.5	9,803	(10,461)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,609,876	11,565,344

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

Khalid Mansoor	Abdul Nasir	Iqbal Alimohamed
Chief Executive	Chief Financial Officer	Director

Unconsolidated Balance Sheet

As at June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	10	17,261,992	36,586,896
Intangibles	11	45,333	44,236
Long term investments	12	11,174,093	5,876,381
Long term deposits and prepayments	13	132,939	20,808
CURRENT ASSETS			
Stores, spares and consumables	14	1,959,917	2,459,522
Stock-in-trade	15	2,786,346	2,563,327
Trade debts	16	73,662,484	77,746,623
Loans and advances	17	142,550	247,175
Prepayments and other receivables	18	6,590,754	5,180,572
Cash and bank balances	19	1,222,934	3,280,071
		86,364,985	91,477,290
Non-current asset classified as held for sale	25.13	3,665	-
TOTAL ASSETS		114,983,007	134,005,611
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised	20	12,000,000	12,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		7,913,999	16,007,117
		19,485,543	27,578,661
NON-CURRENT LIABILITIES			
Long term loans	21	5,432,133	17,301,209
CURRENT LIABILITIES			
Trade and other payables	22	67,372,823	68,291,054
Interest / mark-up accrued	23	257,391	514,698
Short term borrowings	24	20,090,595	16,540,219
Current maturity of long term loans	21	2,344,522	3,779,770
		90,065,331	89,125,741
TOTAL EQUITY AND LIABILITIES		114,983,007	134,005,611
COMMITMENTS AND CONTINGENCIES	25		

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

Khalid Mansoor	Abdul Nasir	Iqbal Alimohamed
Chief Executive	Chief Financial Officer	Director

Unconsolidated Cash Flow Statement

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation including discontinued operations		9,742,976	11,724,491
Adjustments for:			
Depreciation		2,648,564	2,836,699
Amortisation		27,196	20,075
Dividend income from subsidiaries		(1,535,081)	(1,404,701)
Gain on disposal of fixed assets		(4,215)	(11,083)
Provision against slow moving stores, spares and consumables		28,867	25,449
Provision for Workers' profit participation fund		76,754	70,235
Write-off of fixed assets		-	63,924
Staff gratuity		27,447	28,742
Interest income		(18,382)	(21,290)
Interest / mark-up		2,736,844	2,950,402
Amortisation of transaction costs		54,955	79,083
Operating profit before working capital changes		13,785,925	16,362,026
Working capital changes	30	(7,321,453)	(80,524)
Cash generated from operations		6,464,472	16,281,502
Interest income received		17,964	21,448
Interest / mark-up paid		(2,742,044)	(3,198,383)
Workers' profit participation fund paid		(70,235)	(74,755)
Staff gratuity paid		(75,434)	(18,446)
Taxes paid		(277,179)	(111,135)
Net cash generated from operating activities		3,317,544	12,900,231
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from subsidiaries		2,035,766	904,015
Fixed capital expenditure		(804,993)	(678,092)
Proceeds from disposal of fixed assets		33,454	21,532
Long term investments made		(1,375,929)	(908,305)
Long term deposits and prepayments		(112,131)	(2,215)
Net cash used in investing activities		(223,833)	(663,065)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(10,400,256)	(13,484,847)
Proceeds from long term loans		1,566,031	3,100,000
Repayment of long term loans		(3,425,497)	(4,633,189)
Net cash used in financing activities		(12,259,722)	(15,018,036)
Net decrease in cash and cash equivalents		(9,166,011)	(2,780,870)
Cash and cash equivalents at the beginning of the year		(13,260,148)	(10,479,278)
		(22,426,159)	(13,260,148)
Cash and cash equivalents transferred to NEL		3,558,498	-
Cash and cash equivalents at the end of the year	31	(18,867,661)	(13,260,148)

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

Khalid Mansoor	Abdul Nasir	Iqbal Alimohamed
Chief Executive	Chief Financial Officer	Director

	Note	2017	2016
		(Rupees in '000)	
ISSUED CAPITAL			
Balance at the beginning of the year		11,571,544	11,571,544
Balance at the end of the year	20	11,571,544	11,571,544
UNAPPROPRIATED PROFIT			
Balance at the beginning of the year		16,007,117	20,063,357
Profit for the year from continuing and discontinued operations		9,600,073	11,575,805
Other comprehensive income / (loss) for the year		9,803	(10,461)
Total comprehensive income for the year		9,609,876	11,565,344
Unappropriated profit transferred to NEL	1.3	(8,445,758)	-
Transactions with owners in their capacity as owners			
Final dividend for the fiscal year 2015-2016 @ Rs. 3.00 (2014-2015 @ Rs. 5.50) per share		(3,471,463)	(6,364,349)
First interim dividend for the fiscal year 2016-2017 @ Rs. 1.50 (2015-2016 @ Rs. 4.50) per share		(1,735,732)	(5,207,195)
Second interim dividend for the fiscal year 2016-2017 @ Rs. 1.50 (2015-2016 @ Rs. 3.50) per share		(1,735,732)	(4,050,040)
Third interim dividend for the fiscal year 2016-2017 @ Rs. 2.00 (2015-2016 @ Rs. nil) per share		(2,314,309)	-
		(9,257,236)	(15,621,584)
Balance at the end of the year		7,913,999	16,007,117
TOTAL EQUITY		19,485,543	27,578,661

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

Khalid Mansoor
Chief Executive

Abdul Nasir
Chief Financial Officer

Iqbal Alimohamed
Director

1. THE COMPANY AND ITS OPERATIONS

The Hub Power Company Limited (the "Company") was incorporated in Pakistan on August 1, 1991 as a public limited company under the repealed Companies Ordinance, 1984 (the "Ordinance"). The shares of the Company are listed on the Pakistan Stock Exchange (PSX). The principal activities of the Company are to develop, own, operate and maintain power stations. The Company owns an oil-fired power station of 1,200 MW (net) in Balochistan (Hub plant).

The Company has the following subsidiaries:

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

Further information of subsidiaries is disclosed in note 12.1 to 12.5 to these unconsolidated financial statements.

Narowal Demerger

The Board of Directors of the Company approved the Scheme of Arrangement for Demerger (the Scheme) of Narowal plant along with related assets, liabilities, retained earnings, commitments and contingencies (Narowal Undertaking). After obtaining necessary approvals from Private Power and Infrastructure Board (PPIB), lenders, creditors, and other relevant authorities, the Company filed a petition with the Honorable High Court of Sindh (SHC) for the approval of the Scheme. On March 29, 2017, the petition was approved by SHC. The certified copy of the court order, sanctioning the Scheme, was filed with the Registrar of Companies on March 31, 2017 making the Scheme effective from April 01, 2017. Consequently, Narowal Undertaking has been transferred to NEL at book value against issuance of 392,178,346 fully paid ordinary shares at Rs. 10 per share to the Company.

Discontinued operations represents profit and loss pertaining to Narowal Plant for the period from July 01, 2016 to March 31, 2017.

1.1 Basis of allocation

Pursuant to demerger, all the assets and liabilities of the Narowal Undertaking have been transferred to NEL as per the Scheme approved by the Court as of effective date i.e. April 01, 2017.

1.2 Profit and loss account of discontinued operations (Narowal Undertaking) is as follows:

	For the period from July 01, 2016 to March 31, 2017	2016
	(Rupees in '000)	
Turnover	**12,577,887**	14,489,881
Operating costs	**(10,115,184)**	(10,137,439)
GROSS PROFIT	**2,462,703**	4,352,442
General and administration expenses	**(92,577)**	(165,680)
Other income	**817**	5,375
Other operating expenses	**-**	(47,993)
PROFIT FROM OPERATIONS	**2,370,943**	4,144,144
Finance costs	**(1,026,494)**	(1,693,411)
PROFIT BEFORE TAXATION	**1,344,449**	2,450,733
Taxation	**(469)**	(1,192)
PROFIT FOR THE PERIOD / YEAR FROM DISCONTINUED OPERATIONS	**1,343,980**	2,449,541
Other comprehensive income for the period / year		
Items that will not be reclassified to profit or loss in subsequent periods		
Loss on remeasurements of post employment benefit obligation	**-**	(775)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD / YEAR FROM DISCONTINUED OPERATIONS	**1,343,980**	2,448,766

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2017

1.3 Pursuant to demerger, all the assets and liabilities of the Narowal Undertaking have been transferred to NEL as per the Scheme approved by the Court as of effective date i.e. April 01, 2017, are as follows:

	(Rupees in '000)
ASSETS	
Property, plant and equipment	17,406,318
Intangibles	13,818
Stores, spares and consumables	1,127,582
Stock-in-trade	548,629
Trade debts	9,630,549
Loan and advances	67,657
Prepayments, deposits and other receivables	462,842
Cash and bank balances	312,443
	29,569,838
LIABILITIES	
Long term loans	11,499,813
Trade and other payables	1,579,436
Interest / mark-up accrued	252,107
Short term borrowings	3,870,941
	17,202,297
Net assets transferred to NEL	12,367,541
Retained earnings transferred to NEL	
Unappropriated profit	8,445,758
Amount of fully paid ordinary shares issued to the Company	3,921,783

1.4 The following commitments and contingencies have been transferred to NEL pursuant to the Scheme. However, there proceedings with the relevant authorities will be followed by the Company:

1.4.1 Commitments in respect of capital and revenue expenditures amount to Rs. 140.071 million.

1.4.2 Pursuant to Fuel Supply Agreement (FSA) with Bakri Trading Company Pakistan (Pvt) Limited for the Narowal plant, the Company has provided Stand-by Letter of Credit (SBLC) for an amount of Rs. 1,600 million. Any default in payment by the Company is subject to a mark-up rate of three month KIBOR plus 4% per annum.

1.4.3 Due to continuous delay in payments by NTDC in connection with the Narowal plant, the Company had called on the Sovereign Guarantee for recovery of overdue receivables. Subsequently, the Company also filed a petition in the Honourable Supreme Court of Pakistan (SCP) seeking an immediate recovery of these overdue receivables and to protect itself against reduction in capacity purchase price in the form of Liquidated Damages (LDs) due to non-availability of power plant for electricity generation because of lack of fuel caused by delay in payments by NTDC. On February 15, 2013, the SCP passed an interim order that there shall be no reduction in capacity payment. On June 28, 2013, the Company and other IPPs agreed with GOP that on settlement of all overdue amounts, the Company and other Independent

Power Producers (IPPs) would withdraw the SCP case and pursue expert adjudication and arbitration in accordance with the PPA with regards to the LDs imposed by power purchaser. Expert's decision is non-binding on both the Company as well as NTDC and any party may decide to pursue arbitration pursuant to the PPA. During 2016, the decision of the expert was received which was generally in favour of IPPs. However, due to NTDC/GOP's unwillingness to implement the expert's decision, the IPPs commenced arbitration proceedings in the London Court of International Arbitration (LCIA) which has appointed an arbitrator and proceedings are in progress. If the matter is decided in favour of the Company, an amount of Rs. 967 million (out of which LDs amounting to Rs. 567 million pertaining to the period prior to January 2013 charged to Profit & Loss account as a matter of prudence) will become refundable from power purchaser.

1.4.4 An agreement dated May 11, 2017 has been entered into between the Company and NEL whereby NEL has undertaken to reimburse any cost which may directly be incurred by the Company in respect of exposures transferred pursuant to the scheme of demerger.

1.4.5 Summary of tax related matters that are pending adjudication are as follows:

Description	Tax year / fiscal year	Maximum exposure (including penalty) (Rs. in million)
Minimum tax	2006 to 2008, 2010 and 2011	12
Workers' welfare fund (WWF)	2013	35
Sales tax	2008 to 2011	382
Sales tax	2012	1,038
Sales tax	2013	353
Sales tax	2014	878
		2,698

The management and their tax advisors are of the opinion that the position of the Company is sound on technical basis and eventual outcome ought to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these unconsolidated financial statements. Further, WWF is a pass through under the PPA and is recoverable from the NTDC. No provision has been made in these unconsolidated financial statements as any payment made by the Company is a pass through item under the PPA.

	For the period from July 01, 2016 to March 31, 2017	2016
	(Rupees in '000)	
1.5 Net cash flows of discontinued operations (Narowal Undertaking) are as follows:		
Net cash (used in) / generated from operating activities	**(304,131)**	2,568,189
Net cash used in investing activities	**(75,151)**	(225,411)
Net cash used in financing activities	**(1,800,019)**	(1,439,235)
	(2,179,301)	903,543

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these unconsolidated financial statements have been prepared under the Companies Ordinance 1984.

2.2 Accounting convention

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

2.3 Property, plant and equipment

(a) Operating property, plant, equipment and depreciation

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

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

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

Spare parts and servicing equipment are classified as property, plant and equipment under plant and machinery rather than stores, spares and loose tools when they meet the definition of property, plant and equipment. Available for use capital spares and servicing equipment are depreciated over their useful lives, or the remaining life of principal asset, whichever is lower.

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

(b) Capital work-in-progress

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

2.4 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. These assets are available for sale in their present condition subject only to terms that are usual and customary for sale of such assets and their sale is highly probable.

The Company measures its non-current assets classified as held for sale at the lower of carrying amount and fair value less costs to sell. Costs to sell signify the incremental costs directly attributable to the disposal of assets, excluding finance costs and income tax expense.

2.5 Intangible assets and amortisation

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

2.6 Impairment of non-current assets

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

2.7 Investment in subsidiaries and associates

Investment in subsidiaries and associates are recognised at cost less impairment losses, if any.

2.8 Stores, spares and consumables

These are valued at the lower of moving average cost and net realisable value except for the items in transit which are stated at cost. Cost of stock-in-transit represents the invoice value plus other charges incurred thereon till the balance sheet date. Provision is made for slow moving and obsolete items, if any.

2.9 Stock-in-trade

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

2.10 Cash and cash equivalents

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

2.11 Provisions

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

2.12 Staff retirement benefits

The Company operates a funded defined benefit gratuity plan covering eligible employees whose period of service with the Company is at least five years. The liabilities relating to defined benefit plans are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 22.5 to these unconsolidated financial statements.

The Company operates a recognised contributory provident fund covering all its employees who are eligible for the plan. Equal monthly contributions are made by the Company and the employees in accordance with fund's rules. Effective July 2015 contribution was transferred to Meezan Tahaffuz Pension Fund as more fully explained in note 28.1.

2.13 Revenue recognition

Revenue from the sale of electricity to the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), the sole customer of the Company for Hub plant, is recorded based upon the output delivered and capacity available at rates as specified under the Power Purchase Agreement (PPA) with CPPA-G, as amended from time to time. PPA with CPPA-G is a contract over a period of 30 years starting from 1997.

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

2.14 Interest income

Interest income is recorded on accrual basis.

2.15 Dividend income

Dividend income is recognised when the Company's right to receive payment has been established.

2.16 Functional and presentation currency

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.17 Foreign currency transactions and translation

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

2.18 Taxation

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

2.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which it is approved.

2.20 Financial instruments

(a) Trade debts and other receivables

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

(b) Borrowings

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

(c) Trade and other payables

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

2.21 Impairment of financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

2.22 Borrowing costs

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

2.23 Off-setting

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

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2017

2.24 Use of estimates and judgements

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

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

Following are some significant areas where management used estimates and judgements other than those which have been disclosed elsewhere in these unconsolidated financial statements.

a) Determining the residual values and useful lives of property, plant and equipment and intangibles;
b) Distinguish between capital spares, servicing equipment and stores and spares;
c) Determining significant influence in an associate;
d) Provisions;
e) Disclosures related to IFRIC 4;
f) Recognition of taxation;
g) Recognition of provision for staff retirement benefits;
h) Impairment of trade debts and other receivables;
i) Commitments and contingencies; and
j) Classification of non-current assets held for sale.

	Note	2017	2016
		(Rupees in '000)	
3. TURNOVER			Re-presented
Turnover		102,641,825	96,917,417
Less: Sales tax		(11,474,171)	(10,502,208)
		91,167,654	86,415,209
Less: turnover related to discontinued operations		(12,577,887)	(14,489,881)
		78,589,767	71,925,328

	Note	2017	2016
		(Rupees in '000)	
4. OPERATING COSTS			Re-presented
Fuel cost		70,130,912	63,313,631
Stores and spares		1,635,378	950,129
Operations and maintenance	4.1	1,856,949	1,837,501
Insurance		698,893	822,810
Depreciation	10.3	2,597,215	2,784,933
Amortisation	11.1	21,661	17,325
Repairs, maintenance and other costs		2,446,868	1,901,096
		79,387,876	71,627,425
Less: operating costs related to discontinued operations		(10,115,184)	(10,137,439)
		69,272,692	61,489,986

4.1 This represents Rs. 1,856.949 million (2016: Rs. 1,301.217 million) for O&M services rendered by HPSL (a subsidiary company) for Hub plant and Narowal plant under their respective O&M Agreements.

5. GENERAL AND ADMINISTRATION EXPENSES

	Note	2017 (Rupees in '000)	2016 (Rupees in '000) Re-presented
Salaries, benefits and other allowances	5.1 to 5.3	259,069	443,094
Travel and transportation		17,167	67,206
Fuel and power		9,262	8,343
Property, vehicles and equipment rentals		36,258	27,054
Repairs and maintenance		11,893	21,623
Legal and professional charges		141,719	96,929
Insurance		13,270	12,352
Auditors' remuneration	5.4	9,060	9,709
Donations	5.5	112,527	94,394
Printing and stationery		15,197	12,524
Depreciation	10.3	51,349	51,766
Amortisation	11.1	5,535	2,750
Miscellaneous		25,475	77,564
		707,781	925,308
Less: general and administration expenses related to discontinued operations		(92,577)	(165,680)
		615,204	759,628

5.1 This is net of costs of Rs. 328.360 million (2016: Rs. 294.745 million) allocated to subsidiary companies.

5.2 This includes a sum of Rs. 44.168 million (2016: Rs. 46.384 million) in respect of staff retirement benefits.

5.3 Number of persons employed as at year end were 93 (2016: 140) and the average number of persons employed during the year were 105 (2016: 129). Certain employees who were previously seconded to the subsidiary companies have been permanently transferred to the subsidiaries.

5.4 Auditors' remuneration	2017 (Rupees in '000)	2016 (Rupees in '000) Re-presented
Statutory audit	2,850	2,797
Half yearly review	882	866
Tax and other services	4,910	5,626
Out-of-pocket expenses	418	420
	9,060	9,709

5.5 Donations include the following in which a director or their spouse is interested:

Name of Director	*Name / Address of Donee*	*Interest in Donee*	2017	2016
Mr. Hussain Dawood / Mr. Shahzada Dawood / Mr. Abdul Samad Dawood	The Dawood Foundation / 10th Floor Dawood Centre MT. Khan Road Karachi	Chairman / Trustee	500	-
Mr. Ruhail Mohammed / Syed Muhammad Ali	Engro Foundation / 8th Floor, Harbor Front Building, Marine Drive, Clifton Block 4 Karachi	Trustee	-	1,500

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2017

6. OTHER INCOME

	Note	2017 (Rupees in '000)	2016 (Rupees in '000) Re-presented
Financial assets			
Interest income		18,382	21,290
Non-financial assets			
Gain on disposal of fixed assets	6.1	4,215	11,083
Dividend income from LEL		990,940	1,404,701
Dividend income from HPSL		250,000	-
Dividend income from NEL		294,141	-
Exchange gain		181	7,423
		1,539,477	1,423,207
		1,557,859	1,444,497
Less: other income related to discontinued operations		(817)	(5,375)
		1,557,042	1,439,122

6.1 This includes Rs. 1.077 million (2016: Rs. 6.625 million) gain on disposal of assets to key management personnel.

7. OTHER OPERATING EXPENSES

	Note	2017 (Rupees in '000)	2016 (Rupees in '000) Re-presented
Write-off of fixed assets		-	63,924
Workers' profit participation fund	7.1	76,754	70,235
Termination compensation		-	339,118
		76,754	473,277
Less: other operating expenses related to discontinued operations		-	(47,993)
		76,754	425,284

7.1 Workers' profit participation fund

	Note	2017	2016
Provision for Workers' profit participation fund	22	490,984	467,199
Workers' profit participation fund recoverable from CPPA-G		(414,230)	(396,964)
		76,754	70,235

The Company is required to pay 5% of its profit to the Workers' profit participation fund (the "Fund"). The Company is entitled to claim majority of this expense from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) as a pass through item (refer note 25.6).

8. FINANCE COSTS

	Note	2017 (Rupees in '000)	2016 (Rupees in '000) Re-presented
Interest / mark-up on long term loans		1,288,278	1,867,667
Mark-up on short term borrowings		1,448,566	1,082,735
Amortisation of transaction costs		54,955	79,083
Other finance costs		18,327	79,720
		2,810,126	3,109,205
Less: finance costs related to discontinued operations		(1,026,494)	(1,693,411)
	8.1	1,783,632	1,415,794

8.1 The above includes an aggregate sum of Rs. 437.967 million (2016: Rs. 348.887 million) related to long term loans and short term borrowings facilities maintained with associated companies.

		2017	2016
		(Rupees in '000)	Re-presented
9. TAXATION			
Current			
- For the year	9.1	142,903	148,686
Less: taxation related to discontinued operations		(469)	(1,192)
		142,434	147,494

9.1 Relationship between tax expense and accounting profit

		2017	2016
Profit before taxation			
- Continuing operations		8,398,527	9,273,758
- Discontinued operations		1,344,449	2,450,733
		9,742,976	11,724,491
Tax calculated at the rate of 31% (2016: 32%)		3,020,322	3,751,837
Effect of reduced rate of tax on dividend income		(379,494)	(344,152)
Effect of exempt income		(2,544,019)	(3,301,243)
Impact of super tax		46,094	42,244
		142,903	148,686

10. PROPERTY, PLANT AND EQUIPMENT

		2017	2016
Operating property, plant and equipment	10.1	17,049,483	36,453,125
Capital work-in-progress			
Hub plant	10.4	212,509	124,271
Narowal plant	10.5	-	9,500
		212,509	133,771
		17,261,992	36,586,896

10.1 Operating property, plant and equipment

	Freehold land	Building on freehold land	Leasehold property	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Total
	(Rupees in '000)							
Cost:								
As at July 1, 2015	69,530	1,009,731	862	72,076,137	109,902	160,276	14,148	73,440,586
Additions	1,258	61,712	-	408,083	2,494	134,219	6,010	613,776
Adjustments	-	-	-	24,860	(2,830)	-	-	22,030
Disposals	-	-	-	(107,486)	-	(47,569)	(854)	(155,909)
As at June 30, 2016	70,788	1,071,443	862	72,401,594	109,566	246,926	19,304	73,920,483
Additions	-	1,966	-	555,127	13,852	91,353	17,339	679,637
Disposals	-	-	-	(3,035)	-	(63,595)	-	(66,630)
Transferred to NEL	(51,898)	(660,225)	-	(22,366,911)	(20,136)	(30,311)	(4,066)	(23,133,547)
Asset classified as held for sale	(3,665)	-	-	-	-	-	-	(3,665)
As at June 30, 2017	15,225	413,184	862	50,586,775	103,282	244,373	32,577	51,396,278
Accumulated depreciation:								
Depreciation rate % per annum	-	3.33 to 25	3.33	3.33 to 33.33	20	25	20	-
As at July 1, 2015	-	259,891	596	34,300,728	43,001	96,687	7,578	34,708,481
Charge for the year	-	73,691	29	2,691,153	15,440	54,149	2,237	2,836,699
Adjustments	-	-	-	3,714	-	-	-	3,714
Disposals	-	-	-	(43,452)	-	(37,230)	(854)	(81,536)
As at June 30, 2016	-	333,582	625	36,952,143	58,441	113,606	8,961	37,467,358
Charge for the year	-	33,379	29	2,536,602	16,898	58,228	3,428	2,648,564
Disposals	-	-	-	(2,764)	-	(34,627)	-	(37,391)
Transferred to NEL	-	(142,688)	-	(5,554,711)	(14,012)	(18,543)	(1,782)	(5,731,736)
As at June 30, 2017	-	224,273	654	33,931,270	61,327	118,664	10,607	34,346,795
Net book value as at June 30, 2017	15,225	188,911	208	16,655,505	41,955	125,709	21,970	17,049,483
Net book value as at June 30, 2016	70,788	737,861	237	35,449,451	51,125	133,320	10,343	36,453,125
Cost of fully depreciated assets as at June 30, 2017	-	23,190	-	456,321	27,870	35,233	6,099	548,713
Cost of fully depreciated assets as at June 30, 2016	-	21,010	-	373,402	27,535	37,967	6,099	466,013

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2017

10.2 Disposal of operating property, plant and equipment

Assets	Cost	Accumulated depreciation	Net book value	Sale price	Mode of disposal	Particulars of buyer
	(Rs. '000s)					
Vehicle	2,528	2,001	527	527	Company policy	HPSL
Vehicle	1,558	1,006	552	552	Company policy	HPSL
Vehicle	1,754	1,169	585	585	Company policy	HPSL
Vehicle	2,116	1,384	732	732	Insurance claim	EFU General Insurance Ltd.
Vehicle	1,649	893	756	766	Company policy	Mr. Fahad Noor - employee
Vehicle	2,479	1,704	775	775	Company policy	HPSL
Vehicle	1,686	843	843	853	Company policy	Mr. Farhat Ali Rana - employee
Vehicle	1,685	808	877	878	Company policy	HPSL
Vehicle	1,553	647	906	906	Company policy	HPSL
Vehicle	2,089	1,175	914	924	Company policy	Mr. Ahmed Zulfiqar - Ex-employee
Vehicle	1,543	611	932	942	Company policy	Mr. Haaris Anwar - employee
Vehicle	1,543	578	965	975	Company policy	Mr. Omar Rafiq - employee
Vehicle	1,666	660	1,006	1,016	Company policy	Mr. Adnan Akbar - Ex-employee
Vehicle	1,686	667	1,019	1,019	Company policy	HPSL
Vehicle	1,733	614	1,119	1,129	Company policy	Mr. Tariq Zia Qaisrani - employee
Vehicle	1,591	397	1,194	1,204	Company policy	Mr. Faizan Aqeel - employee
Vehicle	1,591	397	1,194	1,204	Company policy	Mr. Raheel Rauf - Ex-employee
Vehicle	1,733	469	1,264	1,712	Company policy	Ms. Marium Shirazee - Ex-employee
Vehicle	2,533	1,108	1,425	1,425	Company policy	LEL
Vehicle	2,166	722	1,444	1,454	Company policy	Mr. Momin Bag - Ex-employee
Vehicle	1,734	-	1,734	1,734	Company policy	HPSL
Vehicle	2,187	410	1,777	1,777	Company policy	HPSL
Vehicle	2,525	632	1,893	1,893	Company policy	HPSL
Vehicle	2,532	527	2,005	2,200	Insurance claim	EFU General Insurance Ltd.
Vehicle	1,603	1,503	100	110	Company policy	Syed Jamil Shah - Ex-employee
Vehicle	2,478	2,065	413	1,493	Company policy	M. Abdul Vakil - Ex-employee
Vehicle	2,548	531	2,017	2,017	Company policy	HPSL
Items having a net book value not exceeding Rs. 50,000 each						
Vehicles	11,106	11,106	-	2,345	Various	Various
Computers	3,035	2,764	271	307	Various	Various
Total - June 30, 2017	66,630	37,391	29,239	33,454		
Total - June 30, 2016	155,909	81,536	74,373	21,532		

	Note	2017	2016
		(Rupees in '000)	
10.3 Depreciation charge for the year has been allocated as follows:			
Operating costs	4	2,597,215	2,784,933
General and administration expenses	5	51,349	51,766
		2,648,564	2,836,699
10.4 Capital work-in-progress - Hub plant			
Opening balance		124,271	42,561
Additions during the year		276,413	195,892
Transfers during the year		(188,175)	(114,182)
		212,509	124,271
10.5 Capital work-in-progress - Narowal plant			
Opening balance		9,500	43,530
Additions during the year		20,629	194,242
Transfers during the year		(25,622)	(228,272)
Transferred to NEL		(4,507)	-
		-	9,500

	Note	2017	2016
		(Rupees in '000)	
11. INTANGIBLES - Computer software			
Cost			
Opening balance		122,026	89,113
Additions at cost		42,111	60,916
Write-offs		-	(28,003)
Transferred to NEL		(30,857)	-
		133,280	122,026
Accumulated amortisation			
Opening balance		(77,790)	(85,718)
Charge for the year	11.1	(27,196)	(20,075)
Write-offs		-	28,003
Transferred to NEL		17,039	-
		(87,947)	(77,790)
Net book value		45,333	44,236
Cost of fully amortised intangibles		45,407	61,110
Amortisation rate % per annum		33.33	33.33
11.1 Amortisation charge for the year has been allocated as follows:			
Operating costs	4	21,661	17,325
General and administration expenses	5	5,535	2,750
		27,196	20,075
12. LONG TERM INVESTMENTS - at cost			
Investment in subsidiaries			
Laraib Energy Limited (LEL)	12.1	4,674,189	4,674,189
Hub Power Services Limited (HPSL)	12.2	100	100
Hub Power Holdings Limited (HPHL)	12.3	1,670,000	576,000
Narowal Energy Limited (NEL)	12.4	3,921,883	100
Thar Energy Limited (TEL)	12.5	300,000	50,000
		10,566,172	5,300,389
Investment in associate			
Sindh Engro Coal Mining Company Limited (SECMC)	12.6	607,921	575,992
		11,174,093	5,876,381

12.1 Laraib Energy Limited (LEL)

The Company has 74.95% controlling interest in LEL. The investment is recognised at cost less impairment losses, if any. LEL was incorporated in Pakistan on August 9, 1995 as a public limited company under the Ordinance. The subsidiary owns a 84 MW hydropower generating complex near the New Bong Escape, which is 8 KM downstream of the Mangla Dam in Azad Jammu & Kashmir. The plant commenced operations on March 23, 2013.

12.2 Hub Power Services Limited (HPSL)

The Company's investment in HPSL which is a wholly owned subsidiary is recognised at cost less impairment losses, if any. HPSL was incorporated in Pakistan on March 26, 2015 as a public limited company under the Ordinance. The principal activities of the subsidiary are to manage operations & maintenance of the power plants.

12.3 Hub Power Holdings Limited (HPHL)

During the year, the Company has made additional investments of Rs. 1,094 million in HPHL. In accordance with the terms of Amended and Restated Shareholders' Agreement (A&RSHA) dated March 9, 2016, HPHL has the right but not the obligation to increase its shareholding in China Power Hub Generation Company (Private) Limited (CPHGC) from 26% up to a minimum of 43% and a maximum of 49%. During the year, the Board of Directors of the Company and HPHL have decided to increase HPHL's shareholding in CPHGC from 26% to 47.5%.

Further, during the year, HPHL has also entered into a Memorandum of Understanding (MoU) with China Power International (Pakistan) Investment Limited (CPIPIL) and Government of Balochistan (GoB). In accordance with the MoU, HPHL and CPIPIL agreed to transfer 3% equity shareholding (1.5% each) in China Power Hub Generation Company (Private) Limited (CPHGC) to GoB, no later than the Commercial Operation Date (COD) of CPHGC and consequently shareholding of HPHL and CPIPL shall reduce to 46% and 51% respectively.

CPHGC has been granted generation license by National Electric Power Regulatory Authority (NEPRA) on September 8, 2016. The term of the license is 30 years from the date of commencement of commercial operations. CPHGC also submitted application for tariff determination, under Upfront Tariff (Approval and Procedures) Regulations, 2011, with NEPRA, which was approved on February 12, 2016. In addition, CPHGC signed the Engineering, Procurement and Construction (EPC) contracts for coal importation jetty and plant and machinery on June 14, 2016 and September 21, 2016, respectively. Advance payments to EPC contractors have been made and work is underway in respect of construction of the power plant.

In accordance with the terms of the Letter of Support (LOS), dated April 12, 2016, issued by Private Power & Infrastructure Board (PPIB), China Power International Holding Limited (CPIHL) and HPHL provided performance guarantees in favor of PPIB which require CPHGC to (i) achieve Financial Closing no later than nine months from the date of LOS, and (ii) enter into the Implementation Agreement (IA) and Power Purchase Agreement (PPA) no later than three months prior to the financial closing date. PPIB is entitled to encash the performance guarantees in case CPHGC is not able to meet the above conditions or CPHGC decides to exercise termination option as defined in the LOS. During the year, PPIB granted extension to achieve the above deadlines, initially by June 07, 2017. During this extension period, IA and PPA were signed on January 25, 2017. PPIB further granted extension to achieve the deadline for Financial Closure till December 07, 2017. The related performance guarantee has also been extended until March 08, 2018.

On the basis of current estimated project cost of 2x660MW coal project with ancillary jetty, HPHL's total maximum equity commitment is USD 130 million for 26% equity stake in CPHGC.

12.4 Narowal Energy Limited (NEL)

The Company's investment in NEL which is a wholly owned subsidiary recognised at cost less impairment losses, if any. NEL was incorporated in Pakistan on November 03, 2015 as a public limited company under the Ordinance. The principal activities of the subsidiary is to own, operate and maintain power plant. The subsidiary owns 214 MW (net) oil-fired power station in Punjab.

During the year, Narowal Undertaking had been transferred to NEL through order of Court with effect from April 01, 2017 (Refer note 1).

12.5 Thar Energy Limited (TEL)

During the year, the Company has made additional investment of Rs 250 million in TEL. The investment in wholly owned subsidiary is recognized at cost less impairment losses, if any. TEL was incorporated in Pakistan on May 17, 2016 as a public limited company under the Ordinance. The principal activities of TEL are to develop, own, operate and maintain a 1x330 MW mine-mouth coal fired power plant to be established at Thar Block II, Thar Coal Mine, Sindh.

Pursuant to the proposal submitted by the Company on April 05, 2016 for setting up 1x330 MW mine-mouth Coal Power Plant (the Project), Private Power & Infrastructure Board (PPIB) issued Notice to Proceed (NTP) on May 13, 2016. On August 02, 2016, PPIB issued Letter of Interest (LOI) which required TEL to submit within two months from the date of LOI petitions before NEPRA to obtain tariff determination and generation license. On August 11, 2016, TEL submitted its application for tariff determination and generation license before NEPRA which were approved on October 18, 2016 and June 07, 2017 respectively.

PPIB has issued the LOS to TEL on December 09, 2016. As per the terms of the LOS, the Company provided performance guarantee in favour of PPIB. The LOS requires TEL to (i) achieve the Financial Closing of the Project no later than nine months from the date of LOS and (ii) enter into the Implementation Agreement (IA), Power Purchase Agreement (PPA) and Water Use Agreement (WUA) not later than three months prior to the financial closing date. On June 23, 2017, PPIB has granted for extension in the Financial Closing date of the Project upto March 9, 2018 subject to achievement of Commercial Operation Date (COD) on or before December 31, 2020. PPIB is entitled to encash the performance guarantee in case TEL is not able to meet the above conditions or TEL decides to exercise termination option as defined in the LOS.

TEL has signed the Engineering, Procurement and Construction (EPC) contract on December 29, 2016 and then subsequently entered into an Early Works Contract (EWC) on March 9, 2017 for the construction of the power plant. On January 25, 2017, TEL initialed IA, PPA and has signed Coal Supply Agreement with Sindh Engro Coal Mining Company (an associate undertaking) on May 13, 2017. Subsequent to the year end, on July 27, 2017 TEL has also signed PPA.

On March 15, 2017, the Company has announced that it would divest 40% of its shares in the Company and would bring in Fauji Fertilizer Company Limited (FFCL) with 30% shareholding as a strategic shareholder and China Machinery Engineering Complex (CMEC), the EPC Contractor, with 10% shareholding in TEL. The terms of shareholding agreement are being finalized.

12.6 Sindh Engro Coal Mining Company Limited (SECMC)

Pursuant to the Shareholders' Agreement dated July 21, 2014 between Engro Powergen Limited (EPL), Thal Limited (TL) and the Company, the parties agreed to make investments in Sindh Engro Coal Mining Company Limited (SECMC). The Company undertook to invest USD 20 million in PKR equivalent and has invested Rs. 240 million in December 2014 acquiring 16,194,332 ordinary shares having face value of Rs. 10 each, at a price of Rs. 14.82 per share. Subsequently, Habib Bank Limited (HBL) and China Everbest Development International Limited (CEDIL) were inducted as investors in SECMC. Accordingly, a Shareholders' Agreement ('SHA') was entered into on August 17, 2015 between the Company, EPL, TL, HBL, and CEDIL, which terminated and superseded the previous shareholders' agreement dated July 21, 2014.

Pursuant to SHA, the Company has agreed to invest the equivalent of USD 20 million at or soon after Financial Close of SECMC or at such later time or times as required by the Financing Agreements of SECMC at a share price of Rs. 14.82 per share. The number of shares to be acquired shall be subject to the rate of conversion prevailing on the date of payment of each tranche of subscription amounts. On March 21, 2016, the Company further invested Rs. 332.905 million, and acquired 22,463,267 ordinary shares having face value of Rs. 10 each at a price of Rs. 14.82 per share in SECMC. On August 09, 2016 the Company further invested Rs. 31.929 million acquiring 2,154,438 ordinary shares having face value of Rs. 10 each at a price of Rs. 14.82 per share. SECMC achieved the Financial Close on April 4, 2016.

In addition to the USD 20 million equity, the Company may, pursuant to the terms of the Sponsor Support Agreement (SSA), make the following investments in SECMC:

12.6.1 Sponsor Support Guarantee to cover cost overruns – for an amount not exceeding USD 4 million (in equivalent Pakistan Rupees), if at any time prior to the Project Completion Date a funding shortfall occurs. Each Sponsor is obligated to pay the cost overrun amount in cash, by way of subscription of SECMC shares or at the option of the Sponsors collectively, by way of a subordinated debt to SECMC. During the Extraordinary General Meeting held on January 14, 2016, this cost overrun support was approved by the members of the Company.

12.6.2 Letter of credit to cover for the Initial Payment Service Reserve Account Shortfall ('PSRA') – an amount estimated not to exceed USD 6 million (which could be higher). If there is an Initial PSRA Shortfall, each Sponsor shall procure and issue a PSRA Letter of Credit (LC) in proportion to its shareholding of Ordinary shares in SECMC. Upon a demand being made for payment under the PSRA LC and receiving such payment, the said amount may be treated as equity or at the option of the Sponsors collectively, subordinated debt advanced in favor of SECMC in an amount equal to such portion of the PSRA LC that is called upon. During the Extraordinary General Meeting held on January 14, 2016, the PSRA support was approved by the members of the Company.

If the entire amount of Sponsor Support guarantee to cover cost overrun is called and the entirety of the payment under the standby letter of credit for PSRA shortfall is demanded, the maximum investment of the Company in SECMC shall be USD 30 million (in equivalent PKR).

On February 26, 2016, the sponsors, including the Company, entered into a SSA with HBL as a condition precedent for the availability of loan facilities to SECMC in connection with the project to develop, construct, operate and maintain an open pit coal mine in Sindh, Pakistan. Pursuant to the terms and conditions set forth in the SSA, the Company has provided Sponsor Equity Contribution Letter of Credit in the form of an Irrevocable Standby letter of Credit (SBLC) in favour of HBL, dated March 18, 2016 for a total amount not exceeding USD 12.650 million. As at June 30, 2017 the SBLC has been revised to USD 10.440 million.

In order to provide bank guarantee for the issuance of Equity Standby Letter of Credit, the Company entered into a facility agreement with HBL for an amount of USD 12.65 million on March 02, 2016. This SBLC facility is valid for five years from effective date or four years from financial close whichever occurs earlier and is secured by second ranking charge over present and future plant and machinery of Hub Project with 25% margin.

Additionally, a Share Pledge Agreement was also executed by the Company with United Bank Limited on March 09, 2016, pursuant to the decision by the shareholders of the Company in an Extraordinary General Meeting held on January 14, 2016.

The effective shareholding of the Company in SECMC as at the reporting date is 8%. Although the Company has less than 20% equity interest in SECMC, the management believes that the significant influence over the associate exists as a result of Company's representation on the Board of Directors of SECMC and participation in policy making process by virtue of SHA, hence, classified as an associate.

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
13. LONG TERM DEPOSITS AND PREPAYMENTS			
Deposits - non interest bearing		21,401	17,278
Prepayments		111,538	3,530
		132,939	20,808
14. STORES, SPARES AND CONSUMABLES			
In hand		1,948,363	2,433,794
In-transit		55,355	51,177
		2,003,718	2,484,971
Provision against stores, spares and consumables	14.1	(43,801)	(25,449)
	14.2	1,959,917	2,459,522
14.1 Provision against stores, spares and consumables			
Opening balance		25,449	-
Provision for the year		28,867	25,449
Transferred to NEL		(10,515)	-
Closing balance		43,801	25,449

14.2 Most of the items of stores and spares are of interchangeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practicable to distinguish stores from spares until their actual usage.

	Note	2017	2016
		(Rupees in '000)	
15. STOCK-IN-TRADE			
Furnace oil		2,775,985	2,527,008
Diesel		10,361	8,588
Lubricating oil		-	18,802
Light diesel oil		-	8,929
		2,786,346	2,563,327
16. TRADE DEBTS - Secured			
Considered good	16.1 & 16.2	73,662,484	77,746,623

16.1 This includes an amount of Rs. 66,454 million (2016: Rs. 65,296 million) receivable from CPPA-G which is overdue but not impaired because the trade debts are secured by a guarantee from the GOP under Implementation Agreement. The delay in payments from CPPA-G carries mark-up at SBP discount rate plus 2% per annum compounded semi-annually.

The aging of these receivables are as follows:

	2017	2016
	(Rupees in '000)	
Not yet due	7,208,884	8,010,729
Up to 3 months	23,625,578	14,768,008
3 to 6 months	22,361,645	15,616,659
Over 6 months	20,466,377	39,351,227
	73,662,484	77,746,623

16.2 This includes Rs. 373 million (2016: Rs. 373 million) relating to a tax matter (Refer note 25.5).

	Note	2017	2016
		(Rupees in '000)	
17. LOANS AND ADVANCES			
Considered good - non interest bearing			
Loans - unsecured			
Executives	17.1	4,332	9,409
Advances - unsecured			
Executives		1,639	422
Employees		3	969
Suppliers		136,576	236,375
		138,218	237,766
		142,550	247,175

17.1 This includes Rs. 2.191 million (2016: Rs. 5.824 million) loan provided to key management personnel which is recoverable in 12 months equal installments in accordance with the Company policy.

	Note	2017	2016
		(Rupees in '000)	
18. PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments			
LC commission and other loan related costs		1,695	16,484
Miscellaneous		16,148	13,523
		17,843	30,007
Other receivables			
Interest accrued		2	-
Income tax	25.4	1,912,347	1,912,347
Sales tax		4,011,094	1,627,959
Advance tax		96,725	-
Dividend receivable from LEL - net		-	463,134
Receivable from LEL		6,455	158,913
Receivable from HPSL		39,608	86,670
Receivable from HPHL		42,150	72,298
Receivable from NEL		73,379	24
Receivable from TEL		2,681	4,464
Workers' profit participation fund recoverable from CPPA-G / NTDC		347,010	519,501
Miscellaneous		41,460	305,255
		6,572,911	5,150,565
		6,590,754	5,180,572
19. CASH AND BANK BALANCES			
Savings accounts	19.1 & 19.2	1,159,509	2,302,587
In hand			
Cash		65	419
Payorders		63,360	977,065
		63,425	977,484
		1,222,934	3,280,071

19.1 Savings and deposits accounts carry mark-up rates up to 3.75% (2016: 3.75%) per annum.

19.2 This includes Rs. 1,151.352 million (2016: Rs. 2,299.596 million) restricted for dividend payable.

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2017

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

2017	2016		2017	2016
(No. of Shares)			(Rupees in '000)	
		Authorised :		
1,200,000,000	1,200,000,000	Ordinary shares of Rs.10/- each	12,000,000	12,000,000
		Issued, subscribed and paid-up Ordinary shares of Rs.10/- each:		
818,773,317	818,773,317	For cash	8,187,733	8,187,733
		For consideration other than cash		
338,022,463	338,022,463	- against project development cost	3,380,225	3,380,225
358,607	358,607	- against land	3,586	3,586
338,381,070	338,381,070		3,383,811	3,383,811
1,157,154,387	1,157,154,387		11,571,544	11,571,544

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

20.2 Associated undertakings held 404,293,397 (2016: 409,713,697) shares in the Company as at year end.

21. LONG TERM LOANS - Secured

From Banks / Financial Institutions	Note	As at July 01, 2016	Drawn	Repaid	Transferred to NEL	Current portion	Amortisation of transaction costs	As at June 30, 2017
		(Rs. '000s)						
Hub plant								
Musharaka finance facility	21.1	2,187,500	-	(625,000)	-	(625,000)	-	937,500
Commercial facility	21.2	3,921,784	-	(685,292)	-	(780,167)	-	2,456,325
Syndicated term finance facility	21.3	-	1,574,929	-	-	-	-	1,574,929
Transaction costs		-	(8,898)	-	-	-	-	(8,898)
Sub Total		6,109,284	1,566,031	(1,310,292)	-	(1,405,167)	-	4,959,856
Narowal plant								
Expansion facility		9,679,881	-	(1,168,642)	(8,511,239)	-	-	-
Syndicated term finance facility		3,100,000	-	-	(3,100,000)	-	-	-
Transaction costs		(152,678)	-	-	111,426	-	41,252	-
Sub Total		12,627,203	-	(1,168,642)	(11,499,813)	-	41,252	-
Laraib's investment								
Syndicated term finance facility	21.4.1	1,944,740	-	(777,896)	-	(777,896)	-	388,948
Islamic finance facility	21.4.2	421,667	-	(168,667)	-	(168,667)	-	84,333
Transaction costs		(21,915)	-	-	-	7,208	13,703	(1,004)
Sub Total		2,344,492	-	(946,563)	-	(939,355)	13,703	472,277
Total		21,080,979	1,566,031	(3,425,497)	(11,499,813)	(2,344,522)	54,955	5,432,133

From Banks / Financial Institutions	Note	As at July 01, 2015	Drawn	Repaid	Transferred to NEL	Current portion	Amortisation of transaction costs	As at June 30, 2016
		(Rs. '000s)						
Hub plant								
Under the Private Sector Energy Development Fund's (PSEDF I) Facility		1,045,647	-	(1,045,647)	-	-	-	-
Under the Private Sector Energy Development Fund's (PSEDF II) Facility		372,082	-	(372,082)	-	-	-	-
Musharaka finance facility	21.1	2,500,000	-	(312,500)	-	(625,000)	-	1,562,500
Commercial facility	21.2	4,523,745	-	(601,961)	-	(685,292)	-	3,236,492
Sub Total		8,441,474	-	(2,332,190)	-	(1,310,292)	-	4,798,992
Narowal plant								
Expansion facility		11,034,317	-	(1,354,436)	-	(1,590,556)	-	8,089,325
Syndicated term finance facility		-	3,100,000	-	-	-	-	3,100,000
Transaction costs		(212,208)	-	-	-	53,967	59,530	(98,711)
Sub Total		10,822,109	3,100,000	(1,354,436)	-	(1,536,589)	59,530	11,090,614
Laraib's investment								
Syndicated term finance facility	21.4.1	2,722,636	-	(777,896)	-	(777,896)	-	1,166,844
Islamic finance facility	21.4.2	590,334	-	(168,667)	-	(168,667)	-	253,000
Transaction costs		(41,468)	-	-	-	13,674	19,553	(8,241)
Sub Total		3,271,502	-	(946,563)	-	(932,889)	19,553	1,411,603
Total		22,535,085	3,100,000	(4,633,189)	-	(3,779,770)	79,083	17,301,209

21.1 The Company entered into a long term Musharaka arrangement with a bank for an amount of Rs. 2,500 million (2016: Rs. 2,500 million) to finance boiler rehabilitation works at Hub Plant. The facility is repayable in sixteen equal installments on quarterly basis starting from March 30, 2016 at a mark-up rate of 3 month KIBOR plus 0.60% per annum. The mark-up is payable on quarterly basis in arrear. Any late payment by the Company is subject to a markup of 14% per annum. This loan is secured by way of second ranking / subordinated charge over all present and future assets excluding (i) land and buildings pertaining to Hub River Project of the Company; (ii) assets relating to the Narowal power plant; (iii) Commercial Facility Disbursement Account; (iv) any shares in Demerged Company (special purpose vehicle that the Company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal project); and (v) present and future shares acquired in LEL including bonus shares and right shares.

21.2 In order to finance the equity proportion of the project cost of Narowal plant, the Company obtained this loan which is repayable in 40 installments on quarterly basis starting from January 16, 2011 and then on each mark-up payment date at a mark-up rate of three month KIBOR plus 0.25% per annum. The mark-up is payable on quarterly basis in arrear. The loan is secured pari passu by way of:

(a) (i) Project Tangible Moveable Property;
(ii) Project Intellectual Property; and
(iii) all goodwill (including all brand names not otherwise subject to a fixed charge or assignment by or pursuant to this Agreement) presently belonging to the Project Company,

(b) a floating charge on the whole of the project related undertaking and assets, present and future;

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

(d) mortgage over the Hub Plant measuring 347 acres land.

a first ranking floating charge over the Commercial Facility Disbursement Account and all credit balances held therein from time to time and all rights, property and benefits arising therefrom at any time and from time to time.

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

The outstanding balance of long term loans include Rs. 560 million (2016: Rs. 678 million) repayable to associated undertakings.

21.3 During the year, the Company entered into a long term financing arrangement with various banks for an aggregate sum of Rs. 21,000 million to finance equity investment in CPHGC (via HPHL), TEL and SECMC. Disbursements under the facility are subject to fulfillment of certain conditions precedent. The loan is repayable in 40 installments on quarterly basis after the end the availability period, which is 54 months from the Facility Effective Date. The Facility Effective Date was May 18, 2017. Mark-up is charged at three months KIBOR plus 0.30% per annum. The loan is secured pari passu by way of all present and future assets of the Company other than current assets.

The outstanding balance of long term loans include Rs. 225 million (2016: Rs. nil) repayable to associated undertakings.

21.4 In order to meet its investment obligation in LEL:

21.4.1 The Company entered into a long term financing arrangement with various banks / financial institution for an amount of Rs. 3,741 million. The loan is repayable in 9 equal installments on semi-annual basis following the six months after the end of availability period which is 42 months from the facility effective date at a mark-up rate of six month KIBOR plus 0.60% per annum. The facility became effective on October 01, 2010. The mark-up is payable on semi-annual basis in arrear starting from the availability period. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of second ranking / subordinated charge over all present and future undertaking and assets excluding land and buildings of the Company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the Company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal plant); and (iv) present and future shares acquired in LEL including bonus shares and right shares.

21.4.2 The Company also entered into a long term Islamic financing arrangement with a bank for an amount of Rs. 759 million. The loan is repayable in 9 equal installments on semi-annual basis following the six months after the end of availability period which is 42 months from the facility effective date at a mark-up rate of six month KIBOR plus 0.60% per annum. The facility became effective on November 24, 2010. The mark-up is payable on semi-annual basis in arrear starting from the availability period. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of securities mentioned in note 21.4.1.

The outstanding balance of long term loans include Rs. 495 million (2016: Rs. 583 million) repayable to associated undertakings. The Company has also provided a security charge by way of second ranking / subordinated charge over fixed assets (excluding land & building) of Hub plant to finance project cost overruns loan of Rs. 3,100 million to its subsidiary company.

22. TRADE AND OTHER PAYABLES

	Note	2017	2016
		(Rupees in '000)	
Creditors			
Trade	22.1	63,483,582	63,057,139
Other	22.2	24,277	349,411
		63,507,859	63,406,550
Accrued liabilities			
Operation & Maintenance fee and services	22.2	-	6,830
Finance costs		1,219	9,773
Miscellaneous	22.3	998,537	715,156
		999,756	731,759
Unearned income	22.4	1,169,316	1,177,057
Dividend payable		1,151,352	2,294,372
Other payables			
Provision for Workers' profit participation fund	7.1	490,984	589,736
Staff gratuity	22.5	17,649	75,439
Retention money		9,433	6,594
Withholding tax		26,474	9,547
		544,540	681,316
		67,372,823	68,291,054

22.1 This includes Rs. 63,484 million (2016: Rs. 62,072 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 56,851 million (2016: Rs. 56,668 million).

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

22.2 This includes payable to HPSL (a subsidiary company) and Engro Polymer & Chemicals Limited (an associated undertaking) amounting to Rs. nil (2016: Rs. 63.437 million) and Rs. nil (2016: Rs. 0.617 million), respectively.

22.3 This includes payable to NEL and TEL amounting to Rs. nil (2016: Rs. 0.100 million) and Rs. nil (2016: Rs. 50 million) against initial subscription of shares, respectively.

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

	2017	2016
	(Rupees in '000)	
22.5 STAFF GRATUITY	17,649	75,439

Actuarial valuation was carried out as on June 30, 2017. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost method.

	2017	2016
	(Rupees in '000)	
Reconciliation of the net liability recognised in the balance sheet		
Present value of defined benefit obligation	202,661	214,588
Fair value of plan assets	(185,012)	(139,149)
Net liability recognised in the balance sheet	17,649	75,439
Reconciliation of the movements during the year in the net liability recognised in the balance sheet		
Opening net liability	75,439	54,682
Expense recognised	27,447	28,742
Remeasurement (gain) / loss recognised in Other Comprehensive Income (OCI)	(9,803)	10,461
Contributions to the fund made during the year	(75,434)	(18,446)
Closing net liability	17,649	75,439
Expense recognised		
Current service cost	25,163	23,821
Net Interest	2,284	4,921
Expense recognised	27,447	28,742
Re-measurements recognised in OCI during the year		
Remeasurement (gain) / loss on defined benefit obligations	(2,914)	620
Remeasurement (gain) / loss on plan assets	(6,889)	9,841
	(9,803)	10,461
The movement in the defined benefit obligations are as follows		
Present value of defined benefit obligation at opening	214,588	178,847
Current service cost	25,163	23,821
Interest cost	13,701	15,890
Transferred to HPSL	(24,548)	-
Benefits paid	(23,329)	(4,590)
Remeasurement (gain) / loss recognised in OCI	(2,914)	620
Present value of defined benefit obligation at closing	202,661	214,588

	2017	2016
	(Rupees in '000)	
The movement in fair value of plan assets		
Fair value of plan assets at opening	139,149	124,165
Expected return on plan assets	11,417	10,969
Contributions made	75,434	18,446
Transferred to HPSL	(24,548)	-
Benefits paid	(23,329)	(4,590)
Remeasurement gain / (loss) recognised in OCI	6,889	(9,841)
Fair value of plan assets at closing	185,012	139,149
Actual return on plan assets	18,306	1,128
Contribution expected to be paid to the plan during the next year	13,103	31,964

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

	2017	2016
- Valuation discount rate per annum	8.00%	7.25%
- Expected rate of return on plan assets per annum	8.00%	7.25%
- Expected rate of increase in salary level per annum	8.00%	7.25%
- Mortality rates	SLIC 2001-05	SLIC 2001-05

Expected maturity analysis of undiscounted retirement benefit plans:

	Less than 1 year	Between 2-5 years	Between 6-10 years	Total
	(Rs. '000s)			
Retirement benefit plan	25,897	21,696	112,062	159,655

	2017	2016	2015	2014	2013
	(Rs. '000s)				
As at June 30					
Present value of defined benefit obligation	202,661	214,588	178,847	142,975	110,181
Fair value of plan assets	(185,012)	(139,149)	(124,165)	(101,541)	(84,962)
Deficit	17,649	75,439	54,682	41,434	25,219

	2017	2016
	(Rupees in '000)	
Sensitivity analysis on significant actuarial assumptions - Impact on defined benefit obligation		
- Discount rate +1%	16,332	17,425
- Discount rate -1%	(18,674)	(19,897)
- Salary increases +1%	(19,412)	(20,790)
- Salary increases -1%	17,239	18,499

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
23. INTEREST / MARK-UP ACCRUED			
Interest / mark-up accrued on long term loans		73,614	350,873
Mark-up accrued on short term borrowings		183,777	163,825
	23.1	257,391	514,698

23.1 Included herein is a sum of Rs. 41.567 million (2016: Rs. 93.279 million) payable to associated undertakings.

	Note	2017	2016
		(Rupees in '000)	
24. SHORT TERM BORROWINGS - Secured			
Finances under mark-up arrangements	24.1 to 24.3	20,090,595	16,540,219

24.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 25,550 million (2016: Rs. 26,825 million) at mark-up ranging between 0.40% to 2.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities will expire during the period from September 14, 2017 to June 30, 2018. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. The facilities are secured by way of charge over the trade debts and stocks of the Company for the Hub plant pari passu with the existing charge.

24.2 The Company also has entered into a Musharaka agreement amounting to Rs. 400 million (2016: Rs. 400 million) at a mark-up of 0.5% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on August 15, 2017. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 24.1.

24.3 This includes a sum of Rs. 1,407 million (2016: Rs. 1,353 million) payable to associated undertakings. The available facilities amounted to Rs. 1,500 million (2016: Rs. 2,275 million). These facilities are secured by way of securities mentioned in note 24.1.

25. COMMITMENTS AND CONTINGENCIES

25.1 Commitments in respect of capital and revenue expenditures amounted to Rs. 469.827 million (2016: Rs. 1,168.672 million). This includes commitments of Rs. 156.576 million (June 2016: Rs. 429.716 million) to associated undertakings.

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

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

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

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

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

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

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

25.3 Pursuant to the SSA in connection with the investment in LEL, the Company entered into a facility agreement with a bank which is also an associated undertaking and has provided an LC of USD 23 million to LEL's lenders for cost overruns and debt repayment. During the year, after meeting certain conditions by the subsidiary, the LC amount has been reduced to USD 10.875 million which the Company is committed to continue to maintain till the last repayment of debt (expected in 2024). Any default in payment by the Company is subject to a mark-up of six month KIBOR plus a margin of 4%. This LC is secured by way of second ranking / subordinated charge over all present and future undertaking and assets of the Company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the Company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal project); and (iv) present and future shares acquired in LEL including bonus shares and right shares.

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

In order to restrict the penal exposure of the Company, in May 2012 the Company availed the scheme offered by the FBR vide SRO 547(I)/2012 dated May 22, 2012 and made payment of Rs. 1,615 million.

In July 2014, the SCP decided the case in favor of the Company. Against the decision of the SCP, FBR filed review petitions which were dismissed by the SCP in June 2015. Consequently, an amount of Rs. 1,912 million is refundable from FBR. The Company is pursuing the FBR and Government of Pakistan for the refund.

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

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

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2017

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

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

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

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

25.6 The Company had filed a petition in the Sindh High Court (HC) on June 28, 2000 challenging the application of the Companies Profits (Workers' Participation) Act, 1968 (the Act) on the Company on the grounds, that since its inception, the Company has not employed any person who falls within the definition of the term "Worker" as it has been defined in the Act.

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

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

Both the Company and CPPA-G agreed that this petition should proceed and a judgement obtained on merits. During the year ended June 30, 2011, the petition was dismissed by the HC. Against the decision of the HC, the Company filed petition for leave to appeal before the Supreme Court of Pakistan (SCP). In December 2011, the SCP set aside the judgement of the HC and directed it to decide the case afresh. The matter is pending adjudication before the HC.

As at June 30, 2017, the total financial exposure relating to the above case is Rs. 24,619 million (Rs. 3,136 million being the 5% of the profit and Rs. 21,483 million interest component and penalty on delayed payment). No provision has been made in these unconsolidated financial statements as any payment made by the Company is a pass through item under the PPA.

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

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2017

During the current year, the Supreme Court of Pakistan (SCP) vide its judgement dated November 10, 2016 set aside the amendments made to the Companies Profits (Workers' Participation) Act, 1968 (the Act) by money bills (Finance Acts) of 2006, 2007 and 2008 as ultra vires to the provisions of the Constitution of Pakistan (the Constitution). Accordingly, subject to the provisions of the Sindh Companies Profits (Workers' Participation) Act, 2015 (Sindh WPPF) and 18th Amendment to the Constitution, the provisions of the Act are to be read as if the amendments brought about by the said money bills were never made. However, the Federal Board of Revenue (FBR) has filed a review petition with the SCP in respect of the said decision. The Company is currently in the process of assessing the potential impact of the above decision with respect to the applicability of the Act / Sindh WPPF, although financial impact, if any, will be a pass-through item under the respective PPAs.

25.7 (i) Under the IA with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, the tax authorities issued a tax demand for the tax years 2006-2010 amounting to Rs. 143 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The Company's appeal before the Commissioner of Inland Revenue Appeals (CIR-A) and the Appellate Tribunal Inland Revenue (ATIR) were rejected. Against the order of the ATIR the Company filed appeals before the Honorable Islamabad High Court (IHC) which were also decided against the Company. Against the decision of the IHC, the Company filed appeals before the SCP which are pending adjudication. The Company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 289 million.

(ii) FBR also imposed 2% Workers Welfare Fund (WWF) for tax years 2006-2010 and issued a demand for Rs. 191 million which was subsequently reduced to Rs. 8 million by the CIR-A. The Company filed appeals before the ATIR which were rejected. Against the order of the ATIR, the Company filed appeals before the IHC which held that the orders on WWF were void. The IHC also held that WWF would be applicable in accordance with the law prior to the changes made through Finance Act 2006 & 2008. Against the decision of the IHC, the Company filed appeals before the SCP which are pending adjudication. The Company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 14 million.

WWF is a pass through under the PPA and is recoverable from the CPPA-G. No provision has been made in these unconsolidated financial statements as any payment made by the Company is a pass through item under the PPA.

(iii) Under the IA with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, during March 2014, the FBR issued tax demand for the tax year 2011 amounting to Rs. 3.2 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. Appeals filed by the Company before the CIR-A and thereafter with the ATIR were decided against the Company. Against the order of the ATIR, the Company filed appeal before the IHC which was also decided against the Company. Against the decision of the IHC, the Company filed appeal before the SCP which is pending adjudication. The Company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 5 million.

(iv) FBR also imposed 2% WWF for the tax year 2011 and issued a demand for Rs. 108.5 million. Appeals filed by the Company before the CIR-A and thereafter with the ATIR were decided against the Company. Against the order of the ATIR the Company filed appeal before the IHC which held that the order on WWF was void. The IHC also held that WWF would be applicable in accordance with the law prior to the changes made through Finance Act 2006 & 2008. Against the decision of the IHC the Company filed appeal before the SCP which is pending adjudication. The Company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 151 million.

WWF is a pass through under the PPA and is recoverable from CPPA-G. No provision has been made in these unconsolidated financial statements as any payment made by the Company is a pass through item under the PPA.

(v) Under the IA with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, during March 2015, the FBR issued tax demand for the tax year 2013 amounting to Rs. 4 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The Company filed appeal before the CIR-A who deleted the tax demand. Against the order of CIR-A, the FBR filed appeal before the ATIR which is pending adjudication. The Company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 5 million.

(vi) FBR also imposed 2% WWF for the tax year 2013 and issued a demand for Rs. 162 million. The Company filed appeal before the CIR-A who remanded back the case to FBR for a fresh assessment. Against the order of CIR-A, the FBR filed appeal before the ATIR which is pending adjudication. The Company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 229 million.

WWF is a pass through under the PPA and is recoverable from CPPA-G. No provision has been made in these unconsolidated financial statements as any payment made by the Company is a pass through item under the PPA.

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

25.8 (i) Under the IA with the GOP and under the tax law, the Company is exempt from the levy of minimum tax. However, the FBR issued demand notices amounting to Rs. 443 million relating to the tax years 2006 to 2008, 2010 and 2011. After the Company's appeals were rejected by the CIR-A, Islamabad, further appeals were filed with the ATIR, Islamabad which has decided the appeals in favour of the Company. Against ATIR orders, FBR has filed appeals in the IHC which are pending adjudication. The Company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 753 million.

(ii) The FBR passed an order for the recovery of sales tax amounting to Rs. 8,519 million relating to fiscal years ended June 2008 to 2011. In FBR's view the Company had claimed input tax in excess of what was allowed under the law. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which decided the case in favour of the Company. Against the judgment of the ATIR, the FBR filed a case with the IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 19,252 million.

(iii) The FBR passed an order for the recovery of sales tax amounting to Rs. 3,442 million relating to fiscal year ended June 2012. In FBR's view the Company had claimed input tax in excess of what was allowed under the law. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which also decided the case against the Company. Against the decision of the ATIR, the Company filed appeal with IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 6,525 million.

(iv) The FBR issued a Show Cause Notice to recover sales tax amounting to Rs. 3,692 million relating to fiscal year ended June 2013. In FBR's view, the Company had claimed input tax in excess of what was allowed under the law. The Company filed a Writ Petition in the IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / LHC in other cases. Against this decision, the FBR has filed appeal with IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2017 is approximately Rs. 3,692 million.

(v) The FBR issued a show cause notice to recover sales tax amounting to Rs. 4,130 million relating to fiscal year ended June 2014. In FBR's view, the Company had claimed input tax in excess of what was allowed under the law. The Company filed a Writ Petition in the IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / LHC in other cases. Against this decision, the FBR has filed appeal with IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2017 is approximately Rs. 4,130 million.

(vi) Payment to PSO under the FSA including payment of Late Payment Interest (LPI) are exempt from withholding of income tax under the provisions of the tax law. During 2014, the FBR issued show cause notices to recover tax amounting to Rs. 1,677 million on the pretext that LPI paid to PSO under the FSA is a payment of "profit on debt". The Company filed Writ Petitions before the IHC which were decided against the Company. The Company filed further appeals with IHC which are pending adjudication. The Company's maximum exposure as at June 30, 2017 is approximately Rs. 1,677 million.

(vii) Under the O&M agreement with the ex-operator for the Hub plant, the Company used to pay fixed and variable fees to the operator. In January 17, 2015, the FBR passed an order amounting to Rs. 1,034 million relating to the tax years 2010 to 2013 for the recovery of Federal Excise Duty (FED). The FBR viewed O&M as a franchise agreement and not a service agreement and decided that payments made thereon were in nature of technical fees which were subject to FED. After dismissal of the Company's appeal at the Commissioner Inland Revenue – Appeal & the ATIR, the Company filed appeals with the IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 1,884 million.

(viii) Under the provisions of the Sales Tax Act, 1990 (STA), the Company is entitled to claim from FBR the Provincial Sales Tax (PST) on services paid under the provincial sales tax law. However, after the imposition of Balochistan Sales Tax (BST), the FBR did not allow the adjustment of BST in the Federal Sales Tax return. Against this, the Company filed appeal before the IHC which is pending adjudication. In the meantime, the IHC allowed the Company to claim such BST paid till a final decision is made. The Company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 237 million.

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

25.9 The power purchaser of the Hub Plant was unable to meet its obligation to provide a stand by letter of credit as required under the PPA. Consequently, the Company was unable to meet its obligation to provide a stand by letter of credit to PSO under the FSA.

25.10 In order to provide financing facilities to HPHL, the Company entered into a facility agreement with Habib Bank Limited on February 19, 2016 for issuance of guarantee of USD 3.234 million with a validity of two years and 1 month which is secured against a third ranking charge over present and future plant and machinery of Hub Project.

25.11 In relation with issuance of LOS to TEL, the Company has entered into a facility agreement with Habib Bank Limited on November 09, 2016 for issuance of guarantee in favour of the PPIB amounting to USD 1.650 million. The facility is valid till June 30, 2018 or up to 3 months post financial close of the project. The facility is secured by 3rd ranking charge over all present and future plant and machinery of the Company.

25.12 Pursuant to the terms of JDF and SHA, the Company and its affiliates are committed to provide the required Land for the development of 2X660 MW Coal Plant and ancillary jetty at Hub Plant Site in the form of sale or lease to CPHGC at the mutually agreed terms and conditions. This lease or sale shall be subject to the Laws of Pakistan and such other conditions as may be applicable upon the Company and its affiliates.

25.13 Pursuant to the terms of Limited Notice to Proceed Undertaking Agreement (LNTP Undertaking) entered into between the Company, Hub Power Holdings Limited, China Power International Holding Limited, China Power International (Pakistan) Investment Limited and China Power Hub Generation Company (Pvt.) Limited (CPHGC), for the construction of 2x660 MW Coal Project, on August 02, 2016, the Company entered into the Agreement of Land Use Right with CPHGC for providing CPHGC rights to commence construction activities of 2x660 MW power plant along with ancillary jetty and staff housing facilities, on certain portions of land within the Hub Site presently owned by the Company (the "Proposed Land") at mutually agreed terms. In accordance with the Agreement of Land Use Right, the Company is required to legally transfer the Proposed Land of approximately 301 acres to CPHGC within a period of thirty days following the Financial Close of CPHGC i.e. the expiry date of the Agreement, the Company shall compensate for any loss that might result out of the use or transfer of Proposed Land due to related legal issues or delay in transfer of Proposed Land during the LNTP work. Further, prior to the transfer of ownership of Proposed Land to CPHGC, the Company also committed not to pledge, place on rent or otherwise transfer the Proposed Land in any manner to any third party.

The shareholders of the Company in their Annual General Meeting held on October 18, 2016 approved the disposal of land upto 350 acres to CPHGC at its fair value to be determined by the valuer appointed by the Power Purchaser of Hub Plant. Further, the shareholders of the Company also approved that the sale proceeds of the Land sold to CPHGC will be passed on to the Power Purchaser of the Hub Plant.

Subsequent to the approval of the shareholders, the Proposed Land has been classified as non-current asset held for sale. The carrying value of the Proposed Land is estimated to be Rs. 3.66 million whereas the fair value of the Proposed Land, as determined by the valuer appointed by the Power Purchaser, is approximately Rs. 180.60 million. The transaction when completed, will result in the loss on derecognition of the Proposed Land to the extent of its carrying value, i.e. approximately Rs. 3.66 million because all the proceeds will be passed on to CPPA-G (Power Purchaser).

The Company has obtained the required NOCs for the transfer of Proposed Land to CPHGC and legal steps required to transfer the land are currently in process.

25.14 Pursuant to the terms of JDF and SHA, the Company and its affiliates are committed to assist CPHGC in obtaining the required permits including environmental NOCs and approvals from government agencies. During the year two constitution petitions in the Honorable High Court of Balochistan, challenging the establishment of the Coal Power Plant along with an ancillary jetty in Baluchistan (Project) were dismissed in favor of the Company on the grounds that Honorable High Court Baluchistan did not have jurisdiction in view of the constitution of Environment Tribunal. Afterwards, one of the aggrieved party in the above referred petitions approached the Environmental Protection Tribunal Balochistan praying for an order on environmental grounds to restrain the Company from execution of the Project. The management and their legal advisors are of the view that the position of the Company is sound on technical grounds and ultimate outcome of the case will be in favor of the Company.

25.15 On May 27, 2016, a petition was filed in the Honorable High Court of Balochistan against Government of Balochistan (GoB) and others including the Company requesting the court to declare the agreement entered into between the Company, GoB and others with regard to sale of land for the Project situated at Monza Khund Tehsil Hub, District Lasbela, Balochistan, dated January 22, 1992 to be void on the grounds of malafide intention and alleged legal deficiencies prior to the signing of the aforementioned agreement. The management and their legal advisors are of the view that the position of the Company is sound on technical ground and ultimate outcome of case ought to be in favour of the Company.

25.16 The Company has received letter from the Power Purchaser stating that the Company did not maintain the requisite fuel stock at Hub plant as required under the PPA and has therefore incurred lower interest on working capital and therefore Power Purchaser is earmarking an estimated amount of Rs. 1,801 million for Hub Plant out of the Late Payment Interest invoices owed by the Power Purchaser. The Company has contested these claims.

26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Note	2017	2016
		(Rupees in '000)	
		Chief Executive	
Managerial remuneration		58,288	38,048
Bonus		24,401	42,863
Utilities		-	1,614
Other benefits	26.1	1,038	10,098
		83,727	92,623
Number of persons		1	1
		Directors	
Fees	26.2	16,550	22,200
Number of persons		14	14
		Executives	
Managerial remuneration		205,683	274,729
Ex-gratia payment		1,609	-
Bonus		45,693	106,756
House rent		68,360	76,787
Utilities		15,742	18,753
Retirement benefits		37,550	44,989
Other benefits	26.1	61,081	81,564
		435,718	603,578
Number of persons		72	106
		Total	
Managerial remuneration / Fees		280,521	334,977
Ex-gratia payment		1,609	-
Bonus		70,094	149,619
House rent		68,360	76,787
Utilities		15,742	20,367
Retirement benefits		37,550	44,989
Other benefits		62,119	91,662
		535,995	718,401
Number of persons		87	121

26.1 Retirement benefits to the Chief Executive and certain Executives are paid as part of monthly emoluments.

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

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

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

26.5 The above figures do not include cost allocated to subsidiary companies amounting to Rs. 325.126 million (2016: Rs. 274.954 million).

27. RELATED PARTY TRANSACTIONS

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

	2017	2016
	(Rupees in '000)	
Subsidiary - Laraib Energy Limited		
Reimbursable expenses incurred on behalf of subsidiary	37,208	55,220
Dividend received	1,491,625	904,015
Receipts against reimbursement of expenses from subsidiary	185,712	25,617
Disposal of an asset	1,425	-
Subsidiary - Hub Power Holdings Limited		
Investment in subsidiary	1,094,000	575,300
Reimbursable expenses incurred on behalf of subsidiary	152,276	465,456
Receipts against reimbursement of expenses from subsidiary	182,424	395,559
Subsidiary - Hub Power Services Limited		
Investment in subsidiary	-	100
Reimbursable expenses incurred on behalf of subsidiary	141,667	132,184
Receipts against reimbursement of expenses from subsidiary	9,879	30,602
Amount paid / payable for O&M Services rendered	2,154,252	1,487,746
Advances to HPSL	34,000	281,379
Advances repaid by HPSL	54,000	261,379
Dividend received	250,000	-
Disposal of assets	12,232	-
Subsidiary - Narowal Energy Limited		
Reimbursable expenses incurred on behalf of subsidiary	66,740	24
Receipts against reimbursement of expenses from subsidiary	19,302	-

	Note	2017	2016
		(Rupees in '000)	
Advances to NEL		21,508	-
Payments against reimbursement of expenses to subsidiary		59,386	-
Dividend received		294,141	-
Reimbursable expenses incurred by subsidiary		124,216	-
Subsidiary - Thar Energy Limited			
Investment in subsidiary		250,000	50,000
Reimbursable expenses incurred on behalf of subsidiary		73,057	4,464
Receipts against reimbursement of expenses from subsidiary		74,839	-
Associate - SECMC			
Investment in SECMC		31,929	332,905
Associated Undertakings due to common directorship			
Proceeds from long term loan		224,990	2,700,000
Procurement of stores, spares and consumables		3,434	2,582
Amounts paid for services rendered		614	2,314
Donation paid to Engro Foundation		-	1,500
Donation paid to The Dawood Foundation		500	-
Repayment of long term loans		602,212	372,472
Interest / mark-up on long term loans		320,463	236,246
Mark-up on short term borrowings		117,504	112,641
Other finance costs		7,746	2,227
Other related parties			
Proceeds from disposal of assets	27.4	1,528	6,625
Remuneration to key management personnel			
Salaries, benefits and other allowances		193,204	219,083
Retirement benefits		10,405	8,974
	27.1 & 27.3	203,609	228,057
Directors' fee	26.2	16,550	22,200
Contribution to staff retirement benefit plans		92,389	36,088

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2017

27.1 Transactions with key management personnel are carried out under the terms of their employment. Key management personnel are also provided with the use of Company maintained automobiles and certain other benefits. Remuneration to key management personnel includes remuneration paid to employees who were transferred to subsidiaries during the current year.

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

27.3 The above figures do not include cost allocated to subsidiary companies amounting to Rs. 116.636 million (2016: Rs. 51.225 million).

27.4 This represents proceeds from disposal of assets having written down value of Rs. 0.451 million (2016: Rs. Nil) to key management personnel.

28. PROVIDENT FUND TRUST

The following information is based on latest un-audited financial statements of the provident fund established by the Company:

	2017	2016
Size of the trust (Rupees in thousands)	43	3,272
Cost of investments made (Rupees in thousands)	43	3,272
Percentage of investments made (%)	100%	100%
Fair value of investments made (Rupees in thousands)	43	3,272

	2017	2016
	(Rupees in '000)	
Break-up of Investments		
Other	43	3,272

28.1 Contribution to defined contribution plan was transferred to Meezan Tahaffuz Pension Fund (MTPF), the voluntary pension system (VPS) with the consent of all members of provident fund with effect from July 2015 as allowed under clause (aa) of sub-rule (1) of Rule 103 of the Income Tax Rules, 2002.

28.2 Investments out of provident fund have been made in accordance with the provisions of the Section 227 of the Ordinance and the rules formulated for this purpose.

29. PLANT CAPACITY AND PRODUCTION

	2017	2016
HUB PLANT		
Theoretical Maximum Output	10,512 GWh	10,541 GWh
Total Output	6,793 GWh	7,547 GWh
Load Factor	65%	72%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,216 GWh (2016: 9,245 GWh). Output produced by the plant is dependent on the load demanded by CPPA-G and the plant availability.

	For the period from July 01, 2016 to March 31, 2017	2016
NAROWAL PLANT		
Theoretical Maximum Output	**1,406 GWh**	1,878 GWh
Total Output	**994 GWh**	1,162 GWh
Load Factor	**71%**	62%

Practical maximum output for the power plant taking into account all the scheduled outages is 1,293 GWh (2016: 1,728 GWh). Output produced by the plant is dependent on the load demanded by NTDC and the plant availability.

30. WORKING CAPITAL CHANGES

	Note	2017	2016
		(Rupees in '000)	
(Increase) / decrease in current assets			
Stores, spares and consumables		**(656,844)**	(436,955)
Stock-in-trade		**(771,648)**	906,201
Trade debts		**(5,546,410)**	(5,063,305)
Loans, advances, prepayments and other receivables		**(2,307,316)**	(1,521,079)
		(9,282,218)	(6,115,138)
Increase in current liabilities			
Trade and other payables		**1,960,765**	6,034,614
		(7,321,453)	(80,524)

31. CASH AND CASH EQUIVALENTS

	Note	2017	2016
Cash and bank balances	19	**1,222,934**	3,280,071
Short term borrowings	24	**(20,090,595)**	(16,540,219)
		(18,867,661)	(13,260,148)

32. BASIC AND DILUTED EARNINGS PER SHARE

32.1 Basic

	2017	2016 Re-presented
Profit for the year from continuing operations (Rupees in thousands)	**8,256,093**	9,126,264
Profit for the year from discontinued operations (Rupees in thousands)	**1,343,980**	2,449,541
Profit for the year from continuing and discontinued operations (Rupees in thousands)	**9,600,073**	11,575,805
Number of shares in issue during the year	**1,157,154,387**	1,157,154,387
Basic earnings per share - continuing operations (Rupees)	**7.13**	7.89
Basic earnings per share - discontinued operations (Rupees)	**1.16**	2.11
Basic earnings per share (Rupees)	**8.29**	10.00

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

33. PROPOSED FINAL DIVIDEND

The Board of Directors proposed a final dividend for the year ended June 30, 2017 of Rs. 2.50 per share, amounting to Rs. 2,892.886 million, at their meeting held on August 17, 2017 for approval of the members at the Annual General Meeting to be held on October 05, 2017. These unconsolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

34. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

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

(i) Foreign exchange risk

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

Financial assets of the Company include Rs. 110.531 million (2016: Rs. 373.546 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Company include Rs. 634.900 million (2016: Rs. 269.581 million) in foreign currencies which are subject to currency risk exposure.

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

(ii) Interest rate risk

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

Cash flow and fair value interest rate risks

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

	2017	2016
	(Rupees in '000)	
Fixed rate instruments at carrying amount:		
Financial assets		
Bank balances	1,159,509	2,302,587
Variable rate instruments at carrying amount:		
Financial assets		
Trade debts	46,261,728	45,029,663
Financial liabilities		
Long term loans	7,776,655	21,080,979
Trade and other payables	38,756,548	36,288,201
Short term borrowings	20,090,595	16,540,219
Total	66,623,798	73,909,399

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

In order to finance boiler rehabilitation works at Hub Plant, the Company entered into long term Musharaka arrangement (Refer note 21.1). The Company has to manage the related finance cost from its own sources which exposes the Company to the risk of change in 3 month KIBOR. As at June 30, 2017, if interest rate on the Company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 19.675 million.

The Company has another long term loan (Refer note 21.2). The Company has to manage the related finance cost from its own sources which exposes the Company to the risk of change in 3 month KIBOR. As at June 30, 2017, if interest rate on the Company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 34.750 million.

In order to meet its investment obligations in LEL, the Company entered into long term loan facilities (Refer note 21.4). The Company has to manage related finance cost from its own sources which exposes the Company to the risk of change in 6 month KIBOR. As at June 30, 2017, if interest rate on the Company's borrowings was 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 16.855 million.

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

(b) Credit risk

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

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

	2017	2016
	(Rupees in '000)	
Deposits	21,401	17,278
Trade debts	73,662,484	77,746,623
Loans and other receivables	557,077	1,619,668
Bank balances	1,159,509	2,302,587
Total	75,400,471	81,686,156

Trade debts are recoverable from CPPA-G under the PPA and are secured by guarantee from GOP under the IA.

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

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

(c) Liquidity risk

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

The Company maintains running finance facilities (Refer note 24) to meet the short term funding requirements due to delay in payments by CPPA-G. The delay in payments by CPPA-G is mainly offset by the delay in payments to PSO.

The Company is exposed to liquidity risk to the extent that the returns in form of dividends received from NEL and LEL may not be sufficient to meet the funding requirements for long term loans obtained for equity investment in NEL and LEL as mentioned in note 21.2 and 21.4. The Company will manage this liquidity risk on remaining term of the loans from its own sources and future earnings.

The Company will manage the liquidity risk on remaining term of the loan obtained for boiler rehabilitation work (Refer note 21.1) from its own sources and future earnings.

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

	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 5 to 10 years	Total
	(Rs. '000s)				
2016-17					
Long term loans	1,386,092	1,390,762	4,713,349	1,624,283	9,114,486
Trade and other payables	65,668,400	-	-	-	65,668,400
Short term borrowings	20,274,372	-	-	-	20,274,372
Total	87,328,864	1,390,762	4,713,349	1,624,283	95,057,258
2015-16					
Long term loans	2,752,566	2,888,027	20,424,480	-	26,065,073
Trade and other payables	66,439,275	-	-	-	66,439,275
Short term borrowings	16,704,044	-	-	-	16,704,044
Total	85,895,885	2,888,027	20,424,480	-	109,208,392

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying amounts of all the financial instruments reflected in these unconsolidated financial statements approximate their fair value.

Capital risk management

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances.

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2017

35. FINANCIAL INSTRUMENTS BY CATEGORY

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

	Loans and receivables	Total June 30, 2017
	(Rupees in '000)	
Financial assets		
Deposits	21,401	21,401
Trade debts	73,662,484	73,662,484
Loans and other receivables	557,077	557,077
Cash and bank balances	1,222,934	1,222,934
Total	75,463,896	75,463,896

	Financial liabilities measured at amortised cost	Total June 30, 2017
	(Rupees in '000)	
Financial Liabilities		
Long term loans	7,850,269	7,850,269
Trade and other payables	65,668,400	65,668,400
Short term borrowings	20,274,372	20,274,372
Total	93,793,041	93,793,041

	Loans and receivables	Total June 30, 2016
	(Rupees in '000)	
Financial assets		
Deposits	17,278	17,278
Trade debts	77,746,623	77,746,623
Loans and other receivables	1,619,668	1,619,668
Cash and bank balances	3,280,071	3,280,071
Total	82,663,640	82,663,640

	Financial liabilities measured at amortised cost	Total June 30, 2016
	(Rupees in '000)	
Financial Liabilities		
Long term loans	21,431,852	21,431,852
Trade and other payables	66,439,275	66,439,275
Short term borrowings	16,704,044	16,704,044
Total	104,575,171	104,575,171

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

Revised and amended standards and interpretation effective and adopted in 2017

The Company has adopted the following accounting standards and amendments of IFRSs which became effective for the current year:

IAS 1 – Presentation of Financial Statements
IAS 16 – Property, Plant and Equipment
IAS 27 – Separate Financial Statements
IAS 38 – Intangible Assets
IAS 41 – Agriculture

The adoption of the above accounting standards did not have any material effect on these unconsolidated financial statements.

Revised and amended standards and interpretation that are not yet effective and adopted in 2017

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2: Share-based Payment – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 1, 2018
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 Statement of Cash flows (Amendment)	January 1, 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 1, 2017
IFRIC 22: Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23: Uncertainty over Income Tax Treatments	January 1, 2019

The above standards and amendments are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First Time Adoption of International Financial Reporting Standards	January 1, 2018
IFRS 9 – Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 14 – Regulatory Deferral Accounts	January 1, 2016
IFRS 15 – Revenue from Contracts with Customers	January 1, 2018
IFRS 16 – Leases	January 1, 2019
IFRS 17 – Insurance Contracts	January 1, 2021

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2017

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

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

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

	2017	2016
	(Rupees in '000)	
		Re-presented
Decrease in unappropriated profit at the beginning of the year	**(7,597,086)**	(8,294,651)
Increase in profit for the year	**1,225,655**	697,565
Decrease in unappropriated profit at the end of the year	**(6,371,431)**	(7,597,086)

37. REPRESENTATION / RECLASSIFICATION

As discussed in note 1, certain prior year profit and loss figures are represented in accordance with requirements of IFRS-5 “Non-current Assets Held for Sale and Discontinued Operations”. In addition certain prior year's figures have also been re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparisons. However, there are no material reclassification to report.

38. DATE OF AUTHORISATION

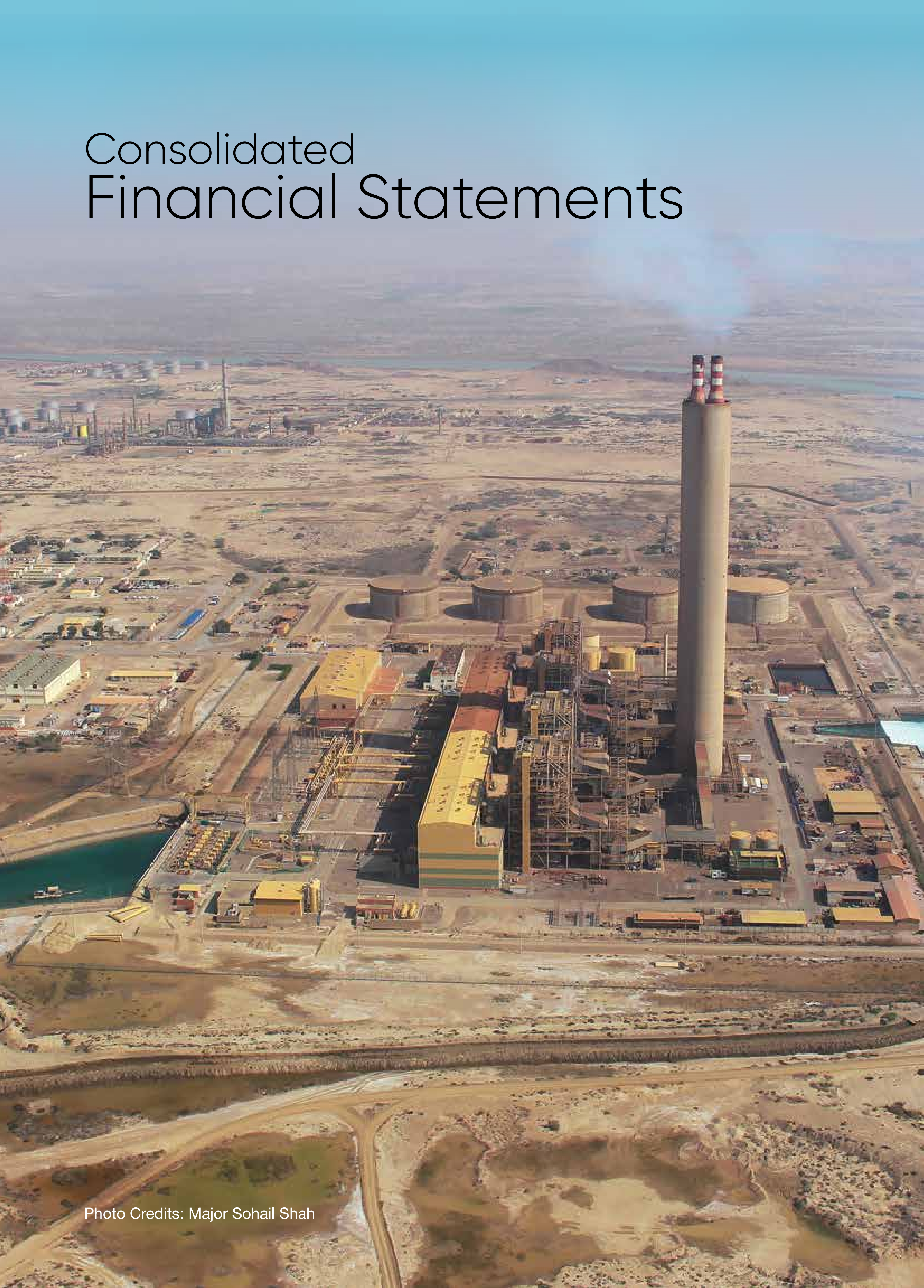
These unconsolidated financial statements were authorised for issue on August 17, 2017 in accordance with the resolution of the Board of Directors.

39. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Khalid Mansoor	Abdul Nasir	Iqbal Alimohamed
Chief Executive	Chief Financial Officer	Director

Consolidated Financial Statements



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Auditors' Report on Consolidated Financial Statements To The Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of The Hub Power Company Limited (the Holding Company) and its subsidiary companies (the Group) as at 30 June 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company Laraib Energy Limited. The financial statements of the subsidiary companies, Hub Power Services Limited, Hub Power Holdings Limited, Narowal Energy Limited and Thar Energy Limited were audited by another firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at 30 June 2017 and the results of their operations for the year then ended.

EY Ford Rhodes

Chartered Accountants
Audit Engagement Partner: Pervez Muslim
Date: 17 August 2017
Place: Karachi

Consolidated Profit And Loss Account

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Turnover	3	101,188,378	91,594,876
Operating costs	4	(83,928,576)	(73,012,704)
GROSS PROFIT		17,259,802	18,582,172
General and administration expenses	5	(1,365,449)	(1,262,467)
Other income	6	156,372	167,135
Other operating expenses	7	(76,754)	(473,277)
PROFIT FROM OPERATIONS		15,973,971	17,013,563
Finance costs	8	(4,081,317)	(4,134,576)
Gain on dilution of interest in associates - net	12	1,191	61,876
Share of loss from associates	12	(186,148)	(169,610)
PROFIT BEFORE TAXATION		11,707,697	12,771,253
Taxation	9	(359,215)	(270,659)
PROFIT FOR THE YEAR		11,348,482	12,500,594
Attributable to:			
- Owners of the holding company		10,688,977	11,902,585
- Non-controlling interest		659,505	598,009
		11,348,482	12,500,594
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)	35	9.24	10.29

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Khalid Mansoor	Abdul Nasir	Iqbal Alimohamed
Chief Executive	Chief Financial Officer	Director

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Profit for the year		11,348,482	12,500,594
Other comprehensive income for the year			
Items that will not be reclassified to Profit or Loss in subsequent periods			
Gain / (loss) on remeasurement of post employment benefit obligations - net	24.4	8,631	(3,195)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		11,357,113	12,497,399
Attributable to:			
- Owners of the holding company		10,697,608	11,899,390
- Non-controlling interest		659,505	598,009
		11,357,113	12,497,399

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Khalid Mansoor	Abdul Nasir	Iqbal Alimohamed
Chief Executive	Chief Financial Officer	Director

Consolidated Balance Sheet

As at June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	10	52,624,435	55,274,043
Intangibles	11	1,474,850	1,459,290
Investment in associates	12	1,924,412	989,405
Long term deposits and prepayments	13	144,213	36,025
CURRENT ASSETS			
Stores, spares and consumables	14	3,273,033	2,615,694
Stock-in-trade	15	3,442,694	2,563,327
Trade debts	16	85,613,761	79,542,544
Loans and advances	17	194,617	268,842
Deposits, prepayments and other receivables	18	7,063,765	4,526,434
Cash and bank balances	19	3,860,355	6,572,532
		103,448,225	96,089,373
Non-current asset classified as held for sale	27.13	3,665	-
TOTAL ASSETS		159,619,800	153,848,136
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised	20	12,000,000	12,000,000
Issued, subscribed and paid-up	20	11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		21,059,945	19,634,379
Attributable to owners of the holding company		32,631,489	31,205,923
NON-CONTROLLING INTEREST		2,367,012	2,038,687
		34,998,501	33,244,610
NON-CURRENT LIABILITIES			
Long term loans	21	21,332,613	25,843,072
Liabilities against assets subject to finance lease	22	2,239,679	2,545,175
Deferred liability	23	-	8,048
CURRENT LIABILITIES			
Trade and other payables	24	68,909,373	68,903,628
Interest / mark-up accrued	25	883,002	938,174
Short term borrowings	26	24,846,559	16,540,219
Current maturity of long term loans	21	6,096,922	5,380,207
Current maturity of liabilities against assets subject to finance lease	22	313,106	438,154
Taxation-net		45	6,849
		101,049,007	92,207,231
TOTAL EQUITY AND LIABILITIES		159,619,800	153,848,136
COMMITMENTS AND CONTINGENCIES	27		

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Khalid Mansoor	Abdul Nasir	Iqbal Alimohamed
Chief Executive	Chief Financial Officer	Director

Consolidated Cash Flow Statement

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		11,707,697	12,771,253
Adjustments for:			
Depreciation		3,847,839	3,812,131
Amortisation		29,019	20,236
Gain on disposal of fixed assets		(4,182)	(16,362)
Provision against slow moving stores, spares and consumables		32,372	25,449
Provision for Workers' profit participation fund		76,754	70,235
Write-off of assets		-	63,924
Gain on dilution of interest in associates - net		(1,191)	(61,876)
Staff gratuity		52,663	50,362
Interest income		(122,026)	(137,815)
Interest / mark-up		3,847,282	3,820,307
Amortisation of transaction costs		126,388	143,139
Share of loss from associates		186,148	169,610
Operating profit before working capital changes		19,778,763	20,730,593
Working capital changes	33	(8,936,429)	742,954
Cash generated from operations		10,842,334	21,473,547
Interest received		120,743	136,575
Interest / mark-up paid		(3,902,454)	(4,124,065)
Workers' profit participation fund paid		(70,235)	(74,755)
Staff gratuity paid		(92,128)	(39,562)
Taxes paid		(345,775)	(223,490)
Net cash generated from operating activities		6,552,485	17,148,250
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,091,455)	(792,982)
Proceeds from disposal of fixed assets		25,003	35,709
Investment in associates		(1,123,929)	(852,905)
Long term deposits and prepayments		(108,188)	(7,842)
Net cash used in investing activities		(2,298,569)	(1,618,020)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to owners of the holding company		(10,400,256)	(13,484,847)
Dividends paid to non controlling interest		(498,514)	(302,144)
Proceeds from long term loans		1,566,031	3,100,000
Repayment of long term loans		(5,502,827)	(5,876,437)
Repayment of liabilities against assets subject to finance lease		(436,867)	(318,368)
Net cash used in financing activities		(15,272,433)	(16,881,796)
Net decrease in cash and cash equivalents		(11,018,517)	(1,351,566)
Cash and cash equivalents at the beginning of the year		(9,967,687)	(8,616,121)
Cash and cash equivalents at the end of the year	34	(20,986,204)	(9,967,687)

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Khalid Mansoor	Abdul Nasir	Iqbal Alimohamed
Chief Executive	Chief Financial Officer	Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
ISSUED CAPITAL			
Balance at the beginning of the year		11,571,544	11,571,544
Balance at the end of the year	20	11,571,544	11,571,544
UNAPPROPRIATED PROFIT			
Balance at the beginning of the year		19,634,379	23,358,073
Profit for the year		10,688,977	11,902,585
Other comprehensive income for the year		8,631	(3,195)
Total comprehensive income for the year		10,697,608	11,899,390
Transactions with owners in their capacity as owners			
Final dividend for the fiscal year 2015-2016 @ Rs. 3.00 (2014-2015 @ Rs. 5.50) per share		(3,471,463)	(6,364,349)
First interim dividend for the fiscal year 2016-2017 @ Rs. 1.50 (2015-2016 @ Rs. 4.50) per share		(1,735,732)	(5,207,195)
Second interim dividend for the fiscal year 2016-2017 @ Rs. 1.50 (2015-2016 @ Rs. 3.50) per share		(1,735,732)	(4,050,040)
Third interim dividend for the fiscal year 2016-2017 @ Rs. 2.00 (2015-2016 @ Rs. nil) per share		(2,314,309)	-
		(9,257,236)	(15,621,584)
Shares issue cost		(14,806)	(1,500)
Balance at the end of the year		21,059,945	19,634,379
Attributable to owners of the holding company		32,631,489	31,205,923
NON-CONTROLLING INTEREST			
Balance at the beginning of the year		2,038,687	1,910,156
Total comprehensive income for the year		659,505	598,009
Dividend paid		(331,180)	(469,478)
Balance at the end of the year		2,367,012	2,038,687
TOTAL EQUITY		34,998,501	33,244,610

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Khalid Mansoor	Abdul Nasir	Iqbal Alimohamed
Chief Executive	Chief Financial Officer	Director

Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

1. STATUS AND NATURE OF BUSINESS

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

The Group consists of:

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

Laraib Energy Limited (LEL)

LEL was incorporated in Pakistan on August 9, 1995 as a public limited company under the Ordinance which owns a 84 MW hydropower generating complex near the New Bong Escape, which is 8 km downstream of the Mangla Dam in Azad Jammu & Kashmir (AJK). The plant commenced operations on March 23, 2013.

Hub Power Services Limited (HPSL)

HPSL was incorporated in Pakistan on March 26, 2015 as a public limited company under the Ordinance. The principal activities of the subsidiary are to manage operations & maintenance of the power plants.

Hub Power Holdings Limited (HPHL)

HPHL was incorporated in Pakistan on March 10, 2015 as a public limited company under the Ordinance. The principal activities of the subsidiary are to invest in new business opportunities.

As at the balance sheet date, HPHL has 26% ownership interest in China Power Hub Generation Company (Private) Limited (CPHGC) (an associate of HPHL), the principal business of which is to construct, finance, own and operate two coal-fired power generation units of 660 MW each with ancillary Jetty in the province of Balochistan.

Narowal Energy Limited (NEL)

NEL was incorporated in Pakistan on November 03, 2015 as a public limited company under the Ordinance. The principal activities of the subsidiary are to own, operate and maintain Narowal power plant.

The Board of Directors of the holding company approved the Scheme of Arrangement for Demerger (the Scheme) of Narowal plant along with related assets, liabilities, retained earnings, commitments and contingencies (Narowal Undertaking). After obtaining necessary approvals from Private Power and Infrastructure Board (PPIB), lenders, creditors, and other relevant authorities, the holding company filed a petition with the Honorable High Court of Sindh (SHC) for the approval of the Scheme. On March 29, 2017, the petition was approved by SHC. The certified copy of the court order, sanctioning the Scheme, was filed with the Registrar of Companies on March 31, 2017 making the Scheme effective from April 01, 2017. Consequently, Narowal Undertaking has been transferred to NEL at book value.

Thar Energy Limited (TEL)

TEL was incorporated in Pakistan on May 17, 2016 as a public limited company under the Ordinance. The principal activities of TEL are to develop, own, operate and maintain a 1x330 MW mine-mouth coal fired power plant to be established at Thar Block II, Thar Coal Mine, Sindh.

Pursuant to the proposal submitted by the holding company on April 05, 2016 for setting up 1x330 MW mine-mouth Coal Power Plant (the Project), Private Power & Infrastructure Board (PPIB) issued Notice to Proceed (NTP) on May 13, 2016. On August 02, 2016, PPIB issued Letter of Interest (LOI) which required TEL to submit within two months from the date of LOI petitions before NEPRA to obtain tariff determination and generation license. On August 11, 2016, TEL submitted its application for tariff determination and generation license before NEPRA which were approved on October 18, 2016 and June 07, 2017 respectively.

PPIB issued the Letter of Support (LOS) to TEL on December 09, 2016. As per the terms of the LOS, the holding company provided performance guarantee in favour of PPIB. The LOS requires TEL to (i) achieve the Financial Closing of the Project no later than nine months from the date of LOS and (ii) enter into the Implementation Agreement (IA), Power Purchase Agreement (PPA) and Water Use Agreement (WUA) not later than three months prior to the financial closing date. On June 23, 2017, PPIB granted extension in the Financial Closing date of the Project upto March 9, 2018 subject to achievement of Commercial Operation Date (COD) on or before December 31, 2020. PPIB is entitled to encash the performance guarantee in case TEL is not able to meet the above conditions or TEL decides to exercise termination option as defined in the LOS.

TEL signed the Engineering, Procurement and Construction (EPC) contract on December 29, 2016 and then subsequently entered into an Early Works Contract (EWC) on March 9, 2017 for the construction of the power plant. On January 25, 2017, TEL initialed IA, PPA and has signed Coal Supply Agreement with Sindh Engro Coal Mining Company (an associate undertaking) on May 13, 2017. Subsequent to the year end, on July 27, 2017, TEL has also signed the PPA.

On March 15, 2017, the holding company announced that it would divest 40% of its shares in TEL and would bring in Fauji Fertilizer Company Limited (FFCL) with 30% shareholding as a strategic shareholder and China Machinery Engineering Complex (CMEC), the EPC Contractor, with 10% shareholding in TEL. The terms of shareholding agreement are being finalized.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Ordinance. Therefore, these consolidated financial statements have been prepared under the Ordinance.

2.2 Accounting convention

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

2.3 Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

Notes to the Consolidated Financial Statements
For the year ended June 30, 2017

- it has power to direct the relevant activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

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

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

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

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

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

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

Associates

Associates are all entities over which the Group has significant influence but not control. Investment in associate is accounted for using equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate. The consolidated profit and loss account reflects the Group share of the results of the operations of the associate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit and loss account where applicable. The gain / loss arising on dilution of interest in an equity accounted investee is recognized in the profit and loss account.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the same in the profit and loss account.

2.4 Property, plant and equipment

(a) Operating property, plant, equipment and depreciation

Owned

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

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

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

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

Leased

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

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

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

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

(b) Capital work-in-progress

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

(c) Capital spares

Spare parts and servicing equipment are classified as property, plant and equipment under plant and machinery rather than stores, spares and loose tools when they meet the definition of property, plant and equipment. Available for use capital spares and servicing equipment are depreciated over their useful lives, or the remaining lives of principal assets, whichever is lower.

2.5 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. These assets are available for sale in their present condition subject only to terms that are usual and customary for sale of such assets and their sale is highly probable.

The holding company measures its non-current assets classified as held for sale at the lower of carrying amount and fair value less costs to sell. Costs to sell signify the incremental costs directly attributable to the disposal of assets, excluding finance costs and income tax expense.

2.6 Intangible assets and amortisation

(a) Goodwill

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

Notes to the Consolidated Financial Statements
For the year ended June 30, 2017

(b) Other intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is computed using the straight-line method over the estimated useful lives of the assets at the rate shown in note 11.1 to the consolidated financial statements.

2.7 Impairment of non-current assets

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

2.8 Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

2.9 Stores, spares and consumables

These are valued at the lower of moving average cost and net realisable value except for the items in transit which are stated at cost. Cost of stock-in-transit represents the invoice value plus other charges incurred thereon till the balance sheet date. Provision is made for slow moving and obsolete items, if any.

2.10 Stock-in-trade

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

2.11 Cash and cash equivalents

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

2.12 Share capital

Ordinary shares are classified as equity and recognised at their face value. Discount on issue of shares is separately reported in statement of changes in equity. Transactions costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Provisions

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

2.14 Staff retirement benefits

The holding company, TEL and HPSL operate funded defined benefit gratuity plans, covering eligible employees who have completed minimum service requirement with respective company. The liabilities relating to defined benefit plans are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 24.4 to these consolidated financial statements.

The Board of Directors of LEL approved a funded defined contribution gratuity plan for the benefit of its employees with effect from July 1, 2016. LEL is in process of getting the approval from Commissioner Inland Revenue for recognition of the fund and the effective date of the fund will be later of July 1, 2016 or as approved by the Commissioner. Monthly contributions will be payable to the fund at the rate of 8.33% of basic salary. Accordingly necessary provision has been made in these financial statements for first year of eligible service starting from July 01, 2016.

The holding company, LEL, TEL and HPSL operate:

- recognised contributory provident funds covering all employees who are eligible for the plan. Equal monthly contributions are made by the companies and the employees in accordance with the respective funds' rule. Effective July 2015 contribution of holding company was transferred to Meezan Tahaffuz Pension Fund as more fully explained in note 31.

In addition to above, HPSL also has a defined contribution pension fund for certain employees who are eligible for the plan. HPSL is required to contribute 10% of the basic pay of the employees on the monthly basis. HPSL's contributions are recognised as employee benefit expense when they are due.

2.15 Revenue recognition

Revenue from the sale of electricity to the Central Power Purchasing Agency (Guarantee) Limited (GPPA-G), the sole customer of the holding company for Hub plant, is recorded based upon the output delivered and capacity available at rates as specified under the Power Purchase Agreement (PPA) with CPPA-G, as amended from time to time. PPA with CPPA-G is a contract over a period of 30 years starting from 1997.

Revenue from the sale of electricity to the NTDC, the sole customer of NEL, is recorded based upon the output delivered and capacity available at rates as specified under the PPA with NTDC. PPA with NTDC is a contract over a period of 25 years starting from 2011.

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

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

Revenue for service income is recongised on accrual basis as and when services are rendered, in accordance with the term of agreements.

2.16 Interest income

Interest income is recorded on accrual basis.

2.17 Operating lease

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

Assets held under Ijarah financing are accounted for using the guidelines of IFAS 2 which are similar to assets held under operating lease above.

2.18 Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pak Rupees which is the Group's functional and presentation currency.

2.19 Foreign currency transactions and translation

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

During the operations phase, exchange differences relating to foreign currency borrowings of LEL have been capitalized in the related 'operating property, plant and equipment' and all other exchange differences have been included in the 'profit and loss account'. Had the exchange differences, as allowed by the above mentioned directives of the SECP not capitalized, the profit for the year would have been higher by Rs. 14.45 million and operating property, plant and equipment and depreciation would have been lower by Rs. 710.29 million and Rs. 37.43 million respectively.

2.20 Taxation

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

Income of HPSL and HPHL is subject to taxation in Pakistan in accordance with the provisions of the Income Tax Ordinance, 2001 (ITO). Accordingly, provision for taxation has been made after taking into account tax credit etc., if any. Presently, majority of HPSL's income is being taxed on minimum tax on service income. Hence, no deferred tax has been recognised in these consolidated financial statements.

2.21 Dividend distribution

Dividend distribution to the holding company's shareholders and NCI is recognised as a liability in the period in which it is approved.

2.22 Segment reporting

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

2.23 Financial instruments

(a) Trade debts and other receivables

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

(b) Borrowings

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

(c) Trade and other payables

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

2.24 Borrowing costs

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

2.25 Off-setting

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

2.26 Use of estimates and judgements

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

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

Following are some significant areas where management used estimates and judgements other than those which have been disclosed elsewhere in these consolidated financial statements:

a) Determining the residual values and useful lives of property, plant and equipment and intangibles;
b) Distinguish between capital spares, servicing equipment and stores & spares;
c) Determining significant influence in associates;
d) Provisions;
e) Disclosures related to IFRIC 4, IFRIC 12, IAS 21 and IAS 39;
f) Recognition of taxation;
g) Recognition of provision for staff retirement benefits;
h) Determining whether the WPPF is applicable on LEL;
i) Impairment of goodwill, trade debts and other receivables;
j) Contingencies and commitments; and
k) Classification of non-current assets held for sale.

Notes to the Consolidated Financial Statements
For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000)	
3. TURNOVER			
Turnover		113,226,801	102,097,084
Less: Sales tax		(12,038,423)	(10,502,208)
		101,188,378	91,594,876
4. OPERATING COSTS			
Fuel cost		73,153,421	63,328,000
Salaries, benefits and other allowances	4.1 & 5.3	1,232,295	840,959
Water use charges		202,828	271,683
Stores and spares		1,661,616	950,129
Operation and maintenance		351,676	893,544
Insurance		860,274	936,699
Depreciation	10.3	3,787,603	3,755,093
Amortisation	11.2	22,962	17,325
Repairs, maintenance and other costs		2,655,901	2,019,272
		83,928,576	73,012,704

4.1 This includes Rs. 82.000 million (2016: 67.114 million) in respect of staff retirement benefits.

	Note	2017	2016
		(Rupees in '000)	
5. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, benefits and other allowances	5.1 to 5.3	595,481	601,163
Travel and transportation		35,692	75,841
Fuel and power		9,262	8,343
Property, vehicles and equipment rentals		41,903	29,969
Office running cost		96,784	72,631
Repairs and maintenance		32,632	31,294
Legal and professional charges		246,565	121,181
Insurance		17,729	17,034
Auditors' remuneration	5.4	15,196	13,305
Donations	5.5	138,623	135,905
Printing and stationery		19,878	16,356
Depreciation	10.3	60,236	57,038
Amortisation	11.2	6,057	2,911
Miscellaneous		49,411	79,496
		1,365,449	1,262,467

5.1 This is net of costs of Rs. 124.424 million (2016: 233.215 million) allocated by HPHL to CPHGC.

5.2 This includes Rs. 61.198 million (2016: Rs. 54.074 million) in respect of staff retirement benefits.

5.3 Number of persons employed as at year end were 496 (2016: 460) and the average number of persons employed during the year were 476 (2016: 430).

5.4 Auditors' remuneration

The aggregate amount charged in respect of auditors' remuneration, including that of subsidiary companies, is as follows:

	2017	2016
	(Rupees in '000)	
Statutory audits	5,396	4,248
Half yearly reviews	1,336	1,298
Tax and other services	7,415	6,896
Out-of-pocket expenses	1,049	863
	15,196	13,305

5.5 Donations include the following in which a director or his spouse is interested:

Name of Director	Name / address of Donee	Interest in Donee	2017	2016
Mr. Hussain Dawood / Mr. Shahzada Dawood / Mr. Abdul Samad Dawood	Karachi Education Initiative / National Stadium Road, Opp. Liaquat National Hospital, Karachi	Chairman / Trustee	500	-
Mr. Ruhail Mohammed / Syed Muhammad Ali	Engro Foundation / 8th Floor, Harbor Front Building, Marine Drive, Clifton Block 4, Karachi	Trustee	-	1,500

6. OTHER INCOME

	Note	2017	2016
		(Rupees in '000)	
Financial assets			
Interest income		122,026	137,815
Non-financial assets			
Gain on disposal of fixed assets - net	6.1	4,182	16,362
(Loss) / gain from sale of CERs - net		(759)	5,535
Income under shared facility agreement - net	6.2	30,567	-
Exchange gain		181	7,423
Others		175	-
		34,346	29,320
		156,372	167,135

6.1 This includes Rs. 1.320 million (2016: Rs. 6.625 million) gain on disposal of assets to key management personnel.

6.2 This represents net income from provision of services to China Power Hub Generation Company (Private) Limited (CPHGC) associated undertaking at Hub site in accordance with the terms of service agreement entered into between HPSL and CPHGC on August 30, 2016.

7. OTHER OPERATING EXPENSES

	Note	2017	2016
		(Rupees in '000)	
Write-off of assets		-	63,924
Workers' profit participation fund	7.1	76,754	70,235
Termination compensation		-	339,118
		76,754	473,277

Notes to the Consolidated Financial Statements
For the year ended June 30, 2017

7.1 Workers' profit participation fund

	Note	2017	2016
		(Rupees in '000)	
Provision for Workers' profit participation fund	24	531,690	589,736
Workers' profit participation fund recoverable from CPPA-G / NTDC	18	(454,936)	(519,501)
		76,754	70,235

The holding company and NEL are required to pay 5% of its profit to the Workers' profit participation fund (the "Fund"). The holding company and NEL are entitled to claim majority of this expense from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) / National Transmission and Despatch Company Limited (NTDC) as a pass through item (refer note 27.6).

8. FINANCE COSTS

	Note	2017	2016
		(Rupees in '000)	
Interest / mark-up on long term finances		2,150,716	2,565,838
Mark-up on short term borrowings		1,533,237	1,082,735
Interest on finance lease		163,329	171,734
Amortization of transaction cost		126,388	143,139
Other finance costs		107,647	171,130
		4,081,317	4,134,576

9. TAXATION

	Note	2017	2016
Current			
- For the year	9.1	359,215	270,659

9.1 Relationship between tax expense and accounting profit

	2017	2016
Profit before taxation	11,707,697	12,771,253
Tax calculated at the rate of 31% (2016: 32%)	3,629,386	4,086,801
Effect of exempt income	(3,509,358)	(4,068,619)
Impact of super tax	46,094	43,846
Others	193,093	208,631
	359,215	270,659

10. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
Operating property, plant and equipment	10.1	52,034,108	55,134,158
Capital work-in-progress			
Holding company	10.4	212,509	124,271
NEL	10.5	39,920	9,500
LEL	10.6	20,026	-
TEL	10.7	317,872	6,114
		590,327	139,885
		52,624,435	55,274,043

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For the year ended June 30, 2017

10.1 Operating property, plant and equipment

	Owned								Leased	
	Freehold land	Building on freehold land	Buildings and civil structures on leasehold land	Leasehold property	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Plant & machinery	Total
	(Rs. '000s)									
Cost:										
As at July 1, 2015	69,530	1,009,731	9,373,081	862	78,973,081	126,329	216,282	36,492	5,009,192	94,814,580
Additions / Transfers (Note 10.1.1)	1,258	61,712	99,799	-	595,310	2,696	179,537	8,681	109,378	1,058,371
Adjustments	-	-	-	-	24,860	(2,830)	-	-	-	22,030
Disposals	-	-	-	-	(107,553)	(194)	(71,069)	(1,905)	-	(180,721)
As at June 30, 2016	70,788	1,071,443	9,472,880	862	79,485,698	126,001	324,750	43,268	5,118,570	95,714,260
Additions / Transfers (Note 10.1.1)	-	14,432	5,937	-	584,660	14,242	122,246	27,198	7,482	776,197
Asset classified as held for sale	(3,665)	-	-	-	-	-	-	-	-	(3,665)
Disposals	-	-	-	-	(3,964)	(378)	(48,990)	(1,092)	-	(54,424)
As at June 30, 2017	**67,123**	**1,085,875**	**9,478,817**	**862**	**80,066,394**	**139,865**	**398,006**	**69,374**	**5,126,052**	**96,432,368**
Depreciation:										
Depreciation rate % per annum	-	3.33 to 25	4 to 10	3.33 to 20	3.33 to 36	10 to 20	20-25	10 to 50	4 to 6.67	-
As at July 1, 2015	-	259,891	840,152	596	35,082,940	52,479	132,133	16,393	477,123	36,861,707
Charge for the year	-	73,691	371,196	29	3,058,306	16,885	73,035	4,902	214,087	3,812,131
Adjustments	-	-	-	-	3,714	-	-	-	-	3,714
Disposals	-	-	-	-	(43,474)	(189)	(52,338)	(1,449)	-	(97,450)
As at June 30, 2016	-	333,582	1,211,348	625	38,101,486	69,175	152,830	19,846	691,210	40,580,102
Charge for the year	-	57,163	364,679	29	3,116,857	18,747	78,564	7,379	205,182	3,848,600
Adjustment	-	-	-	-	-	-	3,161	-	-	3,161
Disposals	-	-	-	-	(3,749)	(378)	(28,452)	(1,024)	-	(33,603)
As at June 30, 2017	**-**	**390,745**	**1,576,027**	**654**	**41,214,594**	**87,544**	**206,103**	**26,201**	**896,392**	**44,398,260**
Net book value as at June 30, 2017	**67,123**	**695,130**	**7,902,790**	**208**	**38,851,800**	**52,321**	**191,903**	**43,173**	**4,229,660**	**52,034,108**
Net book value as at June 30, 2016	70,788	737,861	8,261,532	237	41,384,212	56,826	171,920	23,422	4,427,360	55,134,158
Cost of fully depreciated assets as at June 30, 2017	**-**	**23,190**	**-**	**-**	**526,170**	**40,317**	**73,230**	**6,740**	**7,303**	**676,950**
Cost of fully depreciated assets as at June 30, 2016	-	21,010	-	-	383,852	35,288	54,546	7,449	-	502,145

10.1.1 Includes exchange loss capitalised amounting to Rs. 22.987 million (2016: Rs. 336.052 million).

10.2 Disposal of operating property, plant and equipment

Assets	Cost	Accumulated depreciation	Net book value	Sale price	Mode of disposal	Particulars of buyer
	(Rs. '000s)					
Vehicle	2,116	1,384	732	732	Insurance claim	EFU General Insurance Ltd.
Vehicle	1,649	893	756	766	Company policy	Mr. Fahad Noor - employee
Vehicle	1,686	843	843	853	Company policy	Mr. Farhat Ali Rana - employee
Vehicle	2,089	1,175	914	924	Company policy	Mr. Ahmed Zulfiqar - Ex-employee
Vehicle	1,543	611	932	942	Company policy	Mr. Haaris Anwar - employee
Vehicle	1,543	578	965	975	Company policy	Mr. Omar Rafiq - employee
Vehicle	1,666	660	1,006	1,016	Company policy	Mr. Adnan Akbar - Ex-employee
Vehicle	1,733	614	1,119	1,129	Company policy	Mr. Tariq Zia Qaisrani - employee
Vehicle	1,591	397	1,194	1,204	Company policy	Mr. Faizan Aqeel - employee
Vehicle	1,591	397	1,194	1,204	Company policy	Mr. Raheel Rauf - Ex-employee
Vehicle	1,733	469	1,264	1,712	Company policy	Ms. Marium Shirazee - Ex-employee
Vehicle	2,166	722	1,444	1,454	Company policy	Mr. Momin Bag - Ex-employee
Vehicle	2,532	527	2,005	2,200	Insurance claim	EFU General Insurance Ltd.
Vehicle	1,603	1,503	100	110	Company policy	Syed Jamil Shah - Ex-employee
Vehicle	2,478	2,065	413	1,493	Company policy	M. Abdul Vakil - Ex-employee
Vehicle	1,694	388	1,306	1,359	Company Policy	Mr. Noman Sohail - Ex employee
Vehicle	1,683	526	1,157	1,400	Company Policy	Syed Hasnain Haider - Ex CE LEL
Vehicle	189	189	-	88	Company policy	Mr. Asim Rashid - employee
Vehicle	582	452	130	129	Company policy	Mr. M. Uneeb - employee
Vehicle	372	178	194	194	Company policy	Mr. Islahuddin - employee
Vehicle	330	165	165	165	Company policy	Mr. Imran Khan - employee
Vehicle	330	165	165	165	Company policy	Mr. Mujeeb Ayubi - employee
Vehicle	641	333	308	308	Company policy	Mr. Amjad Ali - employee
Vehicle	377	216	161	162	Company policy	Mr. Shoaib Baqai - employee
Vehicle	501	300	201	300	Company policy	Mr. Talha Nizamani - employee
Vehicle	537	329	208	202	Company policy	Mr. Asim Hussain - employee
Vehicle	478	299	179	176	Company policy	Mr. Yasir Mazhar - employee
Vehicle	814	262	552	538	Company policy	Mr. Farrukh Ali Khan - employee
Vehicle	1,511	577	934	450	Company policy	Mr. Wasif Sadi - employee
Items having a net book value not exceeding Rs. 50,000 each						
Vehicles	11,235	11,235	-	2,344	Various	Various
Office equipment	1,092	1,025	67	34	Various	Various
Computers	3,961	3,748	213	275	Various	Various
Furniture and fittings	378	378	-	-	Various	Various
Total - June 30, 2017	**54,424**	**33,603**	**20,821**	**25,003**		
Total - June 30, 2016	180,721	97,450	83,271	35,709		

	Note	2017	2016
		(Rupees in '000)	
10.3 Depreciation charge for the year has been allocated as follows:			
Operating costs	4	**3,787,603**	3,755,093
General and administration expenses	5	**60,236**	57,038
Capital work-in-progress		**761**	-
		3,848,600	3,812,131
10.4 Capital work-in-progress - Holding company			
Opening balance		**124,271**	42,561
Additions during the year		**276,413**	195,892
Transfers during the year		**(188,175)**	(114,182)
		212,509	124,271
10.5 Capital work-in-progress - NEL			
Opening balance		**9,500**	43,530
Additions during the year		**65,155**	194,242
Transfers during the year		**(34,735)**	(228,272)
		39,920	9,500

	Note	2017	2016
		(Rupees in '000)	
10.6 Capital work-in-progress - LEL			
Opening balance		-	-
Additions during the year		22,454	45,500
Transfers during the year		(2,428)	(45,500)
		20,026	-
10.7 Capital work-in-progress - TEL			
Opening balance		6,114	-
Additions during the year			
Project development cost		108,765	2,373
Loan arrangement fee		19,418	-
Legal and professional		71,330	3,741
Other directly attributable costs		112,245	-
		311,758	6,114
		317,872	6,114

11. INTANGIBLES

	Note	2017	2016
Intangibles	11.1	1,474,675	1,458,777
Capital work-in-progress		175	513
		1,474,850	1,459,290

11.1 Intangibles

	Goodwill (note 11.3)	Computer software	Total
		(Rs. '000s)	
Cost:			
As at July 1, 2015	1,414,096	92,229	1,506,325
Additions	-	61,149	61,149
Disposals / write-off	-	(28,003)	(28,003)
As at June 30, 2016	1,414,096	125,375	1,539,471
Additions	-	44,917	44,917
As at June 30, 2017	1,414,096	170,292	1,584,388
Amortisation:			
Amortisation rate % per annum	-	33.33	-
As at July 1, 2015	-	88,461	88,461
Charge for the year	-	20,236	20,236
Disposals / write-off	-	(28,003)	(28,003)
As at June 30, 2016	-	80,694	80,694
Charge for the year	-	29,019	29,019
As at June 30, 2017	-	109,713	109,713
Net book value as at June 30, 2017	1,414,096	60,579	1,474,675
Net book value as at June 30, 2016	1,414,096	44,681	1,458,777
Cost of fully amortised intangibles as at June 30, 2017	-	61,110	61,110
Cost of fully amortised intangibles as at June 30, 2016	-	61,110	61,110

11.2 Amortisation charge for the year has been allocated as follows:	Note	2017	2016
		(Rupees in '000)	
Operating costs	4	22,962	17,325
General and administration expenses	5	6,057	2,911
		29,019	20,236

11.3 For impairment testing, goodwill has been allocated to 'Laraib plant' as Cash Generating Unit (CGU), which is also a reportable segment. No goodwill has been impaired as a result of annual impairment test carried out on June 30, 2017. The recoverable amount for the purpose of assessing impairment on goodwill on acquisition of the subsidiary is determined based on value in use. The calculations are based on the cash flows derived mainly under the PPA between LEL and the Power Purchaser for a term of 25 years from COD. These cash flows are denominated in USD and have been discounted using a discount rate which reflects the current market rate appropriate for the business. For the calculation, the Group has used a discount rate of 5.18% (2016: 5.22%) and the cash flows are discounted over whole of the life of the project. The management believes that any reasonable possible change to the key assumptions on which calculation of recoverable amount is based, would not cause the carrying amount to exceed the recoverable amount.

12. INVESTMENT IN ASSOCIATES

	Note	2017	2016
		(Rupees in '000)	
Associates - unquoted			
Investment in Sindh Engro Coal Mining Company Limited	12.1	606,022	575,206
Investment in China Power Hub Generation Company (Private) Limited	12.2	1,318,390	414,199
		1,924,412	989,405

12.1 Investment in Sindh Engro Coal Mining Company Limited (SECMC)

	2017	2016
Cost of investment	575,206	244,234
Investment made during the year	31,929	332,905
Share of loss from associate	(2,304)	(1,822)
Gain / (loss) on dilution of interest	1,191	(111)
	606,022	575,206

Pursuant to the Shareholders' Agreement dated July 21, 2014 between Engro Powergen Limited (EPL), Thal Limited (TL) and the holding company, the parties agreed to make investments in Sindh Engro Coal Mining Company Limited (SECMC). The holding company undertook to invest USD 20 million in PKR equivalent and has invested Rs. 240 million in December 2014 acquiring 16,194,332 ordinary shares having face value of Rs. 10 each, at a price of Rs. 14.82 per share. Subsequently, Habib Bank Limited (HBL) and China Everbest Development International Limited (CEDIL) were inducted as investors in SECMC. Accordingly, a Shareholders' Agreement (SHA) was entered into on August 17, 2015 between the holding company, EPL, TL, HBL, and CEDIL, which terminated and superseded the previous shareholders' agreement dated July 21, 2014.

Pursuant to SHA, the holding company agreed to invest the equivalent of USD 20 million at or soon after Financial Close of SECMC or at such later time or times as required by the Financing Agreements of SECMC at a share price of Rs. 14.82 per share. The number of shares to be acquired shall be subject to the rate of conversion prevailing on the date of payment of each tranche of subscription amounts. On March 21, 2016, the holding company further invested Rs. 332.905 million, and acquired 22,463,267 ordinary shares having face value of Rs. 10 each at a price of Rs. 14.82 per share in SECMC. On August 09, 2016 the holding company further invested Rs. 31.929 million acquiring 2,154,438 ordinary shares having face value of Rs. 10 each at a price of Rs. 14.82 per share. SECMC achieved the Financial Close on April 4, 2016.

In addition to the USD 20 million equity, the holding company may, pursuant to the terms of the Sponsor Support Agreement (SSA), make the following investments in SECMC:

12.1.1 Sponsor Support Guarantee to cover cost overruns – for an amount not exceeding USD 4 million (in equivalent Pakistan Rupees), if at any time prior to the Project Completion Date a funding shortfall occurs. Each Sponsor is obligated to pay the cost overrun amount in cash, by way of subscription of SECMC shares or at the option of the Sponsors collectively, by way of a subordinated debt to SECMC. During the Extraordinary General Meeting held on January 14, 2016, this cost overrun support was approved by the members of the holding company.

12.1.2 Letter of credit to cover for the Initial Payment Service Reserve Account Shortfall ('PSRA') – an amount estimated not to exceed USD 6 million (which could be higher). If there is an Initial PSRA Shortfall, each Sponsor shall procure and issue a PSRA Letter of Credit (LC) in proportion to its shareholding of Ordinary shares in SECMC. Upon a demand being made for payment under the PSRA LC and receiving such payment, the said amount may be treated as equity or at the option of the Sponsors collectively, subordinated debt advanced in favor of SECMC in an amount equal to such portion of the PSRA LC that is called upon. During the Extraordinary General Meeting held on January 14, 2016, the PSRA support was approved by the members of the holding company.

If the entire amount of Sponsor Support guarantee to cover cost overrun is called and the entirety of the payment under the standby letter of credit for PSRA shortfall is demanded, the maximum investment of the holding company in SECMC shall be USD 30 million (in equivalent PKR).

On February 26, 2016, the sponsors, including the holding company, entered into a SSA with HBL as a condition precedent for the availability of loan facilities to SECMC in connection with the project to develop, construct, operate and maintain an open pit coal mine in Sindh, Pakistan. Pursuant to the terms and conditions set forth in the SSA, the holding company has provided Sponsor Equity Contribution Letter of Credit in the form of an Irrevocable Standby letter of Credit (SBLC) in favour of HBL, dated March 18, 2016 for a total amount not exceeding USD 12.650 million. As at June 30, 2017 the SBLC has been revised to USD 10.440 million.

In order to provide bank guarantee for the issuance of Equity Standby Letter of Credit, the holding company entered into a facility agreement with HBL for an amount of USD 12.65 million on March 02, 2016. This SBLC facility is valid for five years from effective date or four years from financial close whichever occurs earlier and is secured by second ranking charge over present and future plant and machinery of Hub Project.

Additionally, a Share Pledge Agreement was also executed by the holding company with United Bank Limited on March 09, 2016, pursuant to the decision by the shareholders of the holding company in an Extraordinary General Meeting held on January 14, 2016.

The effective shareholding of the holding company in SECMC as at reporting date is 8.02%. Although the holding company has less than 20% equity interest in SECMC, the management believes that the significant influence over the associate exists as a result of holding company's representation on the Board of Directors of SECMC and participation in policy making process by virtue of SHA, hence, classified as an associate.

The financial year end of SECMC is December 31, therefore, the financial results as at June 30 are used for the purpose of application of equity accounting method. Summarised unaudited consolidated financial information of SECMC as at June 30, 2017 is as follows:

Notes to the Consolidated Financial Statements
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	(Rs. '000s)
Non-current assets	29,778,031
Current assets	1,407,846
Total assets	31,185,877
Non-current liabilities	(16,979,111)
Current liabilities	(6,647,553)
Total liabilities	(23,626,664)
Net assets	7,559,213

The associate had no material contingency as at June 30, 2017. Outstanding commitments as at June 30, 2017 amounts to Rs. 30,504.040 million.

Summarised profit and loss account of SECMC for the period from July 01, 2016 to June 30, 2017	(Rs. '000s)
General and administrative expenses	(43,856)
Interest income	18,789
Taxation	(2,471)
Loss for the period	(27,538)
Other comprehensive income for the period	(1,106)
Total comprehensive income for the period	(28,644)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associate recognised in these consolidated financial statements is as follows:

	(Rs. '000s)
Opening net assets as at June 30, 2016	6,424,245
Issue of shares	541,200
Share premium	256,584
Issue of preference shares	313,689
Advance against issue of preference shares	52,169
Remeasurement of retirement benefit obligation	(1,106)
Total comprehensive income for the period	(27,568)
Net assets of the associate	7,559,213
Less: Issue of preference shares	(313,689)
Less : Advance against issue of preference shares	(52,169)
Net assets of the associate available for distribution	7,193,355
Proportion of holding company's interest in associate	8.02%
	576,665
Others	29,357
Carrying amount of the holding company's interest in associate	606,022

Notes to the Consolidated Financial Statements
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12.2 Investment in China Power Hub Generation Company (Private) Limited (CPHGC)

	2017	2016
	(Rupees in '000)	
Opening investment	414,199	-
Investment during the year	1,092,000	520,000
Gain on dilution of interest	-	61,987
Less: Share of loss from associate	(183,844)	(167,788)
Less: Company's share in share issue cost	(3,965)	-
	1,318,390	414,199

As at the balance sheet date, the holding company (via HPHL) has 26% ownership interest in China Power Hub Generation Company (Private) Limited (CPHGC), the principal business of which is to construct, finance, own and operate two coal-fired power generation units of 660 MW each with ancillary Jetty in the province of Baluchistan.

CPHGC was established consequent to a Joint Venture Agreement (JVA) dated April 20, 2015 between China Power International Holding Limited (CPIHL) and the holding company. As per the terms of the JVA, CPIHL through its wholly owned subsidiary China Power International (Pakistan) Investment Limited (CPIIL) and the holding company through HPHL invested in CPHGC in the proportion of 51% and 49% respectively in accordance with the Shareholders Agreement (SHA) dated June 12, 2015. CPIIL and HPHL entered into an Amended and Restated Shareholders' Agreement (A&RSHA) on March 9, 2016 through which, among other amendments, it was agreed that HPHL will reduce its shareholding in CPHGC by way of renunciation of its rights shares in the next rights issue offered by CPHGC, so that the shareholding percentages of CPIIL and HPHL shall become 74% and 26% respectively. Further, subject to certain conditions as stated in the A&RSHA, at any time on or before the Call Option Exercise Date (i.e., a date falling no later than 200 days prior to Required Commercial Operations Date), HPHL had the right but not the obligation to increase its percentage of shareholding in CPHGC from 26% up to a minimum of 43% and a maximum of 49%, by acquiring shares from CPIIL, the price of which shares will be calculated as per the provisions of the A&RSHA.

During the year, the Board of Directors of the holding company and HPHL have decided to increase the HPHL's shareholding in CPHGC from 26% to 47.5%. Further HPHL has also entered into a Memorandum of Understanding (MoU) with CPIIL and Government of Baluchistan (GoB). In accordance with the MoU, HPHL and CPIIL have agreed to transfer 3% equity shareholding (1.5% each) in CPHGC to GoB, no later than the Commercial Operation Date (COD) of CPHGC and consequently, shareholding of HPHL and CPIIL shall reduce to 46% and 51% respectively. These shares will be issued to GoB in lieu of resources and services to benefit CPHGC in a transparent and legal manner.

CPHGC submitted application for tariff determination, under Upfront Tariff (Approval and Procedures) Regulations, 2011 with National Electric Power Regulatory Authority (NEPRA), which was approved on February 12, 2016. CPHGC also filed application for generation license before NEPRA which was approved on September 08, 2016. The term of the license is 30 years from the date of commencement of commercial operations. In addition, CPHGC has also signed Equipment Procurement and Construction (EPC) contract for coal importation jetty on June 14, 2016 and for power plant on September 21, 2016. Advance payments to EPC contractors have been made and work is underway in respect of construction of the power plant.

On April 12, 2016, the Private Power & Infrastructure Board (PPIB) issued Letter of Support (LOS) to CPHGC. As per the terms of the LOS, CPIHL and HPHL provided performance guarantees in favour of PPIB which require CPHGC to (i) achieve Financial Closing no later than nine months from the date of LOS, and (ii) enter into the Implementation Agreement (IA) and Power Purchase Agreement (PPA) no later than three months prior to the financial closing date. PPIB is entitled to encash the performance guarantees in case CPHGC is not able to meet the above conditions or CPHGC decides to exercise termination option as defined in the LOS. During the year, PPIB granted extension to achieve the above deadlines, initially by June 07, 2017. During this extension period, IA and PPA were signed on January 25, 2017. PPIB has further granted extension to achieve the deadline for Financial Closure till December 07, 2017. The related performance guarantee has also been extended until March 08, 2018.

As per the terms of IA and PPA, CPHGC is required to acquire a site for the construction of the project and enter into a coal supply agreement prior to Financial Closing. CPHGC has identified the required site and has entered into a 'right to use' agreement with the holding company whereas the process of entering into an 'Agreement to Sell' for land is in process. Bidding process in respect of coal supply has been finalized and the coal supply agreement is under finalization.

The investment in CPHGC has been treated as investment in associate, which is accounted for using the equity method of accounting.

The financial year end of CPHGC is December 31, therefore, the financial results as at June 30 are used for the purpose of application of equity accounting method. Summarised unaudited financial information of CPHGC as at June 30, 2017 is as follows:

	(Rs. '000s)
Non-current assets	23,305,035
Current assets	3,917,420
Total assets	27,222,455
Current liabilities	(22,147,517)
Total liabilities	(22,147,517)
Net assets	5,074,938

The associate had no material contingency as at June 30, 2017. Outstanding commitments as at June 30, 2017 amount to USD 947.946 million (Rs. 99,395.955 million).

Summarised profit and loss account of CPHGC for the period from July 01, 2016 to June 30, 2017	(Rs. '000s)
General and administrative expenses	(710,907)
Interest income	13,221
Exchange loss - net	(4,777)
Taxation	(4,630)
Loss for the period	(707,093)
Other comprehensive income for the period	-
Total comprehensive income for the period	(707,093)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associate recognised in these consolidated financial statements is as follows:

	(Rs. '000s)
Opening net assets as at July 01, 2016	1,593,073
Issue of shares	(15,250)
Advance received against issue of shares	4,204,208
Total comprehensive income for the period	(707,093)
Net assets of the associate	5,074,938
Less: Advance received against issue of shares to CPIIL	(4,208)
Net assets of the associate available for distribution	5,070,730
Proportion of holding company's interest in associate	26%
Carrying amount of the holding company's interest in associate	1,318,390

	Note	2017	2016
		(Rupees in '000)	
13. LONG TERM DEPOSITS AND PREPAYMENTS			
Deposits - non interest bearing		25,010	20,354
Prepaid operating lease rentals		7,665	8,030
Other prepayments		111,538	7,641
		144,213	36,025
14. STORES, SPARES AND CONSUMABLES			
In hand		3,275,499	2,589,966
In-transit		55,355	51,177
		3,330,854	2,641,143
Provision against stores, spares and consumables	14.1	(57,821)	(25,449)
	14.2	3,273,033	2,615,694

14.1 Provision against stores, spares and consumables

	2017	2016
Opening balance	25,449	-
Provision for the year	32,372	25,449
Closing balance	57,821	25,449

14.2 Most of the items of stores and spares are of interchangeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practicable to distinguish stores from spares until their actual usage.

	Note	2017	2016
		(Rupees in '000)	
15. STOCK-IN-TRADE			
Furnace oil		3,392,894	2,527,008
Diesel		10,361	8,588
Lubricating oil		28,815	18,802
Light diesel oil		10,624	8,929
		3,442,694	2,563,327
16. TRADE DEBTS - Secured			
Considered good	16.1 & 16.2	85,613,761	79,542,544

16.1 This includes an amount of Rs. 66,454 million (2016: Rs. 65,296 million) receivable from CPPA-G and Rs. 7,088 million (2016: Rs. 4,527 million) receivable from NTDC which are overdue but not impaired because the trade debts are secured by a guarantee from the GOP under Implementation Agreements.

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

The aging of these receivables are as follows:

	2017	2016
	(Rupees in '000)	
Not yet due	12,071,854	9,720,002
Up to 3 months	27,760,404	14,770,111
3 to 6 months	22,652,377	15,626,301
Over 6 months	23,129,126	39,426,130
	85,613,761	79,542,544

16.2 This includes Rs. 373 million (2016: Rs. 373 million) relating to a tax matter (Refer note 27.5).

	Note	2017	2016
		(Rupees in '000)	
17. LOANS AND ADVANCES			
Considered good - non interest bearing			
Loans - unsecured			
Executives	17.1	7,755	13,061
Employees		734	252
Advances			
Unsecured			
Executives		3,087	422
Employees		124	1,292
Suppliers		182,418	241,028
		185,629	242,742
Secured			
Suppliers		499	12,787
		194,617	268,842

17.1 This includes Rs. 2.191 million (2016: Rs. 5.824 million) loan provided to key management personnel which is recoverable in 12 months equal instalments in accordance with the respective company policies.

	Note	2017	2016
		(Rupees in '000)	
18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits		175	225
Prepayments			
Current portion of prepaid operating lease rentals		365	365
LC commission and other loan related costs		24,827	32,933
Miscellaneous		34,474	40,401
		59,666	73,699
Other receivables			
Interest accrued		4,483	3,200
Income tax	27.4	1,912,956	1,912,347
Sales tax		4,399,795	1,627,959
Receivable from CPHGC		41,826	68,271
Withholding tax recoverable		124,633	2,826
Workers' profit participation fund recoverable from CPPA-G / NTDC	7.1	454,936	519,501
Miscellaneous		65,295	318,406
		7,003,924	4,452,510
		7,063,765	4,526,434

19. CASH AND BANK BALANCES

	Note	2017	2016
Savings accounts	19.1 to 19.3	3,646,025	5,372,198
Term deposits	19.1	150,000	222,000
		3,796,025	5,594,198
In hand			
Cash		970	1,269
Payorders		63,360	977,065
		64,330	978,334
		3,860,355	6,572,532

19.1 Savings and deposits accounts carry mark-up rates ranging between 0.25% and 5.6% (2016: 0.25% and 6.35%) per annum.

19.2 This includes Rs. 1,151.352 million (2016: Rs. 2,299.596 million) restricted for dividend payable.

19.3 Amount deposited in debt payment accounts and maintenance reserve account are restricted for lenders' payments and major maintenance expenses of the plant, respectively.

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

2017	2016		2017	2016
(No. of Shares)			(Rupees in '000)	
		Authorised :		
1,200,000,000	1,200,000,000	Ordinary shares of Rs.10/- each	12,000,000	12,000,000
		Issued, subscribed and paid-up Ordinary shares of Rs.10/- each:		
818,773,317	818,773,317	For cash	8,187,733	8,187,733
		For consideration other than cash		
338,022,463	338,022,463	- against project development cost	3,380,225	3,380,225
358,607	358,607	- against land	3,586	3,586
338,381,070	338,381,070		3,383,811	3,383,811
1,157,154,387	1,157,154,387		11,571,544	11,571,544

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

Associated undertakings held 404,293,397 (2016: 409,713,697) shares in the holding company as at year end.

21. LONG TERM LOANS - Secured

From Banks / Financial Institutions	Note	As at July 01, 2016	Drawn / Translation	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2017
		(Rs. '000s)					
Holding company							
Hub plant							
Musharaka finance facility	21.1	2,187,500	-	(625,000)	(625,000)	-	937,500
Commercial facility	21.2	3,921,784	-	(685,292)	(780,167)	-	2,456,325
Syndicated term finance facility	21.3	-	1,574,929	-	-	-	1,574,929
Transaction costs		-	(8,898)	-	-	-	(8,898)
Sub Total		6,109,284	1,566,031	(1,310,292)	(1,405,167)	-	4,959,856
Laraib's investment							
Syndicated term finance facility	21.4.1	1,944,740	-	(777,896)	(777,896)	-	388,948
Islamic finance facility	21.4.2	421,667	-	(168,667)	(168,667)	-	84,333
Transaction costs		(21,915)	-	-	7,208	13,703	(1,004)
Sub Total		2,344,492	-	(946,563)	(939,355)	13,703	472,277
Long term loans of the holding company		8,453,776	1,566,031	(2,256,855)	(2,344,522)	13,703	5,432,133
Subsidiary -NEL							
Expansion facility	21.5.1	9,679,881	-	(1,590,556)	(1,867,862)	-	6,221,463
Syndicated term finance facility	21.5.2	3,100,000	-	-	(775,000)	-	2,325,000
Transaction costs		(152,678)	-	-	42,172	54,051	(56,455)
Long term loans of NEL		12,627,203	-	(1,590,556)	(2,600,690)	54,051	8,490,008
Subsidiary - LEL							
Foreign currency loans	21.6.1	8,054,615	16,664	(1,191,026)	(860,032)	-	6,020,221
Local currency loans	21.6.2	2,347,220	-	(464,390)	(342,334)	-	1,540,496
Transaction costs		(259,535)	-	-	50,656	58,634	(150,245)
Long term loans of LEL		10,142,300	16,664	(1,655,416)	(1,151,710)	58,634	7,410,472
		31,223,279	1,582,695	(5,502,827)	(6,096,922)	126,388	21,332,613

From Banks / Financial Institutions	Note	As at July 01, 2015	Drawn / Translation	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2016
		(Rs. '000s)					
Holding company							
Hub plant							
Under the Private Sector Energy Development Fund's (PSEDF I) Facility		1,045,647	-	(1,045,647)	-	-	-
Under the Private Sector Energy Development Fund's (PSEDF II) Facility		372,082	-	(372,082)	-	-	-
Musharaka finance facility	21.1	2,500,000	-	(312,500)	(625,000)	-	1,562,500
Commercial facility	21.2	4,523,745	-	(601,961)	(685,292)	-	3,236,492
Sub Total		8,441,474	-	(2,332,190)	(1,310,292)	-	4,798,992
Narowal plant							
Expansion facility	21.5.1	11,034,317	-	(1,354,436)	(1,590,556)	-	8,089,325
Syndicated term finance facility	21.5.2	-	3,100,000	-	-	-	3,100,000
Transaction costs		(212,208)	-	-	53,967	59,530	(98,711)
Sub Total		10,822,109	3,100,000	(1,354,436)	(1,536,589)	59,530	11,090,614
Laraib's investment							
Syndicated term finance facility	21.4.1	2,722,636	-	(777,896)	(777,896)	-	1,166,844
Islamic finance facility	21.4.2	590,334	-	(168,667)	(168,667)	-	253,000
Transaction costs		(41,468)	-	-	13,674	19,553	(8,241)
Sub Total		3,271,502	-	(946,563)	(932,889)	19,553	1,411,603
Long term loans of the holding company		22,535,085	3,100,000	(4,633,189)	(3,779,770)	79,083	17,301,209
Subsidiary - LEL							
Foreign currency loans	21.6.1	8,693,138	243,613	(882,136)	(1,194,014)	-	6,860,601
Local currency loans	21.6.2	2,708,332	-	(361,112)	(464,390)	-	1,882,830
Transaction costs		(323,591)	-	64,056	57,967	-	(201,568)
Long term loans of LEL		11,077,879	243,613	(1,179,192)	(1,600,437)	-	8,541,863
		33,612,964	3,343,613	(5,812,381)	(5,380,207)	79,083	25,843,072

21.1 The holding company entered into a long term Musharaka arrangement with a bank for an amount of Rs. 2,500 million (2016: Rs. 2,500 million) to finance boiler rehabilitation works at Hub Plant. The facility is repayable in sixteen equal instalments on quarterly basis starting from March 30, 2016 at a mark-up rate of 3 month KIBOR plus 0.60% per annum. The mark-up is payable on quarterly basis in arrear. Any late payment by the holding company is subject to a markup of 14% per annum. This loan is secured by way of second ranking / subordinated charge over all present and future assets excluding (i) land and buildings pertaining to Hub River Project of the holding company; (ii) assets relating to the Narowal power plant; (iii) Commercial Facility Disbursement Account; (iv) any shares in Demerged Company (special purpose vehicle that the holding company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal project); and (v) present and future shares acquired in LEL including bonus shares and right shares.

21.2 In order to finance the equity proportion of the project cost of Narowal plant, the holding company obtained this loan which is repayable in 40 instalments on quarterly basis starting from January 16, 2011 and then on each mark-up payment date at a mark-up rate of three month KIBOR plus 0.25% per annum. The mark-up is payable on quarterly basis in arrear. The loan is secured pari passu by way of:

(a) (i) Project Tangible Moveable Property;
(ii) Project Intellectual Property; and
(iii) All goodwill (including all brand names not otherwise subject to a fixed charge or assignment by or pursuant to this Agreement) presently belonging to the project company;

(b) a floating charge on the whole of the project related undertaking and assets, present and future;

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

(d) mortgage over the Hub Plant measuring 347 acres land.

a first ranking floating charge over the Commercial Facility Disbursement Account and all credit balances held therein from time to time and all rights, property and benefits arising therefrom at any time and from time to time.

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

The outstanding balance of long term loans include Rs. 560 million (2016: Rs. 678 million) repayable to associated undertakings.

21.3 During the year, the holding company entered into a long term financing arrangement with various banks for an aggregate sum of Rs. 21,000 million to finance equity investment in CHPGC (via HPHL), TEL and SECMC. Disbursements under the facility are subject to fulfillment of certain conditions precedent. The loan is repayable in 40 instalments on quarterly basis after the end the availability period, which is 54 months from the Facility Effective Date. The Facility Effective Date was May 18, 2017. Mark-up is charged at three months KIBOR plus 0.30% per annum. The loan is secured pari passu by way of all present and future assets of the holding company other than current assets.

The outstanding balance of long term loans include Rs. 225 million (2016: Rs. nil) repayable to associated undertakings.

Notes to the Consolidated Financial Statements
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21.4 In order to meet its investment obligation in LEL:

21.4.1 The holding company entered into a long term financing arrangement with various banks / financial institution for an amount of Rs. 3,741 million. The loan is repayable in 9 equal instalments on semi-annual basis following the six months after the end of availability period which is 42 months from the facility effective date at a mark-up rate of six month KIBOR plus 0.60% per annum. The facility became effective on October 01, 2010. The mark-up is payable on semi-annual basis in arrear starting from the availability period. Any late payment by the holding company is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of second ranking / subordinated charge over all present and future undertaking and assets excluding land and buildings of the holding company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the holding company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal plant); and (iv) present and future shares acquired in LEL including bonus shares and right shares.

21.4.2 The holding company also entered into a long term Islamic financing arrangement with a bank for an amount of Rs. 759 million. The loan is repayable in 9 equal instalments on semi-annual basis following the six months after the end of availability period which is 42 months from the facility effective date at a mark-up rate of six month KIBOR plus 0.60% per annum. The facility became effective on November 24, 2010. The mark-up is payable on semi-annual basis in arrear starting from the availability period. Any late payment by the holding company is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of securities mentioned in note 21.4.1.

The outstanding balance of long term loans include Rs. 495 million (2016: Rs. 583 million) repayable to associated undertakings.

Subsidiary - NEL

21.5 In connection with Narowal plant:

21.5.1 NEL entered into a long term financing arrangement which is repayable in 40 instalments on quarterly basis starting from January 16, 2011 and then on each mark-up payment date at a mark-up rate of three month KIBOR plus 3.47% per annum. The mark-up is payable on quarterly basis in arrear.

The loan is secured pari passu by way of:

(a) mortgage by Deposit of Title Deeds over the immovable properties of NEL;

(b) a first ranking floating charge over NEL's assets (both present and future), fixed and current [other than those referred in note 21.4.1(a)], tangible and intangible, wherever situated and all present and future trade deposits, trade debts, loans and advances, bills and other receivables of NEL;

(c) hypothecation, the creation of a first fixed charge over the present and future properties of NEL;

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

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

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

21.5.2 The loan is repayable in 16 equal installments on quarterly basis, starting from September 24, 2017 at a mark-up rate of three month KIBOR plus 0.20% per annum. The facility became effective on June 16, 2016. The mark-up is payable on quarterly basis in arrear starting from the date of disbursement, i.e. June 24, 2016. Any late payment by NEL is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of second ranking / subordinated charge over fixed assets (excluding land & building) of the holding company. The loan was obtained to fund the project cost overruns of Narowal plant.

Subsidiary - LEL

21.6 In connection with the power plant of LEL:

21.6.1 LEL entered into long-term loan facilities of USD 98.3 million with various foreign banks / financial institutions at an interest rate of six month LIBOR plus 4.75% per annum. Repayment of the principal amount of the long-term loan facilities is to be made in 24 semi-annual installments, the first such payment commenced on November 5, 2013 and then on interest payment date (each January 1 and July 1) until and including the final maturity date on November 5, 2024. Any delay in payments by the LEL is subject to an additional payment of 2% per annum above normal interest rate.

21.6.2 LEL has also entered into a long-term loan facility of Rs. 3,250 million with local commercial banks at an interest rate of six month KIBOR plus 3.25% per annum. The principal amount of the loan facility is repayable in 19 semi-annual installments, the first such payment commenced on November 5, 2013 and then on interest payment date (each January 1 and July 1) until and including the final maturity date on May 5, 2022. Any delay in payments by the LEL is subject to an additional payment of 2.5% per annum above normal mark-up rate.

21.6.3 Facilities are secured by way of, inter alia;

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

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

(ii) the assigned agreements but only as to such rights that are not effectively assigned by way of security to the security trustee under clause 5.3 (Assignments) of the Security Deed;

(iii) the authorizations and consents (to the extent permitted under any applicable law without the need to obtain the further consent of any Government entity);

(iv) all monetary claims and all related rights (if not effectively charged or assigned pursuant to the accounts charge) and only as to such rights that are not effectively assigned by way of security to the security trustee under Clause 5.3 (Assignments) of Security Trustee Deed;

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

(vi) all goodwill of LEL's business;

(vii) all insurances;

(viii) all other present and future assets of LEL both real and personnel, tangible and intangible (if not otherwise assigned effectively charged or assigned as applicable to the security trustee);

(viii) in charged accounts and in all authorized investments held by LEL or any of its nominee and all of benefits, right, title and interest present and future in or relating to the same;

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

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22. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	As at July 01, 2016	Translation	Repaid	Current portion	As at June 30, 2017
		(Rs. '000s)				
Islamic Development Bank	22.1	2,983,329	6,323	(436,867)	(313,106)	2,239,679

	Note	As at July 01, 2015	Translation	Repaid	Current portion	As at June 30, 2016
		(Rs. '000s)				
Islamic Development Bank	22.1	2,895,625	406,072	(318,368)	(438,154)	2,545,175

22.1 LEL entered into a finance lease agreement with Islamic Development Bank in respect of plant and machinery of USD 37.3 million. The rate of return used as the discounting factor is 6.78% (2016: 6.30%) per annum. The lease rentals are payable in 24 semi-annual installments, the first such payment commenced on November 5, 2013 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on November 5, 2024. Any delay in payments by LEL is subject to an additional payment of 2% per annum above normal return rate. The lease finance facility is secured against assets mentioned in note 21.6.3.

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

	2017		2016	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	(Rs. '000s)			
Within one year	479,304	313,106	617,651	438,154
After one year but not more than five years	1,719,796	1,268,542	1,757,291	1,258,092
Later than five years	1,080,797	971,137	1,463,966	1,287,083
Total minimum lease payments	3,279,897	2,552,785	3,838,908	2,983,329
Less: Amount representing finance charges	(727,112)	-	(855,579)	-
Present value of minimum lease payments	2,552,785	2,552,785	2,983,329	2,983,329
Less: Current portion	(313,106)	(313,106)	(438,154)	(438,154)
	2,239,679	2,239,679	2,545,175	2,545,175

23. DEFERRED LIABILITY

	Note	2017	2016
		(Rupees in '000)	
Opening balance		8,048	6,125
Provision for the year	23.1	1,716	1,923
Less: Payment during the year		(9,764)	-
Closing balance		-	8,048

23.1 This represents provision for gratuity in accordance with the terms of employment of the Chief Executive of LEL, who left LEL during the year. The gratuity has been paid to him in full.

24. TRADE AND OTHER PAYABLES

	Note	2017	2016
		(Rupees in '000)	
Creditors			
Trade	24.1	64,423,835	63,292,855
Other	24.2	44,999	365,533
		64,468,834	63,658,388
Accrued liabilities			
Operation & Maintenance fee and services		-	6,830
Finance costs		1,219	9,773
Miscellaneous		1,463,848	858,479
		1,465,067	875,082
Unearned income	24.3	1,169,316	1,177,057
Dividend payable		1,151,352	2,461,706
Other payables			
Provision for Workers' profit participation fund	7.1	531,690	589,736
Sales tax payable		29,884	25,909
Staff retirement benefits			
Gratuity	24.4	26,706	66,754
Provident fund		6,119	6,197
Pension fund		2,339	1,813
Retention money		17,728	20,509
Withholding tax		40,163	19,919
Others		175	558
		654,804	731,395
		68,909,373	68,903,628

24.1 This includes Rs. 63,484 million (2016: Rs. 62,072 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 56,851 million (2016: Rs. 56,668 million).

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

24.2 This includes payable to Engro Polymer & Chemicals Limited (an associated undertaking) amounting to Rs. Nil (2016: Rs. 0.617 million).

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

24.4 STAFF GRATUITY

	Note	2017	2016
		(Rupees in '000)	
Staff gratuity - holding company	24.4.1	17,649	75,439
Staff gratuity - HPSL	24.4.2	7,073	(8,685)
Staff gratuity - LEL	24.4.3	1,609	-
Staff gratuity - TEL	24.4.3	375	-
		26,706	66,754

24.4.1 Actuarial valuation was carried out as on June 30, 2017. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost method.

	2017	2016
	(Rupees in '000)	
Reconciliation of the net liability recognised in the balance sheet		
Present value of defined benefit obligation	202,661	214,588
Fair value of plan assets	(185,012)	(139,149)
Net liability recognised in the balance sheet	17,649	75,439
Reconciliation of the movements during the year in the net liability recognised in the balance sheet		
Opening net liability	75,439	54,682
Expense recognised	27,447	28,742
Remeasurement (gain) / loss recognised in Other Comprehensive Income (OCI)	(9,803)	10,461
Contributions to the fund made during the year	(75,434)	(18,446)
Closing net liability	17,649	75,439
Expense recognised		
Current service cost	25,163	23,821
Net Interest	2,284	4,921
Expense recognised	27,447	28,742
Re-measurements recognised in OCI during the year		
Remeasurement (gain) / loss on defined benefit obligations	(2,914)	620
Remeasurement (gain) / loss on plan assets	(6,889)	9,841
	(9,803)	10,461
Movements in the present value of defined benefit obligation		
Present value of defined benefit obligation at beginning	214,588	178,847
Current service cost	25,163	23,821
Interest cost	13,701	15,890
Transferred to HPSL	(24,548)	-
Benefits paid	(23,329)	(4,590)
Remeasurement (gain) / loss recognised in Other Comprehensive Income (OCI)	(2,914)	620
Present value of defined benefit obligation at closing	202,661	214,588
The movement in fair value of plan assets		
Fair value of plan assets at beginning	139,149	124,164
Expected return on plan assets	11,417	10,970
Contributions made	75,434	18,446
Transferred to HPSL	(24,548)	-
Benefits paid	(23,329)	(4,590)
Remeasurement gain / (loss) recognised in OCI	6,889	(9,841)
Fair value of plan assets at closing	185,012	139,149

	2017	2016
	(Rupees in '000)	
Actual return on plan assets	18,306	1,128
Contribution expected to be paid to the plan during the next year	13,103	31,964
Investment in debt securities	43,441	36,083
Mutual funds	83,108	72,642
Bank balances	12,600	15,439
	139,149	124,164

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

	2017	2016
- Valuation discount rate per annum	8.00%	7.25%
- Expected return on plan assets per annum	8.00%	7.25%
- Expected rate of increase in salary level per annum	8.00%	7.25%
- Mortality rates	SLIC 2001-05	SLIC 2001-05

Expected maturity analysis of undiscounted retirement benefit plans:

	Less than 1 year	Between 2- 5 years	Between 6 - 10 years	Total
	(Rupees in '000)			
Retirement benefit plan	25,897	21,696	112,062	159,655

	2017	2016	2015	2014	2013
	(Rupees in '000)				
As at June 30					
Present value of defined benefit obligation	202,661	214,588	178,847	142,975	110,181
Fair value of plan assets	(185,012)	(139,149)	(124,165)	(101,541)	(84,962)
Deficit	17,649	75,439	54,682	41,434	25,219

	2017	2016
	(Rupees in '000)	
Sensitivity analysis on significant actuarial assumptions - Impact on defined benefit obligation		
- Discount rate +1%	16,332	17,425
- Discount rate -1%	(18,674)	(19,897)
- Salary increases +1%	(19,412)	(20,790)
- Salary increases -1%	17,239	18,499

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

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24.4.2 Actuarial valuation was carried out as on June 30, 2017. The present value of defined benefit obligation has been calculated using the Projected Unit Credit method.

	2017	2016
	(Rupees in '000)	
Reconciliation of the net liability / (asset) recognised in the balance sheet		
Present value of defined benefit obligation	254,413	205,277
Fair value of plan assets	(247,340)	(213,962)
Net liability / (asset) recognised in the balance sheet	7,073	(8,685)
Reconciliation of the movements during the year in the net liability / (asset) recognised in the balance sheet		
Opening net (asset) / liability	(8,685)	-
Expense recognised	23,416	19,697
Remeasurement gain recognised in OCI	1,172	(7,266)
Contributions to the fund made during the year	(8,830)	(21,116)
Closing net liability / (asset)	7,073	(8,685)
Expense recognised		
Current service cost	24,024	19,701
Net Interest income	(608)	(4)
Expense recognised	23,416	19,697
Remeasurements recognised in OCI during the year		
Remeasurement loss / (gain) on obligation	9,666	(6,024)
Remeasurement gain on plan assets	(8,494)	(1,242)
	1,172	(7,266)
Movements in the present value of defined benefit obligation		
Present value of defined benefits obligation at beginning of the year	205,277	-
Liability transferred from ex-operator of hub plant to gratuity fund	-	180,074
Liability transferred from holding company's gratuity fund	24,548	-
Current service cost	24,024	19,701
Interest cost on defined benefits obligation	15,035	15,707
Benefits paid to outgoing members	(24,137)	(4,181)
Remeasurement loss / (gain) recognised in OCI	9,666	(6,024)
Present value of defined benefits obligation at end of the year	254,413	205,277
The movement in fair value of plan assets		
Fair value of plan assets at beginning of the year	213,962	-
Expected return on plan assets	15,643	15,711
Contribution made	8,830	21,116
Amount transferred from ex-operator of hub plant to gratuity fund	-	180,074
Amount transferred from holding company's gratuity fund	24,548	-
Benefits paid during the year	(24,137)	(4,181)
Remeasurement gain recognised in OCI	8,494	1,242
Fair value of plan assets at end of the year	247,340	213,962

	2017	2016
	(Rupees in '000)	
Actual return on plan assets	24,137	16,953
Contribution expected to be paid to the plan during the next year	31,915	24,024
Breakup of plan assets:		
Cash and cash equivalents	37,074	-
Mutual funds	44	-
Market treasury bills	132	-
	37,250	-
Significant actuarial assumptions used in the actuarial valuation were as follows:		
- Valuation discount rate per annum	7.75%	7.25%
- Expected return on plan assets per annum	7.75%	7.25%
- Expected rate of increase in salary level per annum	7.75%	7.25%
- Mortality rates	SLIC 2001-05	SLIC 2001-05

Expected maturity analysis of undiscounted retirement benefit plans:

	Less than 1 year	Between 1- 2 years	Between 3 - 5 years	Over 5 years	Total
	(Rs. '000s)				
Retirement benefit plan	16,700	20,101	92,934	197,538	327,273

	2017	2016
	(Rupees in '000)	
Sensitivity analysis on significant actuarial assumptions - Impact on defined benefit obligation		
- Discount rate +1%	12,105	16,701
- Discount rate -1%	(13,226)	(19,253)
- Salary increases +1%	(12,795)	(18,542)
- Salary increases -1%	11,853	16,406

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

24.4.3 LEL and TEL have not carried out the actuarial valuation of their gratuity liability as the effect would be immaterial to the their financial statements.

	Note	2017	2016
		(Rupees in '000)	
25. INTEREST / MARK-UP ACCRUED			
Interest / mark-up accrued on long term loans		645,279	689,323
Liabilities against assets subject to finance lease		-	85,026
Mark-up accrued on short term borrowings		237,723	163,825
	25.1	883,002	938,174

25.1 Included herein is a sum of Rs. 41.567 million (2016: Rs. 93.279 million) payable to associated undertakings.

	Note	2017	2016
		(Rupees in '000)	
26. SHORT TERM BORROWINGS - Secured			
Finances under mark-up arrangements	26.1 to 26.7	24,846,559	16,540,219

26.1 The facilities of holding company for running finance available from various banks / financial institutions amounted to Rs. 25,550 million (2016: Rs. 26,825 million) at mark-up ranging between 0.40% to 2.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities will expire during the period from September 14, 2017 to June 30, 2018. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. The facilities are secured by way of charge over the trade debts and stocks of the holding company for the Hub plant pari passu with the existing charge.

26.2 The holding company also has entered into a Musharaka agreement amounting to Rs. 400 million (2016: Rs. 400 million) at a mark-up of 0.5% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on August 15, 2017. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 26.1.

26.3 This includes a sum of Rs. 1,407 million (2016: Rs. 1,353 million) payable to associated undertakings. The available facilities amounted to Rs. 1,500 million (2016: Rs. 2,275 million). These facilities are secured by way of securities mentioned in note 26.1.

26.4 The facilities of NEL for running finance available from various banks / financial institutions amounted to Rs. 4,425 at mark-up ranging between 0.6% to 2.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrears. The facilities will expire during the period commencing August 26, 2017 to March 14, 2018. Any late payment by NEL is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

26.4.1 The facilities are secured by way of:

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

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

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26.5 NEL also has Murabaha facility agreements with banks for an amount of Rs. 625 million at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrears. These facilities will expire on August 26, 2017. Any late payment by NEL is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 26.4.

26.6 NEL has entered into Musharaka agreements amounting to Rs. 1,135 million. Mark-up on these facilities range from 0.60% and 0.75% per annum above three month KIBOR. The mark-up on the facilities are payable on quarterly basis in arrears. These facilities will expire on September 30, 2017 and November 30, 2017. Any late payment by NEL is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 26.4.

26.7 LEL entered into running finance facilities with Askari Bank Limited (an associated undertaking) and Silk Bank Limited amounting to Rs. 250 million from each bank, which were unutilized at the year end. These facilities carry mark-up at the rate of 1.75% per annum above three month KIBOR payable on quarterly basis in arrear. The facilities are secured by way of subordinated charge over the current assets (including receivables, advances, deposits and prepayments) of LEL. The facilities will expire on December 31, 2017.

27. COMMITMENTS AND CONTINGENCIES

27.1 Commitments of the holding company in respect of capital and revenue expenditures amounted to Rs. 469.827 million (2016: Rs. 1,168.672 million). This includes commitments of Rs. 156.576 million (June 2016: Rs. 429.716 million) to associated undertakings.

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

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

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

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

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

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

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

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27.3 Pursuant to the SSA in connection with the investment in LEL, the holding company entered into a facility agreement with a bank which is also an associated undertaking and has provided an LC of USD 23 million to LEL's lenders for cost overruns and debt repayment. During the year, after meeting certain conditions by LEL, the LC amount has been reduced to USD 10.875 million which the holding company is committed to continue to maintain till the last repayment of debt (expected in 2024). Any default in payment by the holding company is subject to a mark-up of six month KIBOR plus a margin of 4%. This LC is secured by way of second ranking / subordinated charge over all present and future undertaking and assets of the holding company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged company (special purpose vehicle that the holding company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal project); and (iv) present and future shares acquired in LEL including bonus shares and right shares.

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

In order to restrict the penal exposure of the holding company, in May 2012 the holding company availed the scheme offered by the FBR vide SRO 547(I)/2012 dated May 22, 2012 and made payment of Rs. 1,615 million.

In July 2014, the SCP decided the case in favor of the holding company. Against the decision of the SCP, FBR filed review petitions which were dismissed by the SCP in June 2015. Consequently, an amount of Rs. 1,912 million is refundable from FBR. The holding company is pursuing the FBR and Government for the refund.

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

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

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

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

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

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

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

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

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

Both holding company and CPPA-G agreed that this petition should proceed and a judgement obtained on merits. During the year ended June 30, 2011, the petition was dismissed by the HC. Against the decision of the HC, the holding company filed petition for leave to appeal before the Supreme Court of Pakistan (SCP). In December 2011, the SCP set aside the judgement of the HC and directed it to decide the case afresh. The matter is pending adjudication before the HC.

As at June 30, 2017, the total financial exposure relating to the above case is Rs. 24,619 million (Rs. 3,136 million being the 5% of the profit and Rs. 21,483 million interest component and penalty on delayed payment). No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

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

During the current year, the Supreme Court of Pakistan (SCP) vide its judgement dated November 10, 2016 set aside the amendments made to the Companies Profits (Workers' Participation) Act, 1968 (the Act) by money bills (Finance Acts) of 2006, 2007 and 2008 as ultra vires to the provisions of the Constitution of Pakistan (the Constitution). Accordingly, subject to the provisions of the Sindh Companies Profits (Workers' Participation) Act, 2015 (Sindh WPPF) and 18th Amendment to the Constitution, the provisions of the Act are to be read as if the amendments brought about by the said money bills were never made. However, the Federal Board of Revenue (FBR) has filed a review petition with the SCP in respect of the said decision. The holding company is currently in the process of assessing the potential impact of the above decision with respect to the applicability of the Act / Sindh WPPF, although financial impact, if any, will be a pass-through item under the respective PPAs.

27.7 (i) Under the IA with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, the tax authorities issued a tax demand for the tax years 2006-2010 amounting to Rs. 143 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The holding company's appeal before the Commissioner of Inland Revenue Appeals (CIR-A) and the Appellate Tribunal Inland Revenue (ATIR) were rejected. Against the order of the ATIR the holding company filed appeals before the Honorable Islamabad High Court (IHC) which were also decided against the holding company. Against the decision of the IHC, the holding company filed appeals before the SCP which are pending adjudication. The holding company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 289 million.

(ii) FBR also imposed 2% Workers Welfare Fund (WWF) for tax years 2006-2010 and issued a demand for Rs. 191 million which was subsequently reduced to Rs. 8 million by the CIR-A. The holding company filed appeals before the ATIR which were rejected. Against the order of the ATIR, the holding company filed appeals before the IHC which held that the orders on WWF were void. The IHC also held that WWF would be applicable in accordance with the law prior to the changes made through Finance Act 2006 & 2008. Against the decision of the IHC, the holding company filed appeals before the SCP which are pending adjudication. The holding company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 14 million.

WWF is a pass through under the PPA and is recoverable from the CPPA-G. No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

(iii) Under the IA with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, during March 2014, the FBR issued tax demand for the tax year 2011 amounting to Rs. 3.2 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. Appeals filed by the holding company before the CIR-A and thereafter with the ATIR were decided against the holding company. Against the order of the ATIR, the holding company filed appeal before the IHC which was also decided against the holding company. Against the decision of the IHC, the holding company filed appeal before the SCP which is pending adjudication. The holding company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 5 million.

(iv) FBR also imposed 2% WWF for the tax year 2011 and issued a demand for Rs. 108.5 million. Appeals filed by the holding company before the CIR-A and thereafter with the ATIR were decided against the holding company. Against the order of the ATIR the holding company filed appeal before the IHC which held that the order on WWF was void. The IHC also held that WWF would be applicable in accordance with the law prior to the changes made through Finance Act 2006 & 2008. Against the decision of the IHC the holding company filed appeal before the SCP which is pending adjudication. The holding company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 151 million.

WWF is a pass through under the PPA and is recoverable from CPPA-G. No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

(v) Under the IA with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, during March 2015, the FBR issued tax demand for the tax year 2013 amounting to Rs. 4 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The holding company filed appeal before the CIR-A who deleted the tax demand. Against the order of CIR-A, the FBR filed appeal before the ATIR which is pending adjudication. The holding company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 5 million.

(vi) FBR also imposed 2% WWF for the tax year 2013 and issued a demand for Rs. 162 million. The holding company filed appeal before the CIR-A who remanded back the case to FBR for a fresh assessment. Against the order of CIR-A, the FBR filed appeal before the ATIR which is pending adjudication. The holding company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 229 million.

WWF is a pass through under the PPA and is recoverable from CPPA-G. No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

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

27.8 (i) Under the IA with the GOP and under the tax law, the holding company is exempt from the levy of minimum tax. However, the FBR issued demand notices amounting to Rs. 443 million relating to the tax years 2006 to 2008, 2010 and 2011. After the holding company's appeals were rejected by the CIR-A, Islamabad, further appeals were filed with the ATIR, Islamabad which has decided the appeals in favour of the holding company. Against ATIR orders, FBR has filed appeals in the IHC which are pending adjudication. The holding company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 753 million.

(ii) The FBR passed an order for the recovery of sales tax amounting to Rs. 8,519 million relating to fiscal years ended June 2008 to 2011. In FBR's view the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which decided the case in favour of the holding company. Against the judgment of the ATIR, the FBR filed a case with the IHC which is pending adjudication. The holding company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 19,252 million.

(iii) The FBR passed an order for the recovery of sales tax amounting to Rs. 3,442 million relating to fiscal year ended June 2012. In FBR's view the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which also decided the case against the holding company. Against the decision of the ATIR, the holding company filed appeal with IHC which is pending adjudication. The holding company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 6,525 million.

(iv) The FBR issued a Show Cause Notice to recover sales tax amounting to Rs. 3,692 million relating to fiscal year ended June 2013. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / LHC in other cases. Against this decision, the FBR has filed appeal with IHC which is pending adjudication. The holding company's maximum exposure as at June 30, 2017 is approximately Rs. 3,692 million.

(v) The FBR issued a show cause notice to recover sales tax amounting to Rs. 4,130 million relating to fiscal year ended June 2014. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / LHC in other cases. Against this decision, the FBR has filed appeal with IHC which is pending adjudication. The holding company's maximum exposure as at June 30, 2017 is approximately Rs. 4,130 million.

(vi) Payment to PSO under the FSA including payment of Late Payment Interest (LPI) are exempt from withholding of income tax under the provisions of the tax law. During 2014, the FBR issued show cause notices to recover tax amounting to Rs. 1,677 million on the pretext that LPI paid to PSO under the FSA is a payment of "profit on debt". The holding company filed Writ Petitions before the IHC which were decided against the holding company. The holding company filed further appeals with IHC which are pending adjudication. The holding company's maximum exposure as at June 30, 2017 is approximately Rs. 1,677 million.

(vii) Under the O&M agreement with the ex-operator for the Hub plant, the holding company used to pay fixed and variable fees to the operator. In January 17, 2015, the FBR passed an order amounting to Rs. 1,034 million relating to the tax years 2010 to 2013 for the recovery of Federal Excise Duty (FED). The FBR viewed O&M as a franchise agreement and not a service agreement and decided that payments made thereon were in nature of technical fees which were subject to FED. After dismissal of the holding company's appeal at the Commissioner Inland Revenue – Appeal & the ATIR, the holding company filed appeals with the IHC which is pending adjudication. The holding company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 1,884 million.

(viii) Under the provisions of the Sales Tax Act, 1990 (STA), the holding company is entitled to claim from FBR the Provincial Sales Tax (PST) on services paid under the provincial sales tax law. However after the imposition of Balochistan Sales Tax (BST), the FBR did not allow the adjustment of BST in the Federal Sales Tax return. Against this, the holding company filed appeal before the IHC which is pending adjudication. In the meantime, the IHC allowed the holding company to claim such BST paid till a final decision is made. The holding company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 237 million.

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

27.9 The power purchaser of the Hub Plant was unable to meet its obligation to provide a stand by letter of credit as required under the PPA. Consequently, the holding company was unable to meet its obligation to provide a stand by letter of credit to PSO under the FSA.

27.10 In order to provide financing facilities to HPHL, the holding company entered into a facility agreement with Habib Bank Limited on February 19, 2016 for issuance of guarantee of USD 3.234 million with a validity of two years and 1 month which is secured against a third ranking charge over present and future plant and machinery of Hub Project.

27.11 In relation with issuance of LOS to TEL, the holding company has entered into a facility agreement with Habib Bank Limited on November 09, 2016 for issuance of guarantee in favour of the PPIB amounting to USD 1.650 million. The facility is valid till June 30, 2018 or up to 3 months post financial close of the project. The facility is secured by 3rd ranking charge over all present and future plant and machinery of the holding company.

27.12 Pursuant to the terms of JDF and SHA, the holding company and its affiliates are committed to provide the required Land for the development of 2X660 MW Coal Plant and ancillary jetty at Hub Plant Site in the form of sale or lease to CPHGC at the mutually agreed terms and conditions. This lease or sale shall be subject to the Laws of Pakistan and such other conditions as may be applicable upon the holding company and its affiliates.

27.13 Pursuant to the terms of Limited Notice to Proceed Undertaking Agreement (LNTP Undertaking) entered into between the holding company, Hub Power Holdings Limited, China Power International Holding Limited, China Power International (Pakistan) Investment Limited and China Power Hub Generation Company (Pvt.) Limited (CPHGC), for the construction of 2x660 MW Coal Project, on August 02, 2016, the holding company entered into the Agreement of Land Use Right with CPHGC for providing CPHGC rights to commence construction activities of 2x660 MW power plant along with ancillary jetty and staff housing facilities, on certain portions of land within the Hub Site presently owned by the holding company (the "Proposed Land") at mutually agreed terms. In accordance with the Agreement of Land Use Right, the holding company is required to legally transfer the Proposed Land of approximately 301 acres to CPHGC within a period of thirty days following the Financial Close of CPHGC i.e. the expiry date of the Agreement, the holding company shall compensate for any loss that might result out of the use or transfer of Proposed Land due to related legal issues or delay in transfer of Proposed Land during the LNTP work. Further, prior to the transfer of ownership of Proposed Land to CPHGC, the holding company also committed not to pledge, place on rent or otherwise transfer the Proposed Land in any manner to any third party.

The shareholders of the holding company in their Annual General Meeting held on October 18, 2016 approved the disposal of land upto 350 acres to CPHGC at its fair value to be determined by the valuer appointed by the Power Purchaser of Hub Plant. Further, the shareholders of the holding company also approved that the sale proceeds of the Land sold to CPHGC will be passed on to the Power Purchaser of the Hub Plant.

Subsequent to the approval of the shareholders, the Proposed Land has been classified as non-current asset held for sale. The carrying value of the Proposed Land is estimated to be Rs. 3.66 million whereas the fair value of the Proposed Land, as determined by the valuer appointed by the Power Purchaser, is approximately Rs. 180.60 million. The transaction when completed, will result in the loss on derecognition of the Proposed Land to the extent of its carrying value, i.e. approximately Rs. 3.66 million because all the proceeds will be passed on to CPPA-G (Power Purchaser).

The holding company has obtained the required NOCs for the transfer of Proposed Land to CPHGC and legal steps required to transfer the land are currently in process.

27.14 Pursuant to the terms of JDF and SHA, the holding company and its affiliates are committed to assist CPHGC in obtaining the required permits including environmental NOCs and approvals from government agencies. During the, year two constitution petitions in the Honorable High Court of Balochistan, challenging the establishment of the Coal Power Plant along with an ancillary jetty in Baluchistan (Project) were dismissed in favor of the holding company on the grounds that Honorable High Court Balochistan did not have jurisdiction in view of the constitution of Environment Tribunal. Afterwards, one of the aggrieved party in the above referred petitions approached the Environmental Protection Tribunal Balochistan praying for an order on environmental grounds to restrain the holding company from execution of the Project. The management and their legal advisors are of the view that the position of the holding company is sound on technical grounds and ultimate outcome of the case will be in favor of the holding company.

27.15 On May 27, 2016, a petition was filed in the Honorable High Court of Balochistan against Government of Balochistan (GoB) and others including the holding company requesting the court to declare the agreement entered into between the holding company, GoB and others with regard to sale of land for the Project situated at Monza Khund Tehsil Hub, District Lasbela, Balochistan, dated January 22, 1992 to be void on the grounds of malafide intention and alleged legal deficiencies prior to the signing of the aforementioned agreement. The management and their legal advisors are of the view that the position of the holding company is sound on technical ground and ultimate outcome of case ought to be in favour of the holding company.

27.16 The holding company has received letter from the Power Purchaser stating that the holding company did not maintain the requisite fuel stock at Hub plant as required under the PPA and has therefore incurred lower interest on working capital and therefore Power Purchaser is earmarking an estimated amount of Rs. 1,801 million for Hub Plant out of the Late Payment Interest invoices owed by the Power Purchaser. The holding company has contested these claims.

27.17 In connection with the development and operation of the power plant of NEL:

27.17.1 Commitments in respect of capital and revenue expenditures amounted to Rs. 469.667 million (2016: nil).

27.17.2 Pursuant to Fuel Supply Agreement (FSA) with Bakri Trading Company Pakistan (Pvt) Ltd for the Narowal plant, NEL has provided Stand-by Letter of Credit (SBLC) for an amount of Rs. 1,600 million. Any default in payment by NEL is subject to a mark-up rate of three month KIBOR plus 4% per annum. This SBLC is secured by way of securities mentioned in note 26.4.1.

27.17.3 Due to continuous delay in payments by NTDC in connection with the Narowal plant, NEL had called on the Sovereign Guarantee for recovery of overdue receivables. Subsequently, the holding company also filed a petition in the Honorable Supreme Court of Pakistan (SCP) seeking an immediate recovery of these overdue receivables and to protect itself against reduction in capacity purchase price in the form of Liquidated Damages (LDs) due to non-availability of power plant for electricity generation because of lack of fuel caused by delay in payments by NTDC. On February 15, 2013, the SCP passed an interim order that there shall be no reduction in capacity payment. On June 28, 2013, the holding company and other Independent Power Producers (IPPs) agreed with GOP that on settlement of all overdue amounts, the holding company and other IPPs would withdraw the SCP case and pursue expert adjudication and arbitration in accordance with the PPA with regards to the LDs imposed by power purchaser. Expert's decision is non-binding on both NEL as well as NTDC and any party may decide to pursue arbitration pursuant to the Power Purchase Agreement (PPA). In 2016, the decision of the expert was received which was generally in favour of IPPs. However, due to NTDC/GOP's unwillingness to implement the expert's decision, the IPPs commenced arbitration proceedings in the London Court of International Arbitration (LCIA) which has appointed an arbitrator and proceedings are in progress. If the matter is decided in favour of NEL, an amount of Rs. 967 million (out of which LDs amounting to Rs. 567 million pertaining to the period prior to January 2013 charged to Profit & Loss account as a matter of prudence) will become refundable from power purchaser.

The management and their legal advisors are of the opinion that the position of NEL is sound and eventual outcome ought to be in favour of NEL.

27.17.4 Following notices / demand orders have been issued by tax authorities to the holding company in respect of combined operations of Hub and Narowal Plants. Pursuant to the demerger the exposure related to Narowal Undertaking has been transferred to NEL.

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Further, an agreement dated May 11, 2017 has been entered into between NEL and the holding company whereby NEL has undertaken to reimburse any cost which may directly be incurred by the holding company in respect of exposures transferred pursuant to the scheme of demerger.

27.17.4.1 Federal Board of Revenue (FBR) imposed 2% Workers Welfare Fund (WWF) for the tax year 2013 and issued a demand for Rs. 25 million. The holding company filed appeal before the Commissioner of Inland Revenue Appeals (CIR-A) who remanded back the case to FBR for a fresh assessment. Against the order of CIR-A, the FBR filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. The holding company's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 36 million.

WWF is a pass through under the PPA and is recoverable from NTDC. No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

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

27.17.4.2 (i) Under the IA with the GOP and under the tax law, the holding company is exempt from the levy of minimum tax. However, the FBR issued demand notices amounting to Rs. 8 million relating to the tax years 2006 to 2008, 2010 and 2011. After the holding company's appeals were rejected by the CIR-A, Islamabad, further appeals were filed with the ATIR, Islamabad which decided the appeals in favour of the holding company. Against ATIR orders, FBR filed appeals in the Honorable High Court of Islamabad (IHC) which are pending adjudication. NEL's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 12 million.

(ii) The FBR passed an order for the recovery of sales tax amounting to Rs. 172 million relating to fiscal years ended June 2008 to 2011. In FBR's view the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which decided the case in favour of the holding company. Against the judgment of the ATIR, the FBR filed a case with the IHC which is pending adjudication. NEL's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 389 million.

(iii) The FBR passed an order for the recovery of sales tax amounting to Rs. 595 million relating to fiscal year ended June 2012. In FBR's view the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which also decided the case against the holding company. Against the decision of the ATIR, the holding company filed appeal with IHC which is pending adjudication. NEL's maximum exposure as at June 30, 2017 including the principal amount, penalty and default surcharge is approximately Rs. 1,060 million.

(iv) The FBR issued a show cause notice to recover sales tax amounting to Rs. 353 million relating to fiscal year ended June 2013. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / Honorable High Court of Lahore (LHC) in other cases. Against this decision, the FBR filed appeal with IHC which is pending adjudication. NEL's maximum exposure as at June 30, 2017 Rs. 353 million.

(v) The FBR issued a show cause notice to recover sales tax amounting to Rs. 878 million relating to fiscal year ended June 2014. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / LHC in other cases. Against this decision, the FBR filed appeal with IHC which is pending adjudication. NEL's maximum exposure as at June 30, 2017 is approximately Rs. 878 million.

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

27.17.5 NEL has received letter from the Power Purchaser stating that NEL did not maintain the requisite fuel stock at Narowal plant as required under the PPA and has therefore incurred lower interest on working capital and therefore Power Purchaser are earmarking an estimated amount of Rs. 857 million out of the Late Payment Interest invoices owed by the Power Purchaser. NEL has contested the claim.

27.18 In connection with the development and operation of the power plant of LEL:

(i) LEL entered into a land lease agreement with the Government of AJK ("GOAJK") for lease of 424 kanal of land for the project. LEL is obligated to pay Rs. 0.17 million per annum as rental for such land starting from October 09, 2003, the date of the notification issued by the GOAJK, till the end of 30 years term.

(ii) LEL also entered into a land lease agreement dated July 30, 2009 with the GOAJK for lease of 7,243 kanal and 13 marlas of land for the project. As per the terms of the lease agreement, LEL had paid advance rental for a term of 5 years after which land measuring 3,237 kanal, required for permanent structures, would be leased again for a further period of 20 years while the remaining land would be reverted to the Government. The process for reverting the excess land and renewal of the lease agreement is in progress. Under AJK Implementation Agreement, the GOAJK has agreed to extend the term of the land lease agreement to match the term of the PPA, at least three years prior to expiry of such term. Pursuant to the land lease agreement, LEL is obligated to construct a cadet college, for welfare of the effected community, within 5 years after the commercial operations date of the project, the required land will be provided by the GOAJK one year before start of construction of the cadet college.

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

	2017	2016
	(Rupees in '000)	
Not later than one year	1,464	1,464
Later than one year but not later than five years	5,858	5,858
Later than five years	17,502	18,966
	24,824	26,288

(iv) LEL's other capital commitments against contracts amount to Rs. 2.07 million (2016: Rs. 1.78 million) and LEL's commitment in respect of revenue expenditure amounts to Rs. 311.89 million (2016: Rs. 317.65 million).

(v) Certain legal cases in relation to project land leasehold rights / compensation amounting to Rs. 511.06 million (2016: Rs. 418.87 million) are pending in courts. In the opinion of the management and LEL's legal counsel, the ultimate disposition of these cases will not have any material impact on these consolidated financial statements.

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(vi) As per terms of the PPA, LEL is liable to pay the Power Purchaser liquidated damages (LDs) for each KWh of Excess Outage Energy at the rate given in the PPA. During the year, LEL has received an invoice of Rs. 214.58 million from the Power Purchaser on account of LDs for the first Agreement Year under the PPA. However, LEL has disputed this invoice on the basis that LDs charged by the Power Purchaser are not in accordance with the provisions of the PPA. Accordingly, LEL has issued an Invoice Dispute Notice to the Power Purchaser for Rs. 201.15 million which is under resolution following the dispute resolution mechanism given in the PPA. Further, as per terms of the EPC contracts, such LDs, if determined to be payable by LEL, are recoverable from the EPC contractor, and hence there is no possibility that final settlement of this matter would result net cash outflow from LEL.

27.19 In connection with the operations of HPSL:

27.19.1 Commitments in respect of revenue expenditures and capital expenditure amounts to Rs. 0.7 million (2016: 2.550 million) and Rs. 8.6 million (2016: nil), respectively.

27.19.2 Commitments in respect of Ijarah financing arrangement with financial institution entered during the period:

	2017	2016
	(Rupees in '000)	
Not later than one year	6,362	6,362
Later than one year and not later than five years	1,590	7,952
Later than five years	-	-

27.20 In connection with the operations of HPHL:

HPHL has entered into a facility agreement with Habib Bank Limited (HBL) for the issuance of LOS guarantee in favour of the PPIB for an amount of USD 3.234 million (Rs. 340.864 million). This facility is valid till March 08, 2018 and is secured by a Standby Letter of Credit issued by the holding company in favour of HBL.

27.21 In connection with the development and operation of the power plant of TEL:

27.21.1 Commitments in respect of capital and revenue expenditures amounted to USD 281.379 million (Rs. 29,888.261 million) (2016:nil).

27.21.2 During the year, TEL has received intimation from SECMC for allocation of 140 acres of land (excluding ash yard, evaporation pond and colony) to Company for its Power Project. TEL is currently in the process of finalizing its lease deed with SECMC. Neither TEL has paid any advance nor issued the Preliminary Notice to Commence (PNTC) to EPC contractor, however after mutual consent the preliminary studies, survey and related construction activities has been commenced by EPC contractor considering the committed COD timelines. TEL does not have any legal obligation to compensate to the EPC contractor for the cost incurred for preliminary studies, survey and related construction activities prior to the issuance of PNTC.

There are multiple legal steps / processes which need to be completed before TEL could have the legal title of the land on which power plant is to be constructed. These legal requirements are in the process and are expected to be completed before financial close could be declared, however, the EPC contractor with mutual consent of TEL has already started preliminary studies, survey and related construction activities prior to the issuance of PNTC on the said piece of land so that the Commercial Operation Date (December 31, 2020) committed as per PPA is not jeopardized. TEL is exposed to the risk of non-completion of required legal steps within the stipulated timeline and related legal / financial implications due to earlier execution of construction activities.

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Note	2017	2016
		(Rupees in '000)	
		Chief Executives	
Managerial remuneration		82,400	46,095
Bonus		29,770	44,544
Utilities		639	2,419
Other benefits	28.1	11,628	22,477
		124,437	115,535
Number of persons		3	2
		Directors	
Fees	28.2	20,650	26,000
Number of persons		20	17
		Executives	
Managerial remuneration		576,394	520,175
Ex-gratia payment		1,609	-
Bonus		193,373	186,720
House rent		232,266	213,748
Utilities		52,594	49,522
Retirement benefits		128,405	107,731
Other benefits		385,168	211,967
		1,569,809	1,289,863
Number of persons		383	308
		Total	
Managerial remuneration / Fees		679,444	592,270
Ex-gratia payment		1,609	-
Bonus		223,143	231,264
House rent		232,266	213,748
Utilities		53,233	51,941
Retirement benefits		128,405	107,731
Other benefits		396,796	234,444
		1,714,896	1,431,398
Number of persons		406	327

28.1 Retirement benefits to the Chief Executive and certain Executives are paid as part of monthly emoluments.

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

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

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

28.5 The above figures do not include cost allocated by HPHL to CPHGC amounting to Rs. 123.251 million (2016: Rs. 225.045 million).

29. SEGMENT INFORMATION

29.1 SEGMENT ANALYSIS

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

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

	2017							
	Power Generation			Operations and Maintenance				
	Hub plant	Narowal plant	Laraib plant	Hub plant	Narowal plant	Unallocated	Eliminations	Total
	(Rs. '000s)							
Turnover	78,589,767	17,312,702	5,249,985	1,602,877	361,062	-	(1,928,015)	101,188,378
Operating costs	(69,272,692)	(13,590,156)	(1,606,880)	(1,135,791)	(211,460)	-	1,888,403	(83,928,576)
GROSS PROFIT	9,317,075	3,722,546	3,643,105	467,086	149,602	-	(39,612)	17,259,802
General and administration expenses	(615,204)	(190,332)	(138,109)	(260,079)	(64,068)	(97,657)	-	(1,365,449)
Other income	1,557,042	1,605	71,607	10,492	2,698	47,992	(1,535,064)	156,372
Other operating expenses	(76,754)	-	-	-	-	-	-	(76,754)
PROFIT FROM OPERATIONS	10,182,159	3,533,819	3,576,603	217,499	88,232	(49,665)	(1,574,676)	15,973,971
Finance costs	(1,493,625)	(1,375,255)	(922,056)	(35)	(30)	(290,316)	-	(4,081,317)
Gain on dilution of interest in associates	-	-	-	-	-	1,191	-	1,191
Share of loss from associates	-	-	-	-	-	(186,148)	-	(186,148)
PROFIT BEFORE TAXATION	8,688,534	2,158,564	2,654,547	217,464	88,202	(524,938)	(1,574,676)	11,707,697
Taxation	(142,434)	(714)	(21,792)	(150,977)	(34,236)	(9,062)	-	(359,215)
PROFIT FOR THE YEAR	8,546,100	2,157,850	2,632,755	66,487	53,966	(534,000)	(1,574,676)	11,348,482
Assets	110,199,066	29,933,883	21,185,000	237,189	44,136	6,583,363	(8,562,837)	159,619,800
Liabilities	92,435,467	17,053,695	11,735,894	222,343	38,424	3,307,239	(171,763)	124,621,299
Depreciation and amortisation	1,928,612	997,645	899,124	8,701	1,384	41,392	-	3,876,858
Capital expenditure	701,847	170,800	34,256	14,818	10,722	165,555	(6,543)	1,091,455

	2016							
	Power Generation			Operations and Maintenance				
	Hub plant	Narowal plant	Laraib plant	Hub plant	Narowal plant	Unallocated	Eliminations	Total
	(Rs. '000s)							
Turnover	71,925,328	14,489,881	5,174,628	1,224,925	66,057	-	(1,285,943)	91,594,876
Operating costs	(61,489,986)	(10,137,439)	(1,709,242)	(885,597)	(36,771)	-	1,246,331	(73,012,704)
GROSS PROFIT	10,435,342	4,352,442	3,465,386	339,328	29,286	-	(39,612)	18,582,172
General and administration expenses	(759,628)	(165,680)	(171,864)	(132,468)	(11,211)	(21,616)	-	(1,262,467)
Other income	1,439,122	5,375	117,760	7,340	32	2,207	(1,404,701)	167,135
Other operating expenses	(425,284)	(47,993)	-	-	-	-	-	(473,277)
PROFIT FROM OPERATIONS	10,689,552	4,144,144	3,411,282	214,200	18,107	(19,409)	(1,444,313)	17,013,563
Finance costs	(1,132,969)	(1,693,411)	(1,024,021)	(1,340)	(4)	(282,824)	(7)	(4,134,576)
Gain on dilution of interest in associates	-	-	-	-	-	61,876	-	61,876
Share of loss from associates	-	-	-	-	-	(169,610)	-	(169,610)
PROFIT BEFORE TAXATION	9,556,583	2,450,733	2,387,261	212,860	18,103	(409,967)	(1,444,320)	12,771,253
Taxation	(147,494)	(1,192)	-	(115,106)	(6,160)	(707)	-	(270,659)
PROFIT FOR THE YEAR	9,409,089	2,449,541	2,387,261	97,754	11,943	(410,674)	(1,444,320)	12,500,594
Assets	105,925,290	28,080,321	22,876,939	306,530	86,869	602,045	(4,029,858)	153,848,136
Liabilities	89,957,296	16,469,654	14,738,468	212,561	70,320	100,503	(945,276)	120,603,526
Depreciation and amortisation	1,871,291	985,483	927,927	8,054	-	39,612	-	3,832,367
Capital expenditure	441,700	236,392	75,642	33,134	-	6,114	-	792,982

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

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30. RELATED PARTY TRANSACTIONS

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

	Note	2017	2016
		(Rupees in '000)	
Associate companies			
Investment in CPHGC		1,092,000	520,000
Investment in SECMC		31,929	332,905
Reimbursable expenses incurred on behalf of CPHGC by HPHL		129,689	523,541
Receipts from CPHGC against reimbursement of expenses		159,173	455,250
Services rendered to associated undertaking - CPHGC		46,108	-
Receipts against services rendered to associated undertaking - CPHGC		43,068	-
Associated undertakings due to common directorship			
Proceeds from long term loan		224,990	2,700,000
Amounts paid for services rendered		614	6,308
Procurement of stores, spares and consumables		3,434	2,582
Donation paid to The Dawood Foundation		500	-
Donation paid to Engro Foundation		-	1,500
Repayment of long term loans		602,212	372,472
Interest / mark-up on long term loans		320,463	236,246
Mark-up on short term borrowings		117,504	112,641
Other finance costs		7,746	2,227
Dividend paid to NCI		473,747	287,120
Other related parties			
Proceeds from disposal of assets	30.2	3,057	6,625
Remuneration to key management personnel			
Salaries, benefits and other allowances		401,296	299,646
Retirement benefits		23,078	18,310
	30.1 & 30.4	424,374	317,956
Directors' fee	28.2	20,650	26,000
Contribution to staff retirement benefit plans		176,735	102,375

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

30.2 This represents proceeds from disposal of assets having written down value of Rs. 1.737 million (2016: Rs. Nil) to key management personnel.

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

30.4 The above figures do not include cost allocated by HPHL to CPHGC amounting to Rs. 24.443 million (2016: Rs. 28.102 million).

31. PROVIDENT FUND TRUSTS

Contribution to defined contribution plan of the holding company and HPSL, of members who consented, was transferred to Meezan Tahaffuz Pension Fund (MTPF) / UBL Fund Managers, the voluntary pension system (VPS) with the consent of all members of provident fund, as allowed under clause (aa) of sub-rule (1) of Rule 103 of the Income Tax Rules, 2002.

The following figures represent the provident fund details of the holding company, HPSL and LEL:

	2017	2016
Size of the trust (Rupees in thousands)	341,962	511,055
Cost of investments made (Rupees in thousands)	261,140	478,066
Percentage of investments made (%)	76.37%	93.55%
Fair value of investments made (Rupees in thousands)	315,824	480,006
Break-up of Investments		
Government securities	225,478	-
Mutual Funds	41,934	31,940
Other	48,412	448,066
	315,824	480,006

Investments out of provident funds have been made in accordance with the provisions of the Section 227 of the Ordinance and the rules formulated for this purpose. These figures are unaudited.

32. PLANT CAPACITY AND PRODUCTION

HUB PLANT

	2017	2016
Theoretical Maximum Output	10,512 GWh	10,541 GWh
Total Output	6,793 GWh	7,547 GWh
Load Factor	65%	72%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,216 GWh (2016: 9,245 GWh). Output produced by the plant is dependent on the load demanded by CPPA-G and the plant availability.

NAROWAL PLANT

	2017	2016
Theoretical Maximum Output	1,873 GWh	1,878 GWh
Total Output	1,334 GWh	1,162 GWh
Load Factor	71%	62%

Practical maximum output for the power plant taking into account all the scheduled outages is 1,723 GWh (2016: 1,728 GWh). Output produced by the plant is dependent on the load demanded by NTDC and the plant availability.

LARAIB PLANT

	2017	2016
Theoretical Maximum Output	736 GWh	736 GWh
Average Energy	470 GWh	470 GWh
Total Output	463 GWh	545 GWh

Output produced by the plant is dependent on the load demanded by NTDC, available hydrology and the plant availability.

33. WORKING CAPITAL CHANGES

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
(Increase) / Decrease in current assets			
Stores, spares and consumables		(689,711)	(484,858)
Stock-in-trade		(879,367)	906,201
Trade debts		(6,071,217)	(4,646,550)
Loans and advances		74,225	(81,373)
Deposits, prepayments and other receivables		(2,600,613)	(1,278,046)
		(10,166,683)	(5,584,626)
Increase in current liabilities			
Trade and other payables		1,230,254	6,327,580
		(8,936,429)	742,954

34. CASH AND CASH EQUIVALENTS

	Note	2017	2016
Cash and bank balances	19	3,860,355	6,572,532
Finances under mark-up arrangements	26	(24,846,559)	(16,540,219)
		(20,986,204)	(9,967,687)

35. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY

35.1 Basic

	2017	2016
Profit for the year (Rupees in thousands)	10,688,977	11,902,585
Number of shares in issue during the year	1,157,154,387	1,157,154,387
Basic earnings per share (Rupees)	9.24	10.29

35.2 There is no dilutive effect on the earnings per share of the holding company.

36. PROPOSED FINAL DIVIDEND

The Board of Directors of the holding company proposed a final dividend for the year ended June 30, 2017 of Rs. 2.50 per share, amounting to Rs. 2,892.886 million, at their meeting held on August 17, 2017 for approval of the members at the Annual General Meeting to be held on October 05, 2017. These consolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

Notes to the Consolidated Financial Statements
For the year ended June 30, 2017

37. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

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

(i) Foreign exchange risk

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

Financial assets of the Group include Rs. 1,155.003 million (2016: Rs. 1,421.796 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Group include Rs. 10,532.920 million (2016: Rs. 11,025.631 million) in foreign currencies which are subject to currency risk exposure. The Group is minimizing the foreign exchange risk by maintaining the bank balance in respective foreign currencies in order to match the payments. The Group is also covered under the PPA to recover the forex loss under the tariff. Therefore, the Group believes that its exposure to foreign exchange risk is not material.

(ii) Interest rate risk

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

Cash flow and fair value interest rate risks

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

	2017	2016
Fixed rate instruments at carrying amount:	(Rupees in '000)	
Financial assets		
Bank balances	3,796,025	5,594,198
Variable rate instruments at carrying amount:		
Financial assets		
Trade debts	53,350,035	45,116,311
Other receivables	-	11,388
Total	53,350,035	45,127,699
Financial liabilities		
Long term loans	27,429,535	31,223,279
Liabilities against assets subject to finance lease	2,552,785	2,983,329
Trade and other payables	38,853,381	36,354,042
Short term borrowings	24,846,559	16,540,219
Total	93,682,260	87,100,869

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

In order to finance boiler rehabilitation works at Hub Plant, the holding company entered into long term Musharaka arrangement (Refer note 21.1). The holding company has to manage the related finance cost from its own sources which exposes the holding company to the risk of change in 3 month KIBOR. As at June 30, 2017, if interest rate on the holding company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 19.675 million.

The holding company has another long term loan (Refer note 21.2). The holding company has to manage the related finance cost from its own sources which exposes the holding company to the risk of change in 3 month KIBOR. As at June 30, 2017, if interest rate on the holding company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 34.750 million.

In order to meet its investment obligations in LEL, the holding company entered into long term loan facilities (Refer note 21.4). The holding company has to manage related finance cost from its own sources which exposes the holding company to the risk of change in 6 month KIBOR. As at June 30, 2017, if interest rate on the holding company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 16.855 million.

NEL has a long term loan for Narowal plant (Refer note 21.5.1). Under the Narowal PPA, the related finance cost up to a mark-up rate of 3 month KIBOR is allowed as a pass through to the Power Purchaser. Therefore, there is no significant impact of any change in interest rates on profit or loss.

In order to fund cost overruns of Narowal plant, NEL has entered into syndicated term finance facility (Refer note 21.5.2). NEL has to manage the related finance cost from its own sources which exposes NEL to the risk of change in 3 month KIBOR. As at June 30, 2017, if interest rate on NEL's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 27.982 million.

LEL has entered into long-term loans / finance facilities for the development of the project with various lenders / financial institutions, which exposes LEL to the risk of change in six month LIBOR and six month KIBOR. However, the risk is substantially mitigated as LEL is covered under the PPA to recover any interest rate risk under the tariff.

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

(b) Credit risk

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

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

	2017	2016
	(Rupees in '000)	
Deposits	25,185	20,579
Trade debts	85,613,761	79,542,544
Loans and other receivables	575,029	922,691
Bank balances	3,796,025	5,594,198
Total	90,010,000	86,080,012

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

The significant amount of other receivables is also recoverable from CPPA-G / NTDC and is secured as mentioned above.

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

(c) Liquidity risk

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

The Group maintains running finance facilities (Refer note 26) to meet the short term funding requirements due to delay in payments by CPPA-G and NTDC. The delay in payments by CPPA-G is mainly offset by the delay in payments to PSO whereas the delay in payments by NTDC is managed through bank borrowings.

The Group will manage the liquidity risk on remaining term of the loan obtained for boiler rehabilitation work (Refer note 21.1) from its own sources and future earnings.

The Group is exposed to liquidity risk to the extent that the returns from the Narowal plant are not sufficient to meet the funding requirement for the Narowal plant's long term loans mentioned in note 21.5.1 and 21.5.2. The Group is also exposed to liquidity risk for the differential margin not allowed by NEPRA above the 3 month KIBOR as mentioned in note 21.5.1. The Company will manage this liquidity risk on remaining term of the loans from its own sources and future earnings.

The also Group is exposed to liquidity risk to the extent that the returns in form of dividends received from NEL and LEL may not be sufficient to meet the funding requirement for the long term loan obtained for equity investment in NEL and LEL as mentioned in note 21.5 and 21.6. The Group will manage this liquidity risk on remaining term of the loans from its own sources and future earnings.

Notes to the Consolidated Financial Statements
For the year ended June 30, 2017

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

	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 5 to 10 years	Total
	(Rupees in '000)				
2016-17					
Long term loans	4,019,962	4,017,892	20,475,894	4,651,705	33,165,453
Liabilities against assets subject to finance lease	241,672	237,632	1,719,796	1,080,797	3,279,897
Trade and other payables	67,135,379	-	-	-	67,135,379
Short term borrowings	25,325,227	-	-	-	25,325,227
Total	96,722,240	4,255,524	22,195,690	5,732,502	128,905,956
2015-16					
Long term loans	4,150,064	3,800,144	26,926,595	4,421,604	39,298,407
Liabilities against assets subject to finance lease	375,676	241,975	1,757,291	1,463,966	3,838,908
Trade and other payables	67,043,965	-	-	-	67,043,965
Short term borrowings	16,704,044	-	-	-	16,704,044
Total	88,273,749	4,042,119	28,683,886	5,885,570	126,885,324

The contractual maturities of long term loan related to the Narowal plant are subject to change due to final outcome of tariff adjustment application.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying amount of the financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

Capital risk management

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

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances.

38. FINANCIAL INSTRUMENTS BY CATEGORY

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

	Loans and receivables	Total June 30, 2017
	(Rupees in '000)	
Assets as per balance sheet		
Deposits	25,185	25,185
Trade debts	85,613,761	85,613,761
Loans and other receivables	575,029	575,029
Cash and bank balances	3,860,355	3,860,355
Total	90,074,330	90,074,330

	Financial liabilities measured at amortised costs	Total June 30, 2017
	(Rupees in '000)	
Liabilities as per balance sheet		
Long term loans	27,429,535	27,429,535
Liabilities against assets subject to finance lease	2,552,785	2,552,785
Trade and other payables	67,135,379	67,135,379
Short term borrowings	24,846,559	24,846,559
Total	121,964,258	121,964,258

	Loans and receivables	Total June 30, 2016
	(Rupees in '000)	
Assets as per balance sheet		
Deposits	20,579	20,579
Trade debts	79,542,544	79,542,544
Loans and other receivables	922,691	922,691
Cash and bank balances	6,572,532	6,572,532
Total	87,058,346	87,058,346

	Financial liabilities measured at amortised costs	Total June 30, 2016
	(Rupees in '000)	
Liabilities as per balance sheet		
Long term loans	31,223,279	31,223,279
Liabilities against assets subject to finance lease	2,983,329	2,983,329
Trade and other payables	67,043,965	67,043,965
Short term borrowings	16,540,219	16,540,219
Total	117,790,792	117,790,792

Notes to the Consolidated Financial Statements
For the year ended June 30, 2017

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

Revised and amended standards and interpretation effective and adopted in 2017

The Group has adopted the following accounting standards and amendments of IFRSs which became effective for the current year:

IAS 1 – Presentation of Financial Statements
IAS 16 – Property, Plant and Equipment
IAS 27 – Separate Financial Statements
IAS 38 – Intangible Assets
IAS 41 – Agriculture

The adoption of the above accounting standards did not have any material effect on these consolidated financial statements.

Revised and amended standards and interpretation that are not yet effective and adopted in 2017

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods Beginning on or after)
IFRS 2: Share-based Payment – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 1, 2018
IFRS 10: Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7: Statement of Cash flows (Amendment)	January 1, 2017
IAS 12: Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 1, 2017
IFRIC 22: Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23: Uncertainty over Income Tax Treatments	January 1, 2019

The above standards and amendments are not expected to have any material impact on these consolidated financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods Beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 14 – Regulatory Deferral Accounts	January 1, 2016
IFRS 15 – Revenue from Contracts with Customers	January 1, 2018
IFRS 16 – Leases	January 1, 2019
IFRS 17 – Insurance Contracts	January 1, 2021

Waiver from application of standards and interpretations

Holding company and NEL

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

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

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

	2017	2016
	(Rupees in '000)	
Decrease in unappropriated profit at the beginning of the year	**(8,247,997)**	(8,459,545)
Increase in profit for the year	**709,936**	211,548
Decrease in unappropriated profit at the end of the year	**(7,538,061)**	(8,247,997)

Embedded derivatives - NEL

SECP, through its S.R.O 24/(I)/2012 dated January 16, 2012, exempted the power companies from application of IAS-39 'Financial Instruments: Recognition and Measurement' to the extent of recognition of embedded derivatives and IAS-21 'The Effects of Changes in Foreign Exchange Rates' to the extent of charging exchange losses. However, the said S.R.O requires the companies, to give an additional disclosure as if accounting for embedded derivative IAS-39 had been adopted in preparing the financial statements.

Had IAS-39 been applied, the unappropriated profits of NEL would have been lower by 698.442 million.

Subsidiary - LEL

Exemption from applicability of IFRIC - 12 "Service Concession Arrangements"

The SECP granted waiver from the application of International Financial Reporting Interpretation Committee (IFRIC) - 12 "Service Concession Arrangements" to all companies including Power Sector Companies. However, the SECP made it mandatory to disclose the impact on the results of the application of IFRIC - 12.

Under IFRIC 12, the revenue and costs relating to construction of infrastructure or upgrade services are recognised in accordance with IAS 11 "Construction Contracts" and a financial asset is recognised to the extent holding company has an unconditional contractual right to receive cash irrespective of the usage of infrastructure. If LEL were to follow IFRIC - 12 and IAS - 11, the effect on the consolidated financial statements would be as follows:

	2017	2016
	(Rupees in '000)	
Increase in unappropriated profit and NCI at the beginning of the year	**5,447,127**	4,952,030
Increase in profit for the year	**117,881**	495,097
Increase in unappropriated profit and NCI at the end of the year	**5,565,008**	5,447,127

Exemption from recognition of embedded derivatives and loss on foreign currency loans.

SECP, through its S.R.O 24/(I)/2012 dated January 16, 2012, exempted the power companies from application of IAS-39 'Financial Instruments: Recognition and Measurement' to the extent of recognition of embedded derivatives and IAS-21 'The Effects of Changes in Foreign Exchange Rates' to the extent of charging exchange losses (refer note 2.15). However, the said S.R.O requires the companies which have chosen to capitalize exchange difference (as disclosed in note 10.1), to give an additional disclosure as if accounting for embedded derivative IAS-39 had been adopted in preparing the financial statements.

Had the IAS-39 been applied, following adjustments to the consolidated financial statements would have been made:

	Unappropriated profit (Increase) / decrease	Property, plant and equipment Increase / (decrease)	Derivative financial asset Increase / (decrease)
	(Rupees in '000)		
As at July 1, 2015	16,782,114	(453,503)	(16,328,611)
For the year ended June 30, 2016			
- Charge off of exchange loss	271,238	(271,238)	-
- Remeasurement of embedded derivative	418,956	-	(418,956)
	690,194	(271,238)	(418,956)
As at June 30, 2016	17,472,308	(724,741)	(16,747,567)
For the year ended June 30, 2017			
- Charge off of exchange loss	(14,447)	14,447	-
- Remeasurement of embedded derivative	(2,086,848)	-	2,086,848
	(2,101,295)	14,447	2,086,848
As at June 30, 2017			
Change due to remeasurement of derivative and non-capitalization of exchange loss	**15,371,013**	**(710,294)**	**(14,660,719)**

40. RECLASSIFICATION

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

41. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on August 17, 2017 in accordance with the resolution of the Board of Directors of the holding company.

42. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Khalid Mansoor	Abdul Nasir	Iqbal Alimohamed
Chief Executive	Chief Financial Officer	Director


9th CSR Award for Community Development, Education and Scholarship

Awards and Achievements

Hubco believes in superior performance not just in its operations but in all its business facets. A testament of our competency is our regular entitlement to awards and accolades. This year Hubco was awarded with 9th CSR Award for Community Development, Education and Scholarship for its extensive philanthropic programs being executed around its plants.

The Company also won Best Corporate Report Award for its Annual Report 2015-16 conferred by Institute of Chartered Accountants (ICAP) and Institute of Cost Management Accountants Pakistan (ICMAP). The award is a mark of our corporate accountability and transparency through the publication of timely and comprehensive annual reports.

The Company's Headoffice was awarded with Green Office Certification by WWF – Pakistan. WWF Green Office is a practical environmental management system for offices which helps you to reduce the ecological footprint and greenhouse gas emissions of offices.

Calendar of Corporate Events

Tentative date for the Financial Year 2017-18

Annual General Meeting	October 2018
Board Approval of Financial Statement for First Quarter ending September 30, 2017	Last week of October, 2017
Board Approval of Financial Statement for Second Quarter ending December 31, 2017	Third week of February, 2018
Board Approval of Financial Statement for Third Quarter ending March 31, 2018	Fourth week of April, 2018
Board Approval of Financial Statement for Fourth Quarter and year ending June 30, 2018	Third week of August, 2018

Actual dates for the Financial Year 2016 - 17

Annual General Meeting	October 5, 2017
Board Approval of Financial Statement for First Quarter ended September 30, 2016	October 26, 2016
Board Approval of Financial Statement for Second Quarter ended December 31, 2016	February 20, 2017
Board Approval of Financial Statement for Third Quarter ended March 31, 2017	April 27, 2017
Board Approval of Financial Statement for Fourth Quarter and year ended June 30, 2017	August 17, 2017

Calendar of Major Events

Annual General Meeting	October 18, 2016
First Interim Dividend warrants dispatched to shareholders	December 28, 2016
Second Interim Dividend warrants dispatched to shareholders	April 25, 2017
Third Interim Dividend warrants dispatched to shareholders	June 22, 2017
Announcement of Final Dividend	August 17, 2017

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
784	1	100	45,801
5,263	101	500	2,528,669
1,513	501	1,000	1,402,244
2,554	1,001	5,000	7,553,263
907	5,001	10,000	7,393,856
403	10,001	15,000	5,268,587
322	15,001	20,000	5,869,050
234	20,001	25,000	5,494,921
160	25,001	30,000	4,573,784
85	30,001	35,000	2,818,183
90	35,001	40,000	3,454,077
73	40,001	45,000	3,142,192
115	45,001	50,000	5,642,365
49	50,001	55,000	2,601,496
45	55,001	60,000	2,645,784
26	60,001	65,000	1,636,006
33	65,001	70,000	2,264,062
29	70,001	75,000	2,136,687
29	75,001	80,000	2,280,648
21	80,001	85,000	1,740,650
19	85,001	90,000	1,682,260
10	90,001	95,000	935,600
55	95,001	100,000	5,474,150
17	100,001	105,000	1,754,329
12	105,001	110,000	1,306,763
8	110,001	115,000	900,347
13	115,001	120,000	1,543,662
8	120,001	125,000	990,425
9	125,001	130,000	1,152,109
7	130,001	135,000	927,460
9	135,001	140,000	1,245,208
7	140,001	145,000	1,000,200
20	145,001	150,000	2,992,446
4	150,001	155,000	614,301
7	155,001	160,000	1,096,536
7	160,001	165,000	1,140,612
5	165,001	170,000	838,841
10	170,001	175,000	1,737,314
4	175,001	180,000	713,838
6	180,001	185,000	1,097,323
3	185,001	190,000	566,700
7	190,001	195,000	1,353,242
31	195,001	200,000	6,179,677
2	200,001	205,000	409,000
4	205,001	210,000	828,324
4	210,001	215,000	849,000
5	215,001	220,000	1,088,440
2	220,001	225,000	448,000
6	225,001	230,000	1,367,500
1	230,001	235,000	234,000
2	235,001	240,000	478,000
2	240,001	245,000	483,884
13	245,001	250,000	3,232,449
3	250,001	255,000	753,602

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
3	255,001	260,000	775,500
2	260,001	265,000	526,900
3	265,001	270,000	803,269
7	270,001	275,000	1,909,319
7	275,001	280,000	1,943,255
5	280,001	285,000	1,410,551
2	285,001	290,000	580,000
3	290,001	295,000	879,363
12	295,001	300,000	3,589,081
5	300,001	305,000	1,525,000
3	305,001	310,000	930,000
3	310,001	315,000	938,100
1	315,001	320,000	316,500
3	320,001	325,000	972,000
1	325,001	330,000	328,500
4	335,001	340,000	1,349,884
1	340,001	345,000	345,000
5	345,001	350,000	1,743,200
3	350,001	355,000	1,059,514
3	355,001	360,000	1,070,907
1	360,001	365,000	364,000
1	365,001	370,000	370,000
5	370,001	375,000	1,865,468
5	375,001	380,000	1,893,600
3	380,001	385,000	1,153,000
2	385,001	390,000	777,440
2	390,001	395,000	786,000
6	395,001	400,000	2,400,000
1	400,001	405,000	402,000
1	405,001	410,000	408,000
2	410,001	415,000	823,200
2	415,001	420,000	835,551
3	425,001	430,000	1,284,920
3	435,001	440,000	1,313,695
2	440,001	445,000	884,000
3	445,001	450,000	1,350,000
2	460,001	465,000	927,500
1	470,001	475,000	471,830
1	480,001	485,000	481,600
1	485,001	490,000	485,400
6	495,001	500,000	3,000,000
3	500,001	505,000	1,500,793
3	510,001	515,000	1,533,783
2	515,001	520,000	1,031,990
1	520,001	525,000	524,500
2	525,001	530,000	1,056,597
2	530,001	535,000	1,066,605
1	540,001	545,000	544,800
1	545,001	550,000	550,000
2	555,001	560,000	1,114,338
1	580,001	585,000	582,500
1	590,001	595,000	594,000
4	595,001	600,000	2,398,199
1	600,001	605,000	603,300

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
2	605,001	610,000	1,218,500
3	610,001	615,000	1,840,400
2	615,001	620,000	1,235,900
1	620,001	625,000	625,000
1	625,001	630,000	629,000
1	630,001	635,000	633,310
2	635,001	640,000	1,280,000
1	640,001	645,000	644,100
2	645,001	650,000	1,296,744
1	660,001	665,000	665,000
1	680,001	685,000	682,089
1	685,001	690,000	688,500
2	690,001	695,000	1,383,402
3	695,001	700,000	2,098,900
1	700,001	705,000	705,000
2	715,001	720,000	1,434,781
1	730,001	735,000	734,251
2	745,001	750,000	1,500,000
2	755,001	760,000	1,516,100
1	760,001	765,000	761,000
2	765,001	770,000	1,534,910
3	795,001	800,000	2,397,800
1	830,001	835,000	833,940
1	835,001	840,000	840,000
1	865,001	870,000	869,671
1	870,001	875,000	874,000
1	885,001	890,000	886,600
1	915,001	920,000	918,000
1	925,001	930,000	928,842
1	930,001	935,000	934,425
1	940,001	945,000	940,146
1	965,001	970,000	965,500
4	995,001	1,000,000	3,996,600
1	1,000,001	1,005,000	1,004,700
2	1,010,001	1,015,000	2,026,000
1	1,015,001	1,020,000	1,016,500
1	1,065,001	1,070,000	1,068,932
1	1,070,001	1,075,000	1,074,500
1	1,080,001	1,085,000	1,085,000
1	1,115,001	1,120,000	1,119,919
1	1,125,001	1,130,000	1,126,100
1	1,145,001	1,150,000	1,149,725
1	1,150,001	1,155,000	1,155,000
1	1,155,001	1,160,000	1,156,500
1	1,165,001	1,170,000	1,168,100
1	1,195,001	1,200,000	1,200,000
1	1,205,001	1,210,000	1,206,194
1	1,240,001	1,245,000	1,244,300
1	1,265,001	1,270,000	1,267,195
1	1,275,001	1,280,000	1,277,500
1	1,280,001	1,285,000	1,282,013
1	1,290,001	1,295,000	1,292,488
2	1,300,001	1,305,000	2,607,200
1	1,345,001	1,350,000	1,349,000

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
1	1,360,001	1,365,000	1,365,000
1	1,395,001	1,400,000	1,400,000
1	1,455,001	1,460,000	1,457,432
1	1,460,001	1,465,000	1,463,400
1	1,490,001	1,495,000	1,493,870
2	1,535,001	1,540,000	3,076,500
1	1,570,001	1,575,000	1,570,732
1	1,680,001	1,685,000	1,680,900
1	1,705,001	1,710,000	1,709,400
1	1,835,001	1,840,000	1,839,230
1	1,880,001	1,885,000	1,883,114
2	1,895,001	1,900,000	3,800,000
2	1,920,001	1,925,000	3,844,545
1	1,925,001	1,930,000	1,928,000
1	1,930,001	1,935,000	1,931,300
1	1,995,001	2,000,000	2,000,000
1	2,025,001	2,030,000	2,029,900
1	2,070,001	2,075,000	2,073,500
1	2,095,001	2,100,000	2,100,000
1	2,145,001	2,150,000	2,149,700
1	2,200,001	2,205,000	2,204,200
1	2,215,001	2,220,000	2,216,100
1	2,275,001	2,280,000	2,275,100
1	2,325,001	2,330,000	2,328,400
1	2,395,001	2,400,000	2,400,000
1	2,410,001	2,415,000	2,410,200
2	2,445,001	2,450,000	4,893,247
1	2,545,001	2,550,000	2,550,000
1	2,595,001	2,600,000	2,595,583
1	2,615,001	2,620,000	2,616,700
1	2,630,001	2,635,000	2,630,500
1	2,655,001	2,660,000	2,657,812
1	2,675,001	2,680,000	2,675,100
1	2,775,001	2,780,000	2,776,800
1	2,820,001	2,825,000	2,821,090
1	3,075,001	3,080,000	3,078,400
1	3,145,001	3,150,000	3,147,960
1	3,300,001	3,305,000	3,302,400
1	3,350,001	3,355,000	3,353,400
1	3,385,001	3,390,000	3,388,900
1	3,415,001	3,420,000	3,418,900
1	3,450,001	3,455,000	3,451,466
1	3,505,001	3,510,000	3,507,990
1	3,535,001	3,540,000	3,539,500
1	3,620,001	3,625,000	3,622,000
1	3,655,001	3,660,000	3,657,575
1	3,860,001	3,865,000	3,862,600
1	3,945,001	3,950,000	3,948,528
1	3,985,001	3,990,000	3,988,500
1	4,495,001	4,500,000	4,500,000
1	4,525,001	4,530,000	4,529,070
1	4,615,001	4,620,000	4,616,897
1	4,690,001	4,695,000	4,691,990
1	4,900,001	4,905,000	4,900,810

Pattern of Shareholding
As at June 30, 2017

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
1	4,910,001	4,915,000	4,910,495
1	5,145,001	5,150,000	5,147,500
1	5,465,001	5,470,000	5,468,500
1	5,955,001	5,960,000	5,955,200
1	6,010,001	6,015,000	6,013,900
1	6,080,001	6,085,000	6,084,172
1	7,605,001	7,610,000	7,610,000
1	7,725,001	7,730,000	7,725,467
1	8,155,001	8,160,000	8,158,850
1	8,770,001	8,775,000	8,774,600
1	9,415,001	9,420,000	9,415,550
1	9,585,001	9,590,000	9,585,300
1	9,995,001	10,000,000	10,000,000
1	10,190,001	10,195,000	10,193,672
1	10,270,001	10,275,000	10,272,841
1	10,595,001	10,600,000	10,597,857
1	10,995,001	11,000,000	11,000,000
1	11,090,001	11,095,000	11,090,500
1	13,530,001	13,535,000	13,532,843
1	17,265,001	17,270,000	17,266,835
1	18,690,001	18,695,000	18,691,200
1	20,430,001	20,435,000	20,432,459
1	21,315,001	21,320,000	21,317,911
1	22,365,001	22,370,000	22,367,116
1	25,590,001	25,595,000	25,591,982
1	38,185,001	38,190,000	38,189,500
1	53,780,001	53,785,000	53,781,300
1	98,390,001	98,395,000	98,391,000
1	111,995,001	112,000,000	112,000,000
1	172,580,001	172,585,000	172,582,000
13,372			1,157,154,387

Categories of Shareholding
AS AT JUNE 30, 2017

Categories	No. of Shareholders	No. of Shares Held	Percentage
Individuals			
Local	12,294	192,891,538	16.67
Foreign	358	1,653,246	0.14
Joint Stock Companies	165	38,248,350	3.30
Financial Institutions	93	201,605,344	17.42
Investment Companies	34	13,315,040	1.15
Insurance Companies	31	64,995,109	5.62
Associated Companies	12	404,293,397	34.94
Directors, CEO, Spouse and minor children	16	14,854,630	1.2837
Executives	9	52,000	0.00
Nit & ICP	-	-	-
Modaraba/Mutual Fund & Leasing Companies	100	133,107,240	11.50
OTHERS			
Others - Government of Balochistan	1	358,607	0.03
Others - GDR Depository	1	10,272,841	0.89
Others - Charitable Trusts	43	12,600,607	1.09
Others - Cooperative Societies	14	6,364,900	0.55
Others - Provident/Pension/Gratuity Fund etc	199	58,883,963	5.09
Employee's Old Age Benefits Inst.	1	3,657,575	0.32
	13,371	1,157,154,387	100.00

The above two statements include 8,619 shareholders holding 1,121,459,708 shares through the Central Depository Company of Pakistan Limited (CDC).

Key Shareholding
As on June 30, 2017

Associated Companies, Undertakings and related parties

S.No	Name	Holding
1	ALLIED BANK LIMITED	112,000,000
2	BANK AL HABIB LIMITED	2,029,900
3	DAWOOD HERCULES CORPORATION LIMITED	172,582,000
4	DAWOOD FOUNDATION	918,000
5	DAWOOD INDUSTRIES (PVT.) LTD.	550,000
6	PATEK (PVT.) LTD.	1,016,500
7	DAWOOD CORPORATION (PVT.) LTD.	227,000
8	MODERN INDUSTRIES (PVT.) LTD.	965,500
9	COMMITTEE OF ADMIN. FAUJI FOUNDATION	98,391,000
10	ASKARI BANK LIMITED	996,600
11	CYAN LIMITED	10,000,000
12	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	4,616,897
	TOTAL	404,293,397

Modaraba/Mutual Fund and Leasing Companies

S.No	Name	Holding
1	KAPITALFORENINGEN LAERERNES PENSION INVEST [1547-5]	603,300
2	FRANKLIN TEMPLETON INVESTMENT FUNDS [1610-5]	7,610,000
3	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	10,597,857
4	VANGUARD FTSE ALL-WORLD EX-US SMALL CAP INDEX FUND	1,709,400
5	VANGUARD EMERGING MARKETS STOCK INDEX FUND	13,532,843
6	VANGUARD TOTAL WORLD STOCK INDEX FUND	164,500
7	INTEREFFEKT INVESTMENT FUNDS N.V.	400,000
8	NOMURA ASIA FRONTIER MARKETS EQUITY FUND P	50,000
9	GLOBAL X FUNDS-GLOBAL X MSCI PAKISTAN ETF	928,842
10	BLACKROCK INDEXED EMERGING MARKETS IMI EQUITY FUND	128,600
11	NATIONWIDE (PVT) LTD	3,000
12	FIRST PRUDENTIAL MODARABA	79,500
13	B.F.MODARABA	110,000
14	FIRST HABIB MODARABA	50,000
15	FIRST ELITE CAPITAL MODARABA	5,000
16	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	6,013,900
17	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	251,000
18	CDC - TRUSTEE PICIC INVESTMENT FUND	1,085,000
19	CDC - TRUSTEE PICIC GROWTH FUND	2,204,200
20	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1,457,432
21	CDC - TRUSTEE ATLAS STOCK MARKET FUND	1,365,000
22	CDC - TRUSTEE MEEZAN BALANCED FUND	2,445,147
23	CDC - TRUSTEE UBL GROWTH AND INCOME FUND	9,500
24	CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	25,000
25	CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND	105,000
26	CDC - TRUSTEE ALFALAH GHP VALUE FUND	355,900
27	CDC - TRUSTEE AKD INDEX TRACKER FUND	167,741
28	CDC - TRUSTEE PICIC ENERGY FUND	608,500
29	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	649,744
30	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	3,862,600
31	CDC - TRUSTEE MEEZAN ISLAMIC FUND	22,367,116
32	TRUST MODARABA	3,500
33	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	76,700
34	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	2,410,200
35	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1,200,000
36	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	3,948,528
37	CDC - TRUSTEE NAFA STOCK FUND	3,451,466
38	CDC - TRUSTEE NAFA MULTI ASSET FUND	164,748

Key Shareholding
As on June 30, 2017

S.No	Name	Holding
39	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	35,000
40	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1,921,745
41	CDC - TRUSTEE DAWOOD ISLAMIC FUND	25,000
42	CDC - TRUSTEE APF-EQUITY SUB FUND	82,000
43	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	3,418,900
44	CDC - TRUSTEE HBL - STOCK FUND	2,616,700
45	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	3,147,960
46	CDC - TRUSTEE APIF - EQUITY SUB FUND	166,600
47	CDC - TRUSTEE HBL MULTI - ASSET FUND	281,000
48	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	644,100
49	B.R.R. GUARDIAN MODARABA	17,600
50	CDC - TRUSTEE ALFALAH GHP STOCK FUND	616,000
51	CDC - TRUSTEE PAKISTAN INCOME ENHANCEMENT FUND	15,500
52	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	377,600
53	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	377,900
54	CDC - TRUSTEE ABL STOCK FUND	3,078,400
55	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	30,000
56	CDC - TRUSTEE FIRST HABIB STOCK FUND	70,000
57	CDC - TRUSTEE LAKSON EQUITY FUND	1,292,488
58	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	338,700
59	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	75,400
60	CDC - TRUSTEE MCB DYNAMIC CASH FUND - MT	43,200
61	CDC - TRUSTEE PICIC INCOME FUND - MT	56,200
62	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	527,900
63	CDC - TRUSTEE PICIC STOCK FUND	250,000
64	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	98,100
65	CDC - TRUSTEE HBL PF EQUITY SUB FUND	96,700
66	CDC - TRUSTEE ASKARI EQUITY FUND	42,000
67	CDC - TRUSTEE KSE MEEZAN INDEX FUND	1,570,732
68	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	105,000
69	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	123,000
70	CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	58,200
71	CDC - TRUSTEE ATLAS INCOME FUND - MT	103,800
72	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1,931,300
73	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	270,300
74	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	56,300
75	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1,126,100
76	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	30,000
77	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	690,800
78	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	441,000
79	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	378,100
80	CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	58,100
81	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	2,675,100
82	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	2,216,100
83	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	42,000
84	CDC-TRUSTEE NITPF EQUITY SUB-FUND	35,000
85	MCBFSL - TRUSTEE NAFA INCOME FUND - MT	17,100
86	CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	220,000
87	CDC - TRUSTEE ALFALAH GHP INCOME MULTIPLIER FUND - MT	300
88	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	6,084,172
89	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1,168,100
90	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	312,100
91	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	238,000

Key Shareholding

As on June 30, 2017

S.No	Name	Holding
92	CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	1,244,300
93	CDC - TRUSTEE LAKSON TACTICAL FUND	206,824
94	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	32,655
95	CDC - TRUSTEE MEEZAN ENERGY FUND	389,000
96	MCBFSL TRUSTEE MCB PAKISTAN FREQUENT PAYOUT FUND - MT	1,300
97	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1,302,200
98	CDC - TRUSTEE AGIPF EQUITY SUB-FUND	12,000
99	CDC - TRUSTEE AGPF EQUITY SUB-FUND	9,800
100	CDC - TRUSTEE UBL CAPITAL PROTECTED FUND-III	15,000
	TOTAL	133,107,240

Directors, Spouses and their Childrens

Directors		
1	QAISER JAVED	5,000
2	INAM UR RAHMAN	4,000
3	JAVED AKBAR	5
4	MOHAMMAD WASEEM MUKHTAR	500
5	RUHAIL MOHAMMAD	500
6	SHAHID GHAFFAR	8,000
7	ABDUL SAMAD DAWOOD	347,000
8	SHAHZADA DAWOOD	1,156,500
9	HUSSAIN DAWOOD	11,090,500
10	IQBAL ALI MOHAMED	1,267,195
11	OWAIS SHAHID	90,000
12	ANDALIB ALAVI	53,000
CEO		
13	KHALID MANSOOR	172,325
Spouses and Children		
14	KULSUM DAWOOD (W/O Hussain Dawood)	532,105
15	AYESHA DAWOOD (W/O Abdul Samad Dawood)	75,000
16	SHAISTA ALAVI (W/O Andalib Alavi)	53,000
	TOTAL	14,854,630
Executives		
	EXECUTIVES	52,000
Public Sector Companies and Corporations		
1	NATIONAL BANK OF PAKISTAN	7,876
2	NATIONAL BANK OF PAKISTAN	53,781,300
3	EMPLOYEES OLD AGE BENEFITS INSTITUTION	3,657,575
4	STATE LIFE INSURANCE CORP. OF PAKISTAN	25,391,982
	TOTAL	82,838,733

Banks, Development Financial Institutions, Non-Banking Financial Institutations Insurance Companies and Investment Companies	279,915,493

Shareholders holding five percent or more voting interest in Listed Companies

DAWOOD HERCULES CORPORATION LIMITED	172,582,000	14.91%
ALLIED BANK LIMITED	112,000,000	9.68%
COMMITTEE OF ADMIN. FAUJI FOUNDATION	98,391,000	8.50%
NATIONAL BANK OF PAKISTAN	53,789,176	4.65%

Details of trading in shares by Directors, Executives and their spouse/minor children

Names of Shareholders	Date of Purchase / Sale	Shares Purchased	Shares Sold	Rate
Andalib Alavi	27-Dec-16	-	60,000	124.33
Andalib Alavi	22-Feb-17	-	84,000	134.83
Mrs. Ayesha Dawood	11-May-17	-	50,000	132.80
Mrs. Ayesha Dawood	15-May-17	-	25,000	135.78

Shareholders' Information

Shareholders' Enquiries

General enquiries relating to the Company should be addressed to:

The Company Secretary,
The Hub Power Company Limited,
11th Floor, Ocean Tower,
Block 9, Main Clifton Road,
P.O. Box No. 13841, Karachi-75600.

Enquiries relating to Shares should be addressed to:

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

Enquiries relating to GDRs should be addressed to either:-

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

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

ANNUAL GENERAL MEETING (AGM)
Annual General Meeting of shareholders of the Company.

BAC
Board Audit Committee

BCC
Board Compensation Committee

BCP
Business Continuity Planning

BIC
Board Investment Committee

BTC
Board Technical Committee

CAPACITY (INSTALLED)
Generator capacity (measured in megawatts (MW)), measured at the power station boundary after the deduction of works power

CDM
Clean Development Mechanism

CEO
Chief Executive Officer

CER
Certified Emission Reductions

CFO
Chief Financial Officer

COD
Commercial Operations Date

CPP
Capacity Purchase Price means the fixed element of the Tariff under the Power Purchase Agreement

CPPA-G
Central Power Purchasing Agency Guarantee Limited

THE COMPANY
The Hub Power Company Ltd

COMPANIES ORDINANCE
Repealed Companies Ordnance, 1984

CSR
Corporate Social Responsibility

EARNINGS PER SHARE (EPS)
Calculated by dividing the profit after interest, tax and non-controlling interests by the weighted average number of Ordinary Shares in issue

FBR
Federal Board of Revenue

GOP
Government of Pakistan

GW
Gigawatt, one thousand million watts

GIGAWATT-HOUR (GWH)
A watt hour is the amount of energy used by a onewatt load drawing power for one hour. A gigawatt-hour (GWh) is 1,000,000 times larger than the kilowatt-hour (kWh) and is used for measuring the energy output of large power plants

HR
Human Resource

HSE
Health, Safety & Environment

IA
Implementation Agreement – an agreement between the Company and the Government which sets out the fundamental obligations of the Company and the Government relating to the Projects

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standard

IFRSC
International Financial Reporting Standard Committee

IPP
Independent Power Producer

ISO 14001
A standard for the management of environmental matters that is widely used in various parts of the world

KW
Kilowatt – 1,000 watts

Glossary

KILOWATT-HOUR (KWH)
A watt hour is the amount of energy used by a one-watt load drawing power for one hour. A kilowatt-hour (kWh) is 1,000 times larger than a watt-hour and is a useful size for measuring the energy use of households and small businesses and also for the production of energy by small power plants. A typical household uses several hundred kilowatt-hours per month.

LOAD FACTOR
The proportion of electricity actually generated compared with the maximum possible generation at maximum net capacity

MAX
Manufacturing Excellence

MW
Megawatt; one MW equals 1,000 kilowatts or one million watts

MEGAWATT-HOUR (MWH)
A watt hour is the amount of energy used by a one-watt load drawing power for one hour. A megawatt-hour (MWh) is 1,000 times larger than the kilowatt-hour and is used for measuring the energy output of large power plants

NEPRA
National Electrical Power Regulatory Authority

NTDC
National Transmission and Despatch Company Limited

O&M
Operation and Maintenance; usually used in the context of operating and maintaining a power station

OHSAS 18001
Occupational Health and Safety Assessment Series 18001. A management system specification developed by British Standards Institute which is now an accepted international standard, for health and safety and is compatible with ISO 9001:1994 (Quality) and ISO 14001:1996 (Environmental) management

OUTAGE
When a generating unit is removed from service to perform maintenance work. This can either be planned or unplanned

PACRA
The Pakistan Credit Rating Agency Limited

PEPI
Predictivity Enhancement & Performance Improvement

POWER PURCHASE AGREEMENT (PPA)
A PPA is generally a long-term contract between an electricity generator and a purchaser of energy or capacity (power or ancillary services)

PSO
Pakistan State Oil Company Limited

PSX
Pakistan Stock Exchange

SECMC
Sindh Engro Coal Mining Company

SECP
Securities and Exchange Commission of Pakistan

SMART
Self Monitoring And Reporting Technique

TRIR
Total Recordable Injury Rate

UNFCCC
United Nations Framework Convention on Climate Change

WATT
Unit of power, which is the rate at which energy is delivered (i.e. work is done at a rate of one watt when one ampere flows through a potential difference of one volt)

WPPF
Workers' Profit Participation Fund

WWF
Workers' Welfare Fund

Notice is hereby given that the 26th Annual General Meeting of the Company will be held on Thursday, October 05, 2017 at 10:30 am at PC Hotel, Karachi to transact the following business:

ORDINARY BUSINESSES

1. To receive and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2017 together with the Directors' and Auditor's Reports thereon.
2. To approve and declare the final dividend of PKR 2.50 (25%) per share as recommended by the Board of Directors for the year ended June 30, 2017.
3. To appoint Auditors and to fix their remuneration for the year ending June 30, 2018. The present auditors EY Ford Rhodes, Chartered Accountants, retire and being eligible, have offered themselves for reappointment.
4. To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

Date: August 17, 2017
Karachi

Shamsul Islam
Company Secretary

Notes:

The Share Transfer Books of the Company will remain closed from September 28, 2017 to October 5, 2017 (both days included) and the final dividend will be paid to the shareholders whose names appear in the Register of Members on September 27, 2017.

(i) A member entitled to attend the meeting may appoint a proxy in writing to attend the meeting on the member's behalf. A Proxy need not be a member of the Company.

(ii) Duly completed forms of proxy must be deposited with the Company Secretary at the Head Office of the Company no later than 48 hours before the time appointed for the meeting.

(iii) As instructed by the Securities and Exchange Commission of Pakistan (SECP) vide their letter No. EMD/D-II/Misc./2009-1342 dated April 4, 2013 dividend warrants cannot be issued without insertion of CNIC Numbers; therefore, all shareholders holding physical shares and have not as yet despite various letters and notices, submitted photocopy of their valid Computerized National Identity Card are once again requested to send a photocopy of their valid CNIC along with the folio numbers to the Company's Share Registrar. No dividend will be payable unless the CNIC number is printed on the dividend warrants, therefore, please let us have your CNIC numbers, failing which we will not be responsible if we are not able to pay the dividends.

(iv) To make the process of payment of cash dividend more efficient, SECP vide circular No. 8(4) SM/CDC 2008 dated April 5, 2013 have issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. You may therefore authorize the Company to credit the dividend directly to your bank account. Accordingly, all non CDC shareholders are requested to send their IBAN details to the Company's Registrar at the address given above. Shareholders who hold shares with Participant/Central Depository Company of Pakistan (CDC) accounts are advised to provide the mandate to the concerned Stock Broker/Central Depository Company of Pakistan Ltd (CDC). The requisite form is available on our website www.hubpower.com.

(v) For all future dividends, SECP vide circular No. 18/ 2017 vide their letter dated August 1, 2017 have issued instructions for listed companies to obtain electronic dividend mandate as all dividend payments with effect from November 1, 2017 shall be paid through electronic mode only. All shareholders are requested to update their bank accounts and provide electronic dividend mandate. The requisite form is available on our website www.hubpower.com.

(vi) Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility

I/We, ____________________ of ____________ being a member of The Hub Power Company Limited, holder of __________ Ordinary Shares as per Register Folio No. ______ hereby opt for video conference facility at _______
Signature of Member

CDC account holders will further have to follow the undermentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A For attending the Meeting:

(i) In case of individuals, the account holders or sub account holders whose registration details are uploaded as per the Regulations, shall authenticate his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

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

B For Appointing Proxies:

(i) In case of individuals, the account holder or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.

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

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

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

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

Proxy Form

The Company Secretary,
The Hub Power Company Limited,
11th Floor, Ocean Tower, Block 9, Main Clifton Road, P.O. Box No. 13841, Karachi-75600.

I/We ____ of ___________ being a member of THE HUB POWER COMPANY LIMITED and holder of ______________ Ordinary Shares as per the Share Register Folio No .________________ and/or CDC Participant ID No. __________ and Account / Sub-Account No.____________ hereby appoint ____________________ ____________________ of ___________ or failing him/her ______________________as my/our proxy for me & on my/our behalf at the 26th Annual General Meeting of the Company to be held on Thursday, October 05, 2017 at 10:30 am at PC Hotel, Karachi.

____
Signature of Shareholder
Folio / CDC No.

Signature on Revenue Stamp of Rs. 5/.

Witnesses:

(1) Signature ____________________________
Name ____________________________
Address ____________________________
CNIC / Passport No.____________________

(2) Signature ____________________________
Name ____________________________
Address ____________________________
CNIC / Passport No.____________________

Notes:

- A member entitled to attend the meeting may appoint a proxy in writing to attend the meeting on the member's behalf. A Proxy need not be a member of the Company.
- If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, The Hub Power Company Limited, Head Office at 11th Floor, Ocean Tower, Block-9, Main Clifton Road, Karachi-75600 so as to reach no less than 48 hours before the time appointed for holding the Meeting.
- **For CDC Account Holders / Corporate Entities**

  In addition to the above, the following requirements have to be met:

  (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.

  (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

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

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

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The Company Secretary,
The Hub Power Company Limited,
11th Floor, Ocean Tower, Block 9,
Main Clifton Road, P.O. Box No. 13841,
Karachi-75600.

تشکیل نیابت داری

جناب کمپنی سیکریٹری
دی حب پاور کمپنی لمیٹڈ
11 فلور، اوشین ٹاور، بلاک 9، مین کلفٹن روڈ، پی او بکس نمبر 13841، کراچی-75600

میں / ہم ______________________________________

ساکن ______________________ بحیثیت دی حب پاور کمپنی لمیٹڈ کے رکن وحامل ______________

عام حصص بمطابق شیئر رجسٹرڈ فولیو نمبر ______________ اور / یا سی ڈی سی کے شراکتی آئی ڈی نمبر ______________

اور ذیلی کھاتہ نمبر ______________ محترم / محترمہ ______________________

ساکن ______________________ یا بصورت دیگر محترم / محترمہ ______________

ساکن ______________________ کو اپنی جگہ بروز جمعرات مورخہ 05 اکتوبر 2017 بوقت 10:30 بجے صبح بمقام

پرل کانٹینینٹل ہوٹل، کراچی میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

گواہ:

1 دستخط ______________

نام ______________

پتہ ______________

سی این آئی سی یا پاسپورٹ نمبر ______________

____
دستخط

ریونیو ٹکٹ چسپاں کریں۔

(دستخط کمپنی میں پہلے سے موجود نمونہ کے مطابق ہونے چاہیئے)

2 دستخط ______________

نام ______________

پتہ ______________

سی این آئی سی یا پاسپورٹ نمبر ______________

نوٹ: نیابت داروں کے موثر ہونے کے لیے ضروری ہے کہ ان کی تفصیل اجلاس شروع ہونے سے 48 گھنٹے قبل کمپنی کو موصول ہو جائے۔
سی ڈی سی شیئر ہولڈرز اور ان کے نیابت داروں سے گزارش ہے کہ وہ اپنے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی کمپنی کو پیش کرنے سے قبل اس پراکسی فارم کے ساتھ منسلک کریں۔

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The Company Secretary,
The Hub Power Company Limited,
11th Floor, Ocean Tower, Block 9,
Main Clifton Road, P.O. Box No. 13841,
Karachi-75600.