

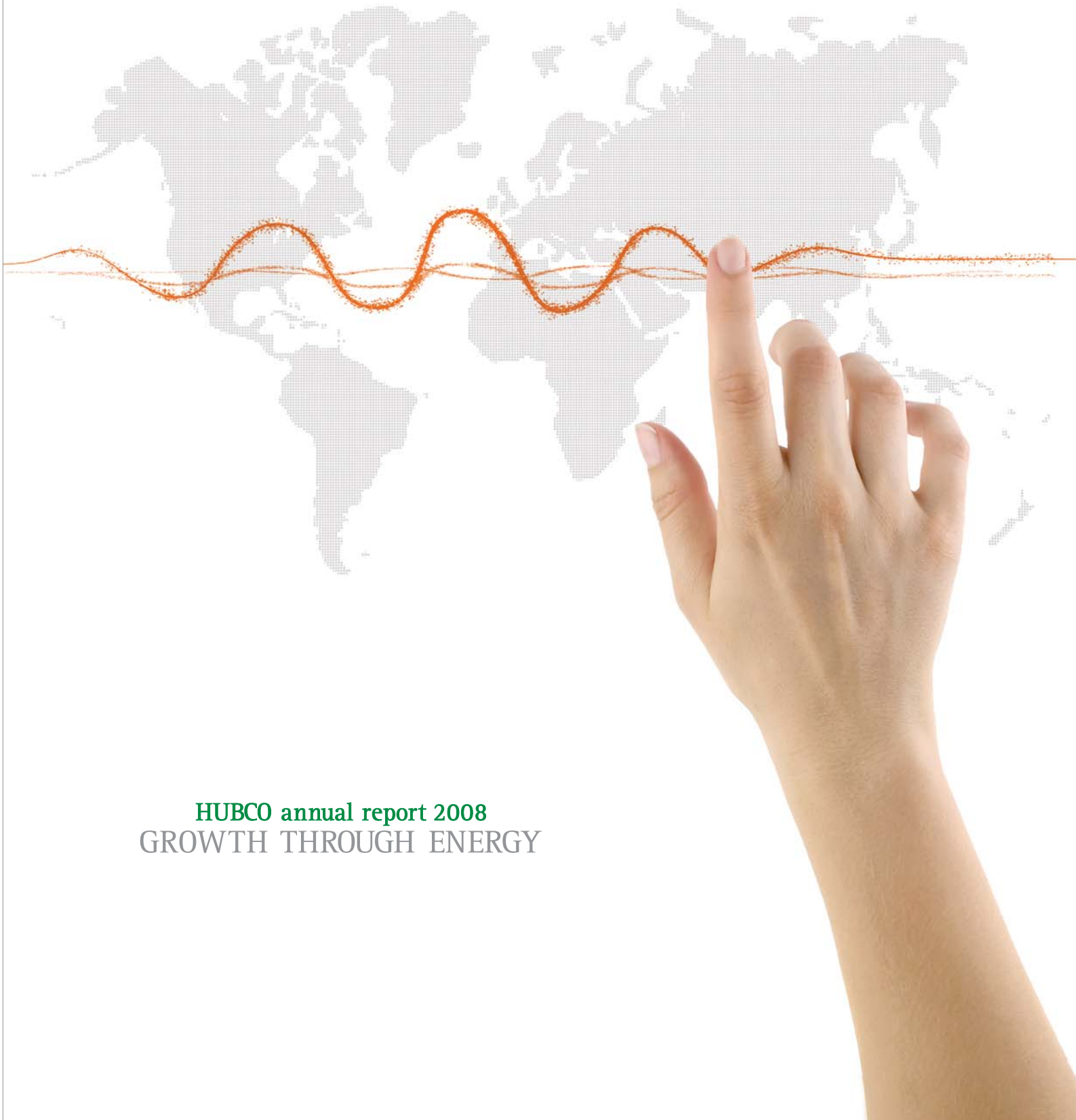
GROWTH THROUGH ENERGY



HUBCO



PEOPLE
PLANET
PROFITS



HUBCO annual report 2008
GROWTH THROUGH ENERGY



HUBCO

growth through energy

HUBCO Profile

The Hub Power Company Limited or HUBCO was incorporated in Pakistan in 1991. It is a publicly owned company listed on the Karachi, Lahore and Islamabad stock exchanges. Its' principal activity to date has been to own, operate and maintain an oil-fired thermal plant, with a net capacity of 1200 megawatts, that today provides about 6 percent of the country's total electricity generation, and also to carry out the business of power generation, distribution and sale at other places in Pakistan.

The HUBCO power station is the first and largest power station to be financed by the private sector in Southern Asia and one of the largest private power projects in the newly industrialised world. The power plant is operated and maintained under contract by International Power Global Development (IPGD), one of the leading independent power producers in the world.

The Hub power station was the first project to be successfully co-financed by several governments, the World Bank as well as international private sector lenders and investors. It set the standards for the formulation of a private power framework in Pakistan which has since resulted in up to 40 percent of Pakistan's energy needs being met by private power producers.

Living up to its motto of Growth through Energy, HUBCO is embarking on two new energy sector projects – a 220 MW thermal power project that will be established at a site in Narowal in the Punjab Province, and a 84 MW hydropower project to be located 8 kilometres downstream from the Mangla Dam. HUBCO was the first Independent Power Producer to set up a thermal power plant in Pakistan and now it will be the first IPP to establish a hydropower project.

HUBCO is a dynamic company whose business operations are firmly based on sustainable growth and development. To this end the Company actively pursues the Triple Bottom Line of People, Planet and Profits.





The Triple Bottom Line Concept

Commercial organizations and companies have existed for centuries for one purpose – to make profits. And in a company's balance sheet the net profit (or loss) after tax, is shown right at the end, or in the bottom line. Originating thus, 'the bottom line' became a generic expression applied to any situation in which the final or ultimate status needed to be described.

In the past few decades, rapid industrialization and technological developments have created a new set of responsibilities for the world of business, industry and commerce. Now commercial organizations need to think beyond themselves and take active participation in efforts aimed at the sustainability of the environment and of human society. Thus to the single bottom line of making profits, a second and a third bottom line has been added – People and Planet.

Today, for a company to be successful in the long-term and to enjoy sustainable growth, it is vital that it aligns its business operations on a Triple Bottom Line strategy of People, Planet and Profits.

HUBCO is one such Company that assures a profitable return to its shareholders on an ongoing and sustainable basis, because it conducts its business on the Triple Bottom Line concept. In the following pages HUBCO wishes to inform its valued shareholders how the Company is achieving this.





HUBCO and the People

'People' in the context of HUBCO's operations include its employees, the community, its business partners and its shareholders.

HUBCO believes that its employees are the Company's most important resource. The recruitment of employees follows stringent procedures to ensure that the very best talent is taken on in all specialities, be it engineering, finance and accounting, HR, administration, information technology, company law, logistics, business development and so forth.

All HUBCO employees are given extensive opportunity for self-development and career growth. This is achieved through various means, including a systems approach, delegation of responsibility and regular training opportunities, both within the country and abroad.

'People' for HUBCO also means the community. The HUBCO power station is located in one of the least developed areas of the country. As such the people of the area do not have access to even basic necessities of life. Fairly soon after coming into operation, HUBCO decided that it could not be indifferent to this situation. The real needs of the people of the area were studied, with a view to bringing about a sustained and long-term change for the better. From this assessment a Social Action Programme (SAP) evolved.

The HUBCO SAP has been in place for several years on a continuous basis and is now being executed jointly with IPGD and concentrating on health and education. The beneficiaries are the residents of Hub, Gadani, Lasbela and the nearby Goths. The SAP is designed and executed to ensure that it is the proverbial common man that actually benefits - people who do not have resources of their own to meet even their basic health and education needs.

Over the years the Social Action Programme of HUBCO has expanded both in its diversity and in its financial outlay, demonstrating the Company's increasing commitment to give back to the community.

HUBCO has developed an exemplary working relationship both with WAPDA and its Operator. The process of learning how to closely work together has been an invaluable experience, positively benefiting all parties and increasing mutual understanding for a further growth in the relationship through new energy projects that HUBCO now plans to undertake.

HUBCO's shareholders represent an integral part of the 'People' portfolio. Ensuring a fair and stable return to its shareholders has been the Company's priority. This has been achieved through good governance, efficient operations and following best practices, all to an international standard. All this has been complemented by timely and systematic reporting, both financial and operational, in accordance with the rules and regulations of the SECP and other regulatory agencies.





As a caring corporate citizen, HUBCO takes a long-term view on its own responsibility to the planet. Before the plant was commissioned in June 1996 a comprehensive environmental and social soundness assessment (ESSA) was completed which set the standards for the project's environmental operation in meeting both the national and World Bank's environmental targets and standards.

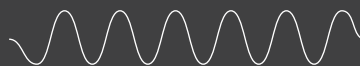
In the present context, HUBCO enacts a rigorous programme to ensure that its environmental footprint is fully complying to or better than the requirements of international standards. HUBCO has a sophisticated Environment Management System (EMS) which led to the Power Station becoming the first in Pakistan to be awarded the ISO 14001 certification. The Hub Power Station has also obtained ISO 9002 certification in respect of maintaining plant operations, maintenance and management system to international standards.

Both solid and liquid waste at the plant are contained and treated as required before disposal. Monitoring stations for gaseous emissions are located around the plant area to ensure ground level concentration of toxic materials do not exceed the limit assigned by world bodies.

In a future context, HUBCO will be the first independent power producer (IPP) in Pakistan to establish an environmentally friendly hydropower project. To achieve this, HUBCO acquired 75 percent controlling interests in Laraib Energy Limited (LARAIB) at the beginning of August 2008 with the objective of doing everything necessary to ensure the timely completion of an 84 MW, run of the river hydropower generating complex being set up about 8 kilometres downstream of Mangla Dam.

The project is environmentally friendly with negligible impact on hydrological regime. There is no impoundment of water or impact on aquatic life and no human displacement or resettlement is anticipated. The Environmental Impact Assessment (EIA) was carried out in accordance with the Asian Development Bank's standard procedures. All potential environmental and social impacts are predicted, with mitigation measures in place to minimize such identified impacts. The EIA and Environmental Management Plan are duly approved by the ADB.

HUBCO's acquisition of this important renewable energy project goes further to demonstrate its commitment to a safer environment. Implementation of the project will also contribute towards Clean Development Mechanism under the Kyoto Protocol. HUBCO plans to commence construction activity at the project site before the end of the year. The electricity to be generated from this renewable energy project will be supplied to the National Transmission and Despatch Company Limited (NTDC).





HUBCO has consistently achieved targeted profits since its inception and remains committed to maintaining the HUBCO share as a secure and sustainable investment.

For the evaluation of a Company's success, the profit that it achieves remains a key performance indicator. Extending this into the realm of the Triple Bottom Line concept, two other caveats must be noted. First, the profits must be consistent. Second, the profits must be sustainable. The Hub Power Company Limited has by now amply demonstrated that it meets these parameters. Not only has it consistently paid dividends to its shareholders in line with its projections and market expectations, it has already embarked on a future growth strategy.

HUBCO will be establishing its second thermal energy project on 45.5 acres of land, 5 kilometres off the Narowal Muridke Road and about 15 kilometres from Narowal and 150 kilometres from Lahore. The 132 KV National Grid to which the Project would be connected, runs at a distance of about 1.5 kilometres from the site.

The Narowal Project comprises of 11 'V' type low-speed MAN diesel engines each having a capacity of 18.43 MW, and 11 heat recovery steam generators. Under site conditions, the gross capacity of this new power plant will be 219.16 MW, while the net capacity will be 213.60 MW. The Net Thermal Efficiency would be 45 percent at 100 percent Load Factor. The electricity generated will be sold to the National Transmission and Distribution Company (NTDC) under a 25 year Power Purchase Agreement (PPA).

Salient other features of the HUBCO Narowal Power project include:

- a) An Implementation Agreement provides the required governmental permissions to set up the project, guarantees the performance of power purchaser, states the taxes applicability and covers solutions for force majeure situations, Pakistan Political Risk and Change in Law.
- b) The fuel would be supplied through a long term contract.
- c) The commercial operation date is March 31, 2010.
- d) The Tariff Determination was given by NEPRA on May 23, 2008. The tariff approved by NEPRA is US Cents 12.8019 per kWh (Rs. 8.0549 per kWh).
- e) The PPIB issued its Letter of Support on June 10, 2008.
- f) The Generation License was issued on June 23, 2008.
- g) The draft Load Flow Study has been completed, as have the geo-technical and environmental studies. No significant or concerning environmental issues have been identified in EIA report.
- h) The project is being financed at a 70:30 debt/equity ratio.





Growth through Energy

HUBCO was established at a critical juncture in the country's history, when Pakistan was experiencing a severe power shortage for the first time really. Without electricity no progress was possible. HUBCO was quite aware of the vital role it had to play and it adopted the motto 'Partners in Progress' to symbolize this role.

Now in its leadership role as the largest independent power producer (IPP) in Pakistan, HUBCO is looking ahead positively to the future under its new motto Growth through Energy, adopted in year 2006. In practical terms the Company's motto is being enacted through new projects that are already in the pipeline. The First, the Narowal thermal power project is expected to be on stream in March 2010, less than 20 months from now. The second, the Laraib hydropower project, is expected to be fully operational in about 39 months. This project will also be the country's first hydropower project by an IPP.

As the country's demand for energy continues to grow rapidly, HUBCO stands committed to enhance its own generation capacity through new power projects.





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HEAD OFFICE

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

REGISTERED OFFICE

C/o. Famco Associates (Pvt) Limited,
(Formerly Ferguson Associates (Pvt) Ltd.)
12, Capital Shopping Centre,
Second Floor, G-11 Markaz,
Islamabad

MANAGEMENT

Javed Mahmood	Chief Executive
William Burrough	Chief Operations Officer
Abdul Nasir	Chief Financial Officer
Huma Pasha	Chief Internal Auditor
Arshad A. Hashmi	Company Secretary
Wasif Mustafa Khan	Head of Projects
Syed Hasnain Haider	Sr. Manager Special Assignments
Lesley A. Middlecoat	Sr. Manager HR & PR
Shamsul Islam	Treasurer



PRINCIPAL BANKERS

Accounts Banks:

National Bank of Pakistan, Karachi
Allied Bank of Pakistan
Askari Bank Limited
Bank Al-Habib Limited
Citibank N.A., Karachi
Habib Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Ltd., Karachi
Sumitomo Mitsui Banking Corp. Europe Ltd., London
United Bank Limited

INTER-CREDITOR AGENT

National Bank of Pakistan, Karachi

LEGAL ADVISORS

Rizvi, Isa, Afridi & Angell, Karachi
Kabraji & Talibuddin, Karachi
Linklaters & Alliance, London

AUDITORS

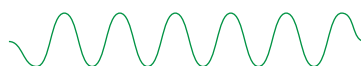
M. Yousuf Adil Saleem & Co.

REGISTRAR

Famco Associates (Pvt) Limited
(Formerly Ferguson Associates (Pvt) Ltd)

ISLAMABAD OFFICE

Sardar M. Yusuf Khan, Corporate Affairs Advisor
House No. 20-G, Street No. 10, Sector F-8/3, Islamabad



Notice of the 17th Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting of the Company will be held on Monday, September 22, 2008 at 12.00 Noon at Marriott Hotel, Islamabad to transact the following business.

- 1- To confirm the Minutes of an 16th Annual General Meeting of the Company held on October 24, 2007
- 2- To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2008 together with the Directors' & Auditors Reports thereon.
- 3- To approve and declare the final dividend of Re.1/- per share i.e. 10% as recommended by the Board of Directors and the 1.15 per share (i.e.11.5%) interim dividend already announced and paid in April 16, 2008 making a total dividend of 2.15 per share (i.e.21.5%) for the year ended June 30, 2008.
- 4- To appoint Auditors and to fix their remuneration.

Karachi: August 5, 2008

Arshad A. Hashmi
Company Secretary

Notes:

- (i) The Share Transfer Books of the Company will remain closed from September 13, 2008 to September 22, 2008 (both days included) and the final dividend will be paid to the shareholders whose names will appear in the Register of Members on September 12, 2008.
- (ii) A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.
- (iii) Duly completed forms of proxy must be deposited with the Company Secretary at the Head Office of the Company not later than 48 hours before the time appointed for the meeting.
- (iv) Shareholders (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. Famco Associates (Pvt) Ltd (formerly M/s. Ferguson Associates (Pvt) Ltd) State Life Building No. 2-A, 4th Floor, I. I. Chundrigar Road, Karachi. All the Shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their Participants. This will assist in the prompt receipt of Dividend.
- (v) Members who have not yet submitted photocopy of their computerized national identity card to the company are requested to send the same at the earliest.



CDC account holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A FOR ATTENDING THE MEETING:

- (i) In case of individuals, the account holders or sub account holders whose registration details are uploaded as per the Regulations, shall authenticate his/her original National Identity Card (NIC) or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

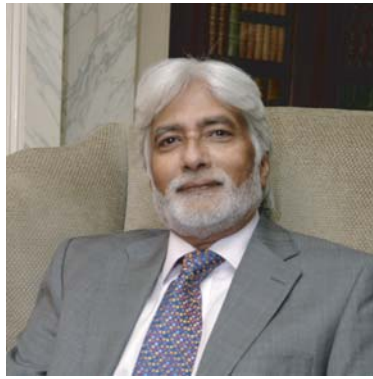
B FOR APPOINTING PROXIES

- (i) In case of individuals, the account holder or sub-account holders whose registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- (ii) Attested copies of NIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy Form.
- (iii) The proxy shall produce his original NIC or original passport at the time of the meeting.
- (iv) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.
- (v) The proxy form will be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the forms.





Mr. M. A. Alireza, H. I.



Mr. Javed Mahmood



Mr. Masood Ahmed



Mr. Malcolm Clampin



Mr. R.A. Bramley



Dr. Fereydoon Abtahi



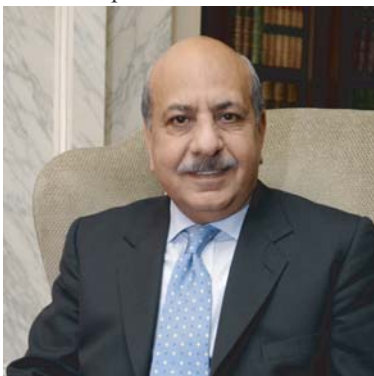
Mr. Taufique Habib



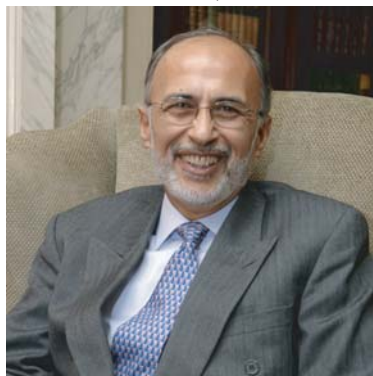
Mr. Vince R. Harris, O.B.E.



Mr. Arif Ijaz



Mr. Qaiser Javed



Mr. Ali Munir



Syed Ali Raza



Syed Nizam A. Shah



Mr. M. Ashraf Tumbi



Mr. Yutaka Ueda

Mr. M. A. Alireza, H. I.
Xenel Industries Limited
Xenel Group Companies
Xenel International Limited
Bank Al-Bilad
Emaar The Economic City
The Saudi Fund for Development

Mr. Javed Mahmood
Chief Executive

Mr. Masood Ahmed
Nominee of GOB

Mr. Malcolm Clampin
Arabian Power Company, Abu Dhabi
International Power Central Services (No.1) Ltd.
Kot Addu Power Co., Ltd.

Mr. R.A. Bramley

Dr. Fereydoon Abtahi
General Manager, Xenel

Mr. Taufique Habib
Golden Arrow Selected Stocks Mutual Funds

Mr. Vince R. Harris, O.B.E.
International Power (Uch) Limited
Kot Addu Power Co., Ltd.
Cotswold International Business Solutions Ltd

Mr. Arif Ijaz
Adamjee Insurance Co., Ltd.

Mr. Qaiser Javed
Fauji Fertilizer Co., Ltd.
Fauji Fertilizer Bin Qasim Ltd.
Fauji Cement Company Ltd.
Mari Gas Company Limited
Fauji Oil Terminal & Distribution Co., Ltd.
Fauji Kabirwala Company Ltd.
Daharki Power Holdings Limited (an off shore Co)
Pakistan Maroc Phosphore S.A. (an off shore Co)
Fauji Akbar Portia Marine Terminal (Pvt) Ltd.
Fauji Foundation
Foundation University Board of Governors
Foundation Power Co. (Dharki) Ltd.

Mr. Ali Munir
Muslim Commercial Bank Limited
Adamjee Insurance Co. Ltd.

Syed Ali Raza
Nominee of NBP

Syed Nizam A. Shah
Jahangir Siddiqui & Co., Ltd
Pakistan International Container
Terminal Ltd.
Hascombe Storage Limited
Telecard Limited
Public Procurement Regulatory
Authority (Govt. of Pakistan)
Member Board

Mr. M. Ashraf Tumbi
Chief Financial Officer, Xenel

Mr. Yutaka Ueda
Mitsui Renewable Energy Europe Ltd.
Zajaczkowo Windfarm sp.Z o.o.
Mitsui & Co., Power & Infrastructure
Development Ltd.

Audit Committee

Mr. M. Ashraf Tumbi	(Chairman)
Mr. Vince R. Harris, O.B.E.	(Member)
Mr. Malcolm Clampin	(Member)
Mr. Ali Munir	(Member)
Mr. Qaiser Javed	(Member)





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

On behalf of the Board of Directors of the Company I am pleased to present the Annual Report of the Hub Power Company Limited for our fiscal year ended June 30, 2008.

Our Power Plant continues to supply reliable and uninterrupted electricity and during the year we have been able to supply 7,205 GWHrs. Our operational and maintenance regime conforms to best international standards which has enabled the delivery of the Company's objectives.

Liquidity problems escalated because amounts owed to us by WAPDA have tripled since last year and now stand at over Rs. 27 billion. The Company remains in constant communication with the highest levels of WAPDA and the Federal Government for immediate settlement of our amounts due.

We are pleased to report that the Government of Pakistan has approved Hubco setting up a 225 MW Residual Fuel Oil Power Project in Narowal with an anticipated Commercial Operation Date of March 2010. In addition we advise that Hubco has acquired 75% controlling interest in the development of a hydroelectric power project known as Laraib New Bong Hydel expected to commence commercial operation by early 2012. With this acquisition Hubco will become the first Hydel IPP in Pakistan.

Our Social Action Programme continues to serve and assist the needy in the vicinity of the Power Station and our sponsored Eye Clinics bring much needed care and relief in the area. Our funded primary / secondary school and the now 40 Hubco university scholarships support the young female students in Balochistan.

On behalf of all our shareholders I thank Hubco employees and our Operator International Power for contributing to our continued success.

Mohamed A. Alireza, H.I.
Chairman



The Board of Directors has pleasure in presenting the Annual Report with the Financial Statements of the Company for the year ended June 30, 2008.

GENERAL

The principal activities of the Company are to own, operate and maintain an oil-fired power station with a net capacity of 1,200 MW located at the Hub River estuary in Balochistan and also to carry out the business of power generation, distribution and sale at other places in Pakistan.

FINANCE

During the year, our customer WAPDA continued to face financial constraints, consequently it was unable to discharge its obligations to HUBCO under our Power Purchase Agreement (PPA). At present, an amount of Rs. 27 billion is outstanding against WAPDA of this Rs. 22 billion is classified overdue (payable immediately).

In addition, WAPDA was also unable to renew its obligatory Letter of Credit to Hubco under our PPA for 2008-9 for an amount of Rs. 12.867 billion. WAPDA have advised that they are presently arranging to send us a Letter of Credit for Rs. 8.9 billion with their further commitment to makeup the full amount. In view of the foregoing, the obligation of WAPDA will only be secured to Rs. 8.9 billion after we have received their Letter of Credit under our Power Purchase Agreement. The obligations of WAPDA to the Company are now secured through the Sovereign Guarantee from the Government of Pakistan under the Implementation Agreement with Hubco.

As a result of the WAPDA outstanding of Rs. 24 billion your Company presently owes Rs. 12 billion to Pakistan State Oil for RFO supply to the Power Station. The Company's obligation to PSO is covered by the Stand-by Letter of Credit provided to PSO under our Fuel Supply Agreement. In view of the recent exorbitant increase in the fuel prices we are increasing the amount of our Stand-by Letter of Credit to PSO to Rs. 10 billion.

The WAPDA outstanding has also resulted in your Company having no option but to enhance its Running Finance Facility now totaling Rs. 12 billion (MCB - Rs. 3 billion, NBP, HBL, UBL, ABL - Rs. 2 billion each and Bank Al-Habib Rs. 1 billion). The Company continues to discharge its liabilities as they become due. During the year, the Company repaid two tranches of long term loan facilities amounting to Rs. 979 million plus mark-up that were due in July 2007 and January 2008. The Company has also repaid its debt obligation due in July 2008 amounting to Rs. 1.08 billion. The Company will continue to fulfill its obligations under its various contracts.

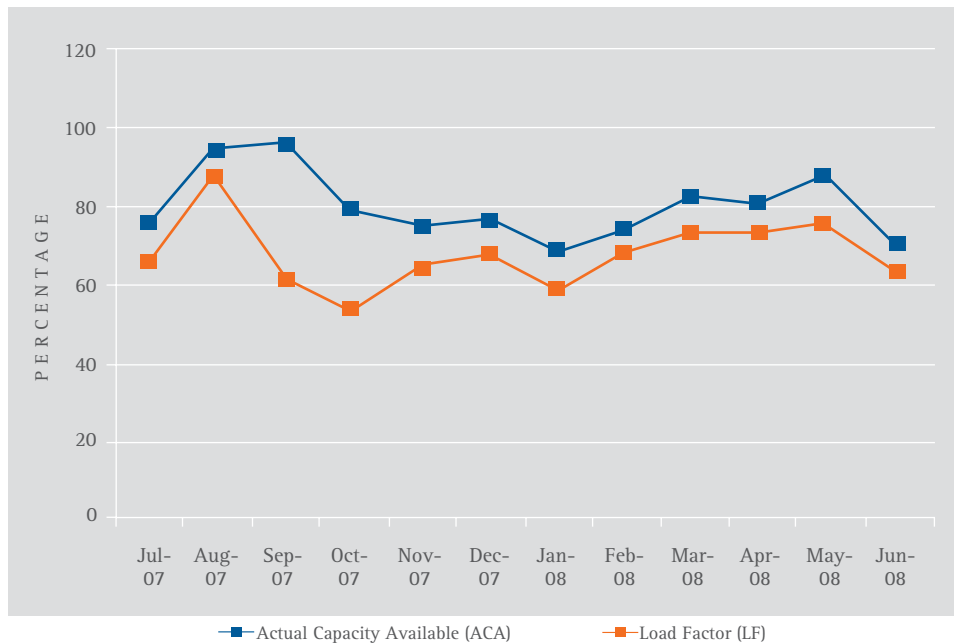
The Company earned a net profit of Rs. 2,601 million, resulting in earnings of Rs. 2.25 per share, compared to a net profit of Rs. 2,654 million last year and earnings per share of Rs. 2.29. Turnover and operating costs are higher mainly because of the higher RFO cost. The power plant generated 7,205 GWh (2007: 7,214 GWh).

OPERATIONS

Our excellent relationship with WAPDA our customer continues and the power station is being operated to the highest international standards by our O&M Operator.

The Company continues to allocate funds on various betterment expenditures towards the ongoing modernization of the plant in order to ensure its long term integrity and maximum availability for our customer WAPDA. This year, the Company is planning to spend Rs. 275 million towards this program.





During the year the plant continued to operate at optimal efficiency, high load factor and dispatched 7,205 GWh of electricity to corresponding to a Load factor of 68.40%. The power station maintained high availability of 80% for the full year.

The Company's Operations and Maintenance Agreement with International Power is expiring on March 31, 2009. At present discussions are ongoing with International Power for a further renewal.

PROJECT DEVELOPMENT

The Board adopted the tagline "Growth through Energy" for the Company to transform our single project company to a broad based energy company.

NAROWAL PROJECT

In accordance with the Company's mandate and initiative to develop new projects we had informed you last year that we are developing a 225 MW RFO Fired Project at Narowal in Punjab. We are now pleased to inform you that Government of Pakistan's formal Letter of Support has been received and with a total intended investment of USD 300 million your Company is about to achieve Financial Close of this Project. The financing is based on a debt to equity ratio of 70:30. The Tariff structure has been approved by NEPRA, the Equipment Supply Contract and the Construction Contract has been awarded. MAN Diesel SE Germany will be supplying and installing 11 of the largest, 18 cylinder, V configuration versions of the most powerful stationary four-stroke engines. The Project is expected to achieve Commercial Operation by March, 2010.

LARAIB NEW BONG HYDEL PROJECT

We are pleased to inform you that Hubco has achieved another milestone. You will recall that Hubco was the first Thermal IPP of Pakistan. We have on August 2, 2008 acquired a 75% controlling interests in Laraib Energy Limited ("Laraib") and made a total payment of Rs. 646 million. This acquisition is financed through commercial bank debt (please refer to note 31.1 in the Financial Statements). Laraib is developing the 84 MW hydropower generating Complex near the New Bong Escape 8 km downstream of the Mangla Dam in Azad Jammu & Kashmir (AJ&K) under a Letter of Support from the Government of Azad Jammu & Kashmir (the "Project") and Implementation Agreements with the Governments of Pakistan and Azad Jammu & Kashmir, Financial Close is expected before 31 December 2008. With this acquisition Hubco will become the first IPP in the Hydel Sector.



Hubco's acquisition of a major stake in this Project has been approved by the Government of Azad Jammu & Kashmir and also by all the lenders of the Project including the Asian Development Bank and the Islamic Development Bank and we are working to achieve Financial Close before the end of this year.

We take this opportunity to inform you that unlike thermal projects the gestation period of Hydel projects is longer because of the extensive civil works required. Accordingly, the Hubco-Laraib New Bong Hydro Project is due to commence commercial operations in early 2012.

HEALTH, SAFETY & ENVIRONMENT (HSE)

Our Hub Power Station continues to maintain the highest standard of health and safety at the power station. These are recognized by the presentation of the highest level award from the Royal Society for Prevention of Accidents (RoSPA). This reflects credit on employees of the Company and the Operator.

The strong commitment to HSE management is reflected by continual improvement in the activities and procedures. This year the environmental management system was successfully accredited against the new ISO 14001: 2004 standard.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As required by the Code of Corporate Governance, the directors are pleased to report the following:

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

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

Fiscal year ending June		2007	2006	2005	2004	2003	2002
Turnover	Rs. In millions	44,131	27,911	16,978	16,003	19,514	21,367
Profit	"	2,654	2,768	5,385	5,463	6,102	7,286
Assets	"	44,994	43,515	46,636	51,781	55,546	63,565
Dividend	"	3,587	4,455	3,355	4,281	7,985	7,175
Generation	(GWh)	7,214	3,930	1,975	1,647	2,727	3,630
Load Factor	%	69	37	19	16	26	35



Value of investments of provident fund and gratuity scheme based on their respective audited accounts as at June 30, 2007 were as follows:

	Rs. In million
Provident Fun	40.727
Gratuity	37.895

During the year, four meetings of the Board of Directors were held. Attendance by the Directors and their alternates was as follows:

1	Mr. Mohamed A. Alireza H.I.	1
2	Mr. Masood Ahmed	2
3	Dr. Fereydoon Abtahi	4
4	Mr. Robin A. Bramley	3
5	Mr. Malcolm Clampin	4
6	Mr. Taufique Habib	4
7	Mr. Vince R. Harris, OBE	3
8	Mr. Arif Ijaz	3
9	Mr. Qaiser Javed	4
10	Mr. Ali Munir	2
11	Mr. Javed Mahmood	4
12	Mr. S. Ali Raza	1
13	Mr. S. Nizam A. Shah	3
14	Mr. Ashraf Tumbi	1
15	Mr. Yutaka Ueda	4

The pattern of shareholding as required by the SECP Code of Corporate Governance is attached with this report.

APPROPRIATIONS

The Directors have pleasure in recommending a final dividend of Rs. 1.00 (Rupee One) per share. This will be paid to the shareholders on the Company's register on September 12, 2008. An interim dividend of Rs. 1.15 per share that was declared on February 13, 2008 has already been paid in April 2008. The total dividend to be approved by the shareholders at the Annual General Meeting on Monday, September 22, 2008 will be Rs. 2.15 per share.

Movement in unappropriated profit is as follows:

	Rs. in millions
NET PROFIT FOR THE YEAR	2,601
Unappropriated profit at the beginning of the year	17,481
Profit available for appropriations	20,082
APPROPRIATIONS	
Final dividend for the fiscal year 2006-2007 @ Rs. 1.6 per share	(1,851)
Interim dividend for the fiscal year 2007-2008 @ Rs. 1.15 per share	(1,331)
Unappropriated profit at the end of the year	16,899
Basic and diluted earnings per share	Rs 2.25



The Directors would like to draw your attention to the last paragraph of the Auditors' Report relating to note 21.7 to the financial statements.

Board of Directors

The Current members of the Board are listed on Page No. 20-21. During the year under Report there were no changes in your Board of Directors.

Auditors

The retiring auditors Messrs M. Yusuf Adil Saleem & Company, Chartered Accountants being eligible offer themselves for reappointment.

Shareholding Pattern

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

By Order of the Board

Karachi – August 5, 2008.

Javed Mahmood
Chief Executive



WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2008

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.37 (xlv) of listing regulations of The Karachi 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 in the following manner:

1. The Board of Directors of The Hub Power Company Limited has always supported and re-confirms its commitment to continued support and implementation of the highest standards of Corporate Governance at all times.
2. The Hubco Board had already approved the Company's own Code of Corporate Governance on June 24, 1994 before the Company issued its shares to the public in October, 1994. This code has been followed ever since.

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

The Board at its meeting on September 4, 2002 (the first meeting after May 2002) has amended Hubco's Code of Corporate Governance of June 1994 which, after the incorporation of the SECP Code in the Stock Exchange Listing Rules, now includes the following:

- a) Primary and Secondary Delegations – 1997;
 - b) Karachi Stock Exchange circular dated May 9, 2002 incorporating the SECP Code of Corporate Governance dated March 28, 2002 in its Listing Rules;
 - c) Hubco's Code of Business Ethics – dated June 10, 2002;
 - d) Dealing by Directors and Employees in Shares of Hubco; and
 - e) Role & Responsibilities of the Chairman – dated September 2, 2004.
3. The Board had also adopted a Vision and Mission Statements at its meeting on September 4, 2002. These have been amended and updated Vision & Mission Statements have been adopted at the Board Meeting on August 10, 2006.
 4. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes at least one independent non-executive director and one director representing minority shareholders.
 5. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
 6. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
 7. Casual vacancies occurring in the Board are filled up by the directors within 30 days thereof. No Casual vacancies occurred during the year under report.
 8. The Board has developed 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 Chief Executive have been taken by the Board.
 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, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
 11. Board Members were offered orientation courses on their duties and responsibilities.



12. The Board had approved appointment of the Chief Operations Officer, Chief Internal Auditor, Company Secretary and Chief Financial Officer (CFO), including their remuneration and terms and conditions of employment, as determined by the Chief Executive.
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 Chief Executive and the CFO before approval of the Board.
15. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
16. The Company has complied with all the major corporate and financial reporting requirements of the Code.
17. The Board has formed an audit committee. It comprises of 5 members; all 5 are non-executive directors including the chairman of the committee.
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 and 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 the following functioning Committees with their Terms of Reference, these are composed of non-executive Directors:
 - (a) Audit Committee also ensures the independence of the internal audit function and the independence and objectivity of the External Auditors.
 - (b) Compensation Committee also monitors the remuneration and appointments of Senior Management as well as the personnel policies and its implementation.
 - (c) Technical Committee also monitors the operation of the plant as well as all O&M Contractor related issues.
 - (d) Corporate Communications Committee also monitors the social action programmes and public relations.

These committees meet regularly before Board meetings and each committee report is presented to the full Board meetings.

20. The Board of Directors has implemented an organizational structure for the Company and has appointed the Chief Executive, the Chief Operations Officer, the CFO and the Company Secretary to manage the affairs in accordance with the Code of Corporate Governance of the Company as amended from time to time.
21. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.
22. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.
23. 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.
24. We confirm that all other material principles contained in the Code have been complied with.

By Order of the Board

Karachi – August 5, 2008.

Javed Mahmood
Chief Executive



TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **The Hub Power Company Limited** to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

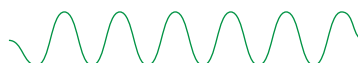
The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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 of Corporate Governance, as applicable to the Company for the year ended June 30, 2008.

Karachi
Date: August 5, 2008

M. Yousuf Adil Saleem & Co.
Chartered Accountants



We have audited the annexed balance sheet of The Hub Power Company Limited (the Company) as at June 30, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2008 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Without qualifying our opinion, we draw attention to the matter described in note 21.7 to the financial statements. The ultimate outcome of this contingency cannot presently be determined and accordingly, no provision for any liability that may result has been made in the financial statements.

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Karachi
Date: August 5, 2008



FINANCIAL STATEMENTS

Profit and Loss Account

for the year ended June 30, 2008

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
Turnover	3	62,434,557	44,130,911
Operating costs	4	(57,684,623)	(39,967,042)
GROSS PROFIT		4,749,934	4,163,869
Other income	5	105,390	160,786
General and administration expenses	6	(288,770)	(252,919)
Finance costs	7	(1,965,971)	(1,417,499)
Workers' profit participation fund	8	-	-
PROFIT FOR THE YEAR		2,600,583	2,654,237
Basic and diluted earnings per share (rupees)	27	2.25	2.29

The annexed notes from 1 to 33 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Taufique Habib
Director

Balance Sheet

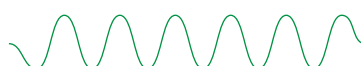
as at June 30, 2008

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	9	33,938,057	31,856,615
Intangibles	10	2,520	5,170
Stores and spares		622,972	612,870
Other assets	11	9,000	6,020
CURRENT ASSETS			
Inventory of fuel oil		1,564,183	2,563,757
Trade debts	12	24,871,327	7,936,783
Advances, prepayments and other receivables	13	1,026,464	1,269,439
Cash and bank balances	14	662,226	742,861
		28,124,200	12,512,840
TOTAL ASSETS		62,696,749	44,993,515
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised	15	12,000,000	12,000,000
Issued, subscribed and paid-up	15	11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		16,899,127	17,480,719
		28,470,671	29,052,263
NON-CURRENT LIABILITIES			
Long term loans	16	7,292,098	8,271,160
Deferred liability	17	14,592	18,411
CURRENT LIABILITIES			
Current maturity of long term loans	16	979,062	979,062
Short term borrowings	18	13,326,778	2,090,000
Trade and other payables	19	11,750,517	3,937,899
Interest / mark-up accrued	20	863,031	644,720
		26,919,388	7,651,681
COMMITMENTS AND CONTINGENCIES	21	-	-
TOTAL EQUITY AND LIABILITIES		62,696,749	44,993,515

The annexed notes from 1 to 33 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Taufique Habib
Director



Cash Flow Statement

for the year ended June 30, 2008

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		2,600,583	2,654,237
Adjustments for:			
Depreciation		1,665,821	1,657,043
Amortisation		3,162	4,794
Gain on disposal of fixed assets		(1,135)	(298)
Staff gratuity		9,727	13,533
Interest income		(34,329)	(160,541)
Interest / mark-up		1,908,302	1,361,735
Operating profit before working capital changes		6,152,131	5,530,503
Working capital changes	25	(7,890,777)	(4,196,220)
Cash generated from operations		(1,738,646)	1,334,283
Interest received		34,691	166,047
Interest / mark-up paid		(1,689,991)	(1,412,081)
Staff gratuity paid		(13,546)	(10,108)
Net cash (used in) / from operating activities		(3,407,492)	78,141
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure - net		(3,749,347)	(199,445)
Proceeds from disposal of fixed assets		2,707	801
Stores and spares		(10,102)	(20,384)
Other assets		(2,980)	(1,709)
Net cash used in investing activities		(3,759,722)	(220,737)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(979,062)	(979,061)
Dividends paid		(3,171,137)	(3,588,788)
Finance under mark-up arrangement - Narowal project		3,446,778	-
Net cash used in financing activities		(703,421)	(4,567,849)
Net decrease in cash and cash equivalents		(7,870,635)	(4,710,445)
Cash and cash equivalents at the beginning of the year		(1,347,139)	3,363,306
Cash and cash equivalents at the end of the year	26	(9,217,774)	(1,347,139)

The annexed notes from 1 to 33 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Taufique Habib
Director

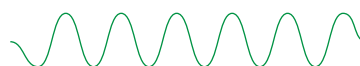
Statement of Changes in Equity for the year ended June 30, 2008

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
Issued capital			
Balance at the beginning of the year		11,571,544	11,571,544
Balance at the end of the year	15	11,571,544	11,571,544
Unappropriated profit			
Balance at the beginning of the year		17,480,719	18,413,661
Profit for the year		2,600,583	2,654,237
Total recognised income and expenses for the year		2,600,583	2,654,237
Final dividend for the fiscal year 2006-2007 @ Rs. 1.60 (2005-2006: @ Rs. 1.85) per share		(1,851,447)	(2,140,736)
Interim dividend for the fiscal year 2007-2008 @ Rs. 1.15 (2006-2007: @ Rs. 1.25) per share		(1,330,728)	(1,446,443)
Balance at the end of the year		16,899,127	17,480,719
Total equity		28,470,671	29,052,263

The annexed notes from 1 to 33 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Taufique Habib
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 Companies Ordinance, 1984 (the “Ordinance”). The shares of the Company are listed on the Karachi, Lahore and Islamabad Stock Exchanges and its Global Depository Receipts are listed on the Luxembourg Stock Exchange. The principal activities of the Company are to own, operate and maintain an oil-fired power-station with four generating units with an installed net capacity of 1,200 MW in Tehsil Hub, District Lasbella, Balochistan and to carry out the business of power generation, distribution and sale at other places in Pakistan.

2. **SIGNIFICANT ACCOUNTING POLICIES**

2.1 **Statement of compliance**

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

2.2 **Accounting convention**

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

2.3 **Property, plant and equipment**

(a) Operating property, plant, equipment and depreciation

These are stated at cost less accumulated depreciation 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 9.1 to the financial statements. Depreciation on additions is charged for the full month in which an asset is put to use and on disposals up to the month immediately preceding the disposals.

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

Gains and losses on disposals are taken to the profit and loss account.

(b) Capital work-in-progress

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

2.4 **Intangible assets and amortisation**

These are stated at cost less accumulated amortisation. Amortisation is computed using the straight-line method over the estimated useful lives of the assets at the rate shown in note 10.1 to the financial statements.

2.5 **Stores and spares**

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

2.6 **Impairment of assets**

The carrying amounts of non-current assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed these estimated recoverable amounts, assets are written down to their recoverable amounts. Impairment losses are recognised as expense in the profit and loss account.



2.7 Inventory of fuel oil

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

2.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks on savings, call and term deposit accounts and running finance under mark-up arrangements. Running finance under mark-up arrangements are shown in current liabilities.

2.9 Revenue recognition

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

2.10 Interest income

Interest income is recorded on accrual basis.

2.11 Staff retirement benefits

The Company operates a partially funded defined benefit gratuity plan covering eligible employees whose period of service with the Company is at least five years.

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

2.12 Related party transactions and transfer pricing

All transactions with related parties and associated undertakings are entered into at an arm's length price using permissible valuation method. However, payments under The Operation & Maintenance Agreement, The Support Services Agreement and The Project Co-ordination Agreement are made at contracted rates because the Company had entered into these agreements before the incorporation of transfer pricing requirements in the Fourth Schedule to the Ordinance.

2.13 Foreign currency translation

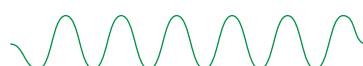
Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees equivalents using balance sheet date exchange rates. Non-monetary assets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

2.14 Taxation

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

2.15 Dividend

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



2.16 Financial instruments

(a) Cash and bank balances

Cash in hand and in banks and short-term deposits which are held to maturity are carried at cost.

Cash and bank balances are defined as cash in hand, demand deposits and short-term placements readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(b) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Other receivables and receivable from related parties are recognised and carried at cost.

(c) Borrowings

All borrowings are recognised at cost.

(d) Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services.

2.17 Borrowing Costs

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

2.18 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the periods in which the estimates are revised and in any future periods affected.

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
3. TURNOVER			
Turnover		70,428,588	49,575,047
Less: Sales Tax		(7,994,031)	(5,444,136)
		62,434,557	44,130,911
4. OPERATING COSTS			
Residual Fuel Oil		53,428,930	35,905,208
Operation and Maintenance - relating to an associated company	21.1	1,896,102	1,688,330
Insurance		334,424	369,328
Depreciation	9.3	1,653,107	1,646,103
Amortisation	10.1	2,462	4,177
Miscellaneous		369,598	353,896
		57,684,623	39,967,042

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
5. OTHER INCOME			
Interest income		34,329	160,541
Gain on disposal of fixed assets		1,135	298
Exchange gain / (loss)		69,926	(53)
		105,390	160,786
6. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, benefits and other allowances	6.1	147,899	135,150
Fuel and power		1,955	1,410
Property, vehicles and equipment rentals		6,834	6,848
Repairs and maintenance		4,289	3,662
Legal and professional		19,387	17,135
Insurance		6,238	6,115
Auditors' remuneration	6.2	1,532	1,492
Depreciation	9.3	12,714	10,940
Amortisation	10.1	700	617
Miscellaneous	6.3	87,222	69,550
		288,770	252,919

6.1 These include Rs. 15.791 million (2007: Rs. 18.499 million) in respect of staff retirement benefits.

	2008 (Rs. '000s)	2007 (Rs. '000s)
6.2 Auditors' remuneration		
Statutory audit	900	900
Half yearly review	300	300
Other services	230	185
Out-of-pocket expenses	102	107
	1,532	1,492

6.3 Includes donation of Rs. 18.497 million (2007: Rs. 14.003 million). No directors or their spouses had any interest in any donee to which donations were made.

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
7. FINANCE COSTS			
Interest / mark-up on long term loans		1,199,536	1,320,310
Mark-up on short term borrowings		708,766	41,425
Mark-up on short term borrowings - Narowal project		65,068	-
Miscellaneous finance costs		129,744	55,748
Bank charges		15	16
		2,103,129	1,417,499
Less: amount capitalised in the cost of qualifying assets	9.5	(137,158)	-
		1,965,971	1,417,499



	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
8. WORKERS' PROFIT PARTICIPATION FUND			
Provision for Workers' profit participation fund	19	130,029	132,712
Payment of Workers' profit participation fund recoverable from WAPDA	13	(130,029)	(132,712)
		-	-

The Company is required to pay 5% of its profit to the workers' profit participation fund (the "Fund"). However, such payment will not affect the Company's overall profitability because after payment to the Fund, the Company will bill this to WAPDA as a pass through item under the Power Purchase Agreement (PPA).

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
9. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	9.1	30,259,173	31,832,770
Capital work-in-progress			
Plant betterments	9.4	36,642	22,800
Narowal project	9.5	3,642,242	1,045
		3,678,884	23,845
		33,938,057	31,856,615

9.1 Operating property, plant and equipment

	Freehold land	Building on freehold land	Leasehold property	Plant & machinery (Rs. '000s)	Furniture & fixtures	Vehicles	Office equipment	Total
Cost:								
As at July 1, 2007	18,890	186,495	862	48,589,804	26,924	62,642	5,105	48,890,722
Additions	-	-	-	77,836	805	13,134	2,021	93,796
Disposals	-	-	-	(3,028)	(84)	(7,923)	-	(11,035)
As at June 30, 2008	18,890	186,495	862	48,664,612	27,645	67,853	7,126	48,973,483
Depreciation:								
Rate (%)	-	3.33, 10 & 20	3.33	3.33 to 33.33	20	25	20	-
As at July 1, 2007	-	76,045	366	16,922,524	22,735	32,077	4,205	17,057,952
Charge for the year	-	5,920	29	1,648,511	1,574	9,333	454	1,665,821
Disposals	-	-	-	(2,986)	(84)	(6,393)	-	(9,463)
As at June 30, 2008	-	81,965	395	18,568,049	24,225	35,017	4,659	18,714,310
Net book value as at June 30, 2008	18,890	104,530	467	30,096,563	3,420	32,836	2,467	30,259,173
Net book value as at June 30, 2007	18,890	110,450	496	31,667,280	4,189	30,565	900	31,832,770
Cost of fully depreciated assets as at June 30, 2008	-	16,972	-	114,104	19,770	14,943	2,986	168,775
Cost of fully depreciated assets as at June 30, 2007	-	16,972	-	108,395	19,803	17,445	2,584	165,199

9.2 Disposal of operating property, plant and equipment

Assets	Cost	Accumulated depreciation (Rs. '000s)	Net book value	Sale price	Mode of disposal	Particulars of buyer
Vehicle	629	118	511	521	Company Policy	Kamran Khawaja - Ex-employee
Vehicle	630	105	525	535	Company Policy	Muhammad Ali - Ex-employee
Vehicle	949	455	494	504	Company Policy	Ejaz Umer - Ex-employee
Items having a net book value not exceeding Rs. 50,000 each						
Vehicles	5,715	5,715	-	1,081	Various	Various
Computers	2,973	2,973	-	21	Various	Various
Equipment	55	13	42	43	Insurance Claim	EFU
Furniture & fixtures	84	84	-	2	Various	Various
Total - June 30, 2008	11,035	9,463	1,572	2,707		
Total - June 30, 2007	13,409	12,906	503	801		

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
9.3 Depreciation charge for the year has been allocated as follows:			
Operating costs	4	1,653,107	1,646,103
General and administration expenses	6	12,714	10,940
		1,665,821	1,657,043
9.4 Capital work-in-progress - Plant betterments			
Opening balance		22,800	35,625
Additions during the year		21,676	15,787
Transfers during the year		(7,834)	(28,612)
		36,642	22,800
9.5 Capital work-in-progress - Narowal project			
Opening balance		1,045	-
Additions during the year			
Advance payments for land		22,102	-
Payments to contractor		3,446,778	-
Professional services		22,677	1,045
Borrowings costs	7	137,158	-
Government fees		11,844	-
Miscellaneous		638	-
		3,641,197	1,045
Transfers during the year		-	-
		3,642,242	1,045

10. INTANGIBLES

	Cost as at July 1, 2007	Additions	Disposals	Cost as at June 30, 2008	Accumulated amortisation as at July 1, 2007	Charge for the year (Rs. '000s)	Disposals	Accumulated amortisation as at June 30, 2008	Net Book value as at June 30, 2008	Net Book value as at June 30, 2007
Computer Softwares	26,558	512	-	27,070	21,388	3,162	-	24,550	2,520	5,170

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
10.1 Amortisation charge for the year at 33.33% has been allocated as follows:			
Operating costs	4	2,462	4,177
General and administration expenses	6	700	617
		3,162	4,794
11. OTHER ASSETS			
Deposits		1,534	1,554
Prepayments		2,656	4,466
Acquisition expenses	31.1	4,810	-
		9,000	6,020
12. TRADE DEBTS - Secured			
Considered good	12.1 & 12.2	24,871,327	7,936,783

12.1 This includes an overdue amount of Rs. 20,424 million (2007: Rs. 4,437 million) from WAPDA. The trade debts are secured by a guarantee from the Government of Pakistan under the Implementation Agreement.

12.2 This includes Rs. 373 million relating to contractors' tax. (See note 21.8)

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
13. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
Executives		19	284
Employees		-	73
Suppliers		426,975	352,389
		426,994	352,746
Prepayments			
Guarantee fees and other loan related costs		1,537	1,552
Miscellaneous		4,464	5,240
		6,001	6,792
Other receivables			
Interest accrued		5,319	5,681
Income tax	21.7	296,872	296,872
Sales tax		160,145	473,905
Receivable from an associated company		369	190
Payment of Workers' profit participation fund recoverable from WAPDA	8	130,029	132,712
Miscellaneous		735	541
		593,469	909,901
		1,026,464	1,269,439

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
14. CASH AND BANK BALANCES			
Savings accounts		151,051	217,223
Call and term deposits		511,125	525,582
In hand		50	56
		662,226	742,861

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

2008	2007		2008 (Rs. '000s)	2007 (Rs. '000s)
(No. of Shares)				
1,200,000,000	1,200,000,000	Authorised :		
		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

15.1 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.

15.2 Associated companies held 462,343,583 (2007: 495,731,583) shares in the Company as at year end.



	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
16. LONG TERM LOANS - Secured			
From Banks			
Under the Private Sector Energy Development Fund (PSEDF) 1 Facility	16.1 & 16.2	6,100,397	6,822,502
Under the Private Sector Energy Development Fund (PSEDF) 2 Facility	16.1 & 16.3	2,170,763	2,427,720
		8,271,160	9,250,222
Less: Current maturity of long term loans		(979,062)	(979,062)
		7,292,098	8,271,160

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

- (a) a fixed charge over each of the following, namely:
 - (i) the tangible moveable property of the Company;
 - (ii) the intellectual property of the Company; and
 - (iii) all goodwill belonging to the Company.
- (b) a floating charge on the whole of the Company's undertaking and assets, present and future, other than any assets for the time being effectively charged by way of fixed charge.
- (c) an assignment of all rights, title and interest, present and future, in and to the insurances and all rights of the Company to make recovery under the insurances and all proceeds of the insurances receivable by the Company.
- (d) mortgages over the Company's real property situated in Lasbella, Islamabad and Karachi, together with all rights of easements, privileges and licences appurtenant thereto.

16.2 Interest is payable @ 14% per annum.

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

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
17. DEFERRED LIABILITY			
Staff Gratuity		14,592	18,411

Actuarial valuation was carried out as on June 30, 2008. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost method.

Reconciliation of the liability recognised in the balance sheet

Present value of defined benefit obligation		73,596	65,126
Fair value of plan assets		(54,954)	(38,725)
Net actuarial losses not recognised		(4,050)	(7,990)
Net liability recognised in the balance sheet		14,592	18,411
Reconciliation of the movements during the year in the net liability recognised in the balance sheet			
Opening net liability		18,411	14,986
Expense recognised	17.1	9,727	13,533
Contributions to the fund made during the year		(13,546)	(10,108)
Closing net liability		14,592	18,411
Expense recognised in the profit and loss account			
Current service cost		5,609	6,238
Interest cost		6,513	5,917
Expected return on plan assets		(3,873)	(3,353)
Actuarial loss recognised		1,478	4,731
Expense recognised in the profit and loss account		9,727	13,533

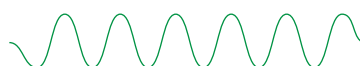
17.1 The total expense recognised is included in general and administration expenses.

Actual return on plan assets			
Expected return on plan assets		3,873	3,353
Actuarial (gain) / loss on plan assets		(340)	225
Actual return on plan assets		3,533	3,578

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

- Valuation discount rate 12% per annum
- Expected return on plan assets 12% per annum
- Expected rate of increase in salary level 12% per annum

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
18. SHORT TERM BORROWINGS - Secured			
Finances under mark-up arrangements	18.1 & 18.2	9,880,000	2,090,000
Finance under mark-up arrangement - Narowal project	18.3	662,813	-
Bridge finances under mark-up arrangements - Narowal project	18.4	2,783,965	-
		13,326,778	2,090,000



- 18.1** The facilities for running finance available from various banks amounted to Rs. 10,000 million (2007: Rs. 6,000 million) at a mark-up ranging between 0.15% to 0.50% per annum above one month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrears. The facilities will expire during the period from September 30, 2008 to December 31, 2008. These facilities are secured by way of charge over the trade debts and stocks of the Company pari passu with the existing charge. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate.
- 18.2** Included herein is a sum of Rs. 2,880 million (2007: Rs. 500 million) payable to an associated undertaking. The available facility amounts to Rs. 3,000 million (2007: Rs. 1,000 million).
- 18.3** In connection with the development of the Narowal project, the facility for running finance available from a bank amounted to Rs. 720 million (2007: Rs. Nil) at a mark-up of one month KIBOR plus 0.25% per annum. The mark-up is payable on quarterly basis in arrears. The facility will expire on November 30, 2008. The facility is secured by way of charge over the trade debts and stocks of the Company pari passu with the existing charge. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate.
- 18.4** In connection with the development of the Narowal project, the bridge finance facilities available from various banks amounted to Rs. 3,157 million (2007: Rs. Nil) at a mark-up of one month KIBOR plus 0.50% per annum. The mark-up is payable on the repayment of facilities. The facilities will expire on November 15, 2008. The facilities are secured by way of charge over the assets of the Company pari passu with the existing charge. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate.

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
19. TRADE AND OTHER PAYABLES			
Creditor	19.1	10,587,172	2,796,734
Accrued liabilities			
Due to operation and maintenance contractor	19.2	40,382	85,256
Miscellaneous finance costs		13,740	13,478
Miscellaneous	19.3	284,838	274,482
		338,960	373,216
Advance payment	19.4	624,777	578,335
Unclaimed dividend		59,366	48,328
Other payables			
Provision for Workers' profit participation fund	8	130,029	132,712
Retention money		10,213	8,574
		140,242	141,286
		11,750,517	3,937,899

- 19.1** This represents amount payable to Pakistan State Oil.
- 19.2** This represents amount payable in respect of services rendered by an associated company.
- 19.3** This includes a sum of Rs. 131.678 million (2007: Rs. 128.255 million) in respect of services rendered by an associated company.
- 19.4** This represents Capacity Purchase Price invoiced for the succeeding month under the terms of Power Purchase Agreement (PPA).

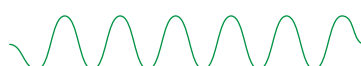
	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
20. INTEREST / MARK-UP ACCRUED			
Interest / mark-up accrued on long term loans		549,059	604,470
Mark-up accrued on short term borrowings	20.1	313,972	40,250
		863,031	644,720

20.1 Included herein is a sum of Rs. 80.759 million (2007: Rs. 6.252 million) payable to an associated undertaking.

21. COMMITMENTS AND CONTINGENCIES

- 21.1** The Company's Operation and Maintenance (O&M) Agreement will expire in March 2009. The Company is in discussion with the current O&M contractor (an associated undertaking) in order to finalise the terms of renewal.
- 21.2** The Company has entered into a Fuel Supply Agreement (FSA) under which it is committed to purchase a certain quantity of oil from Pakistan State Oil (PSO) every year.
- 21.3** Counter guarantees, to meet the requirements under the FSA, issued to various banks which are secured pari passu with long term loans amount to Rs. 7,283 million (2007: Rs. 3,500 million).
- 21.4** Commitments in respect of capital and revenue expenditure amount to Rs. 323.551 million (2007: Rs. 565.195 million).
- 21.5** In connection with the development of the Narowal project, the Company has entered into contracts for construction of a power plant with an installed net capacity of 214 MW and related financing arrangement against which certain advance payments have been made. The Company's remaining capital commitments against these contracts amount to Rs. 12,775.524 million (2007: Rs. Nil).
- 21.6** In connection with the development of the Narowal project, the Company has entered into a facility agreement with a commercial bank (an associated undertaking) for issuance of performance guarantee to the Private Power and Infrastructure Board (PPIB) for an amount of Rs. 76.669 million (USD 1.125 million). This guarantee is valid upto September 30, 2010 and is secured by way of a second charge over the Company's entire immovable assets.
- 21.7 (i)** The Deputy Commissioner of Income Tax (DCIT) 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 tax amounting to Rs. 297 million against the above assessments in accordance with the departmental procedures. Appeals filed by the Company before the Commissioner of Income Tax (Appeals) [the "CIT(A)"] and thereafter with the Income Tax Appellate Tribunal (the "ITAT") were decided against the Company. Against the decision of the ITAT the Company filed appeals before the Lahore High Court (the "LHC") which are pending adjudication. The LHC granted a stay of demand for the outstanding tax liability which according to the provisions of section 136 of the ITO,79 expired on August 2, 1999. However, the LHC directed the DCIT not to institute recovery measures without its permission.

Without prejudice to the appeals before the LHC, the Company filed an application for the resolution of the matter under the Alternate Dispute Resolution (ADR) provided under section 134A of the Income Tax Ordinance, 2001 with the Central Board of Revenue (CBR). The Alternate Dispute Resolution Committee (ADRC) made certain recommendations to the CBR which required the Company to pay a total of Rs. 380 million (including Rs. 297 million already paid).



However, the Company informed the CBR that the recommendation of the ADRC was not maintainable under the law because ADRC had gone beyond their mandate. The CBR, after reviewing the recommendations of the ADRC and the Company, decided not to agree with the recommendation of the ADRC and let the dispute be decided by the LHC before which the appeal is pending.

The management and their tax and legal advisors are of the opinion that the position of the Company is sound on technical basis and eventual outcome will be in favour of the Company.

(ii) On the unpaid tax demands referred in (i) above, further assessment orders were issued for Rs. 50 million (Rs. 29 million being additional tax and Rs. 21 million being penalty). Against these orders, the Company filed appeals before the CIT(A), who has deleted the amount of additional tax levied of Rs. 29 million and reduced the penalty of Rs. 21 million by Rs. 6 million. Against the decision of the CIT(A), the Company and Income Tax Department filed further appeals before the ITAT which had upheld the decision of the CIT(A). Against this, the Company moved reference application to the ITAT to refer the issue to the LHC, which stands rejected by the ITAT. The management and their tax advisors are of the opinion that if the LHC decides the appeals against assessments made under section 52/86 of the ITO,79 in favour of the Company, the penalty would also be deleted.

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

21.8 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 Power Purchase Agreement (PPA), any tax paid by the Company on behalf of construction contractors and sub-contractors was to be reimbursed by WAPDA.

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

On Hubco's and other Independent Power Producers' (IPPs) representation, Economic Coordination Committee (ECC) of the Federal Cabinet of the GOP directed the CBR to refund the tax recovered by it over and above 4%. The CBR refunded Rs. 495 million but withheld Rs. 471 million on the pretext that ECC decision was not applicable on "tax on tax" which was payable at corporate rates and also because CBR has filed appeals before the courts which are pending adjudication. During the year, a refund of Rs. 98 million has been received from CBR.

The management and their tax advisors are of the opinion that the position of the Contractor and the Company is strong on the basis of ECC decision as well as on legal grounds and the eventual outcome will be in favour of the Contractor and the Company and the tax of Rs. 373 million will be refunded. Simultaneously, the Company continues its discussions with GOP and CBR for the refund of Rs. 373 million.

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

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

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

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

Both HUBCO and WAPDA have agreed that this petition should proceed and a judgment obtained on merits. No provision has been made in these financial statements as any payment made by the Company is a pass through item under the PPA.

Following the amendments made by the Finance Act 2006 to the Companies Profits (Workers' Participation) Act, 1968 (the Act), the Company established the Hubco Workers' Participation Fund on August 03, 2007 to allocate the amount of annual profits stipulated by the Act for distribution amongst worker(s) eligible to receive such benefits under the Act and any amendments thereto from time to time. (See note 8)



22. 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	2008 (Rs. '000s)	2007 (Rs. '000s)
Chief Executive			
Managerial remuneration		8,237	7,355
Bonus		2,942	-
House rent		3,707	3,310
Utilities		824	736
Retirement benefits		824	736
Other benefits		2,601	2,474
		19,135	14,611
<hr/>			
Number of persons		1	1
Directors			
Managerial remuneration / Fees	22.1	1,500	3,989
Bonus		-	19
House rent		-	576
Utilities		-	128
Retirement benefits		-	410
Other benefits		-	427
		1,500	5,549
<hr/>			
Number of persons		3	3
Executives			
Managerial remuneration		47,777	36,651
Termination benefits		-	14,726
Bonus		10,215	8,005
House rent		19,365	16,493
Utilities		4,778	3,665
Retirement benefits		13,459	15,287
Other benefits		14,127	7,442
		109,721	102,269
<hr/>			
Number of persons		28	28
Total			
Managerial remuneration / Fees		57,514	47,995
Termination benefits		-	14,726
Bonus		13,157	8,024
House rent		23,072	20,379
Utilities		5,602	4,529
Retirement benefits		14,283	16,433
Other benefits		16,728	10,343
		130,356	122,429
<hr/>			
Number of persons		32	32

- 22.1 This represents fee to three independent directors.
- 22.2 The Chief Executive and certain Executives are provided with the use of Company maintained automobiles in accordance with the terms of their employment.
- 22.3 The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
23. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKINGS			
Amounts paid for services rendered	23.1	2,131,179	1,796,294
Reimbursement of expenses and others		2,572	946
Mark-up on short term borrowings		177,558	6,252
Remuneration to key management personnel			
Salaries, benefits and other allowances		46,608	25,580
Retirement benefits		3,228	3,077
Termination benefits		-	14,726
	23.2	49,836	43,383
Fees	22.1	1,500	2,709
Contribution to staff retirement benefit plans	6.1	15,791	18,499

- 23.1 These include transactions with principal shareholders of the Company under various service agreements.
- 23.2 Transactions with key management personnel are carried out under the terms of their employment. Key management personnel are also provided with the use of Company maintained automobiles.
- 23.3 The transactions with associated companies are made under normal commercial terms and conditions.

24. PLANT CAPACITY AND PRODUCTION	2008	2007
Theoretical Maximum Output	10,541 GWh	10,512 GWh
Total Output	7,205 GWh	7,214 GWh
Load Factor (Base Case 64.6%)	68.40%	68.63%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,245 GWh (2007: 9,216 GWh). Output produced by the plant is dependent on the load demanded by WAPDA and the plant availability.

25. WORKING CAPITAL CHANGES	2008 (Rs. '000s)	2007 (Rs. '000s)
(Increase) / decrease in current assets		
Inventory of fuel oil	999,574	(672,893)
Trade debts	(16,934,544)	(4,998,347)
Advances, prepayments and other receivables	242,613	126,364
	(15,692,357)	(5,544,876)
Increase in current liabilities		
Trade and other payables	7,801,580	1,348,656
	(7,890,777)	(4,196,220)



	Note	2008 (Rs. '000s)	2007 (Rs. '000s)
26. CASH AND CASH EQUIVALENTS			
Cash and bank balance	14	662,226	742,861
Finances under mark-up arrangements	18	(9,880,000)	(2,090,000)
		(9,217,774)	(1,347,139)

		2008	2007
27. BASIC AND DILUTED EARNINGS PER SHARE			
27.1 Basic			
Profit for the year (Rupees in thousand)		2,600,583	2,654,237
Number of shares in issue during the year	15	1,157,154,387	1,157,154,387
Basic earnings per share (Rupees)		2.25	2.29

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

28. PROPOSED FINAL DIVIDEND

The Board of Directors proposed a final dividend for the year ended June 30, 2008 of Rs. 1 per share, amounting to Rs. 1,157.154 million, at their meeting held on August 05, 2008, for approval of the members at the Annual General Meeting to be held on September 22, 2008. These financial statements do not reflect this dividend payable which will be accounted for in the period in which it is declared.

29. FINANCIAL INSTRUMENTS

These comprise deposits, receivables, cash, loans and certain other assets and liabilities.

(a) Financial Assets

The financial assets of the Company amount to Rs. 25,671.539 million (2007: Rs. 8,820.322 million) of which Rs. 21,085.830 million (2007: Rs. 5,180.205 million) are interest bearing and subject to interest rate risk.

	Interest Rate	Interest Bearing			Non Interest Bearing			Total
		Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
	%	(Rs. '000s)						
Year ended June 30, 2008								
Deposits		-	-	-	-	1,534	1,534	1,534
Trade debts	14	20,423,654	-	20,423,654	4,447,673	-	4,447,673	24,871,327
Other receivables		-	-	-	136,452	-	136,452	136,452
Cash and bank balances	2.32 - 6	662,176	-	662,176	50	-	50	662,226
Total		21,085,830	-	21,085,830	4,584,175	1,534	4,585,709	25,671,539
Year ended June 30, 2007								
Deposits		-	-	-	-	1,554	1,554	1,554
Trade debts	11.5	4,437,400	-	4,437,400	3,499,383	-	3,499,383	7,936,783
Other receivables		-	-	-	139,124	-	139,124	139,124
Cash and bank balances	2.75 - 8.25	742,805	-	742,805	56	-	56	742,861
Total		5,180,205	-	5,180,205	3,638,563	1,554	3,640,117	8,820,322

Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

Interest / mark-up bearing financial assets of the Company are subject to floating interest rates.

Currency Risk

Currency Risk is the risk that the value of a financial asset will fluctuate due to changes in foreign exchange rates.

Interest bearing financial assets of the Company include Rs. 592.648 million (2007: Rs. 512.127 million) in foreign currencies which are subject to currency risk exposure.

Credit Risk and Concentration of Credit Risk

Credit Risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk indicates relative sensitivity of a company's performance to developments affecting a particular industry.

The financial assets exposed to credit risks amount to Rs. 25,009.313 million (2007: Rs. 8,077.461 million) out of which trade debts in the amount of Rs. 24,871.327 million (2007: Rs. 7,936.783 million) are mitigated by a guarantee from the Government of Pakistan under the Implementation Agreement (IA).

(b) Financial Liabilities

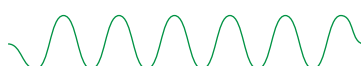
The financial liabilities of the Company amount to Rs. 33,586.709 million (2007: Rs. 15,344.506 million) out of which Rs. 29,334.709 million (2007: Rs. 11,340.222 million) are interest bearing.

	Interest Rate	Interest Bearing			Non Interest Bearing			Total
		Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
		%(Rs. '000s)						
Year ended June 30, 2008								
Long term loans		979,062	7,292,098	8,271,160	-	-	-	8,271,160
Trade and other payables	14	7,736,771	-	7,736,771	3,388,969	-	3,388,969	11,125,740
Interest / mark-up accrued		-	-	-	863,031	-	863,031	863,031
Short term borrowings		13,326,778	-	13,326,778	-	-	-	13,326,778
Total		22,042,611	7,292,098	29,334,709	4,252,000	-	4,252,000	33,586,709
Year ended June 30, 2007								
Long term loans		979,062	8,271,160	9,250,222	-	-	-	9,250,222
Trade and other payables		-	-	-	3,359,564	-	3,359,564	3,359,564
Interest / mark-up accrued		-	-	-	644,720	-	644,720	644,720
Short term borrowings		2,090,000	-	2,090,000	-	-	-	2,090,000
Total		3,069,062	8,271,160	11,340,222	4,004,284	-	4,004,284	15,344,506

Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

Interest / mark-up bearing financial liabilities of the Company include Rs. 6,100.397 million (2007: Rs. 6,822.502 million) subject to fixed interest rate and Rs. 23,234.312 million (2007: Rs. 4,517.720 million) subject to floating interest rates. The interest rates on interest bearing financial liabilities except for trade and other payables are disclosed in note 16.2, 16.3 & 18 to the financial statements.



Currency Risk

Currency Risk is the risk that the value of financial liabilities will fluctuate due to changes in foreign exchange rates.

(c) Fair value of Financial Assets and Liabilities

The carrying amounts of the financial assets and liabilities approximate their fair values.

(d) Capital 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.

30. STANDARDS OR INTERPRETATIONS NOT YET EFFECTIVE

The following standards, interpretations and amendments of approved accounting standards are effective and applicable to the Company for accounting periods beginning from the dates specified below.

APPLICABILITY OF IFRIC 4 - DETERMINING WHETHER AN ARRANGEMENT CONTAINS A LEASE

The Securities and Exchange Commission of Pakistan (SECP) has deferred the application of International Financial Reporting Interpretation Committee (IFRIC) - 4 "Determining Whether an Arrangement Contains a Lease". The Company will be required to apply this interpretation from the financial year beginning July 1, 2009.

After the application of the above interpretation, the Company will be required to account for a portion of its Power Purchase Agreement (PPA) as a lease under International Accounting Standard (IAS) - 17. There will be significant changes to the Company's financial statements due to this application, without affecting the overall cash flow position. This accounting change will not affect the contractual rights and obligations of both Hubco and WAPDA under the PPA and therefore there will be no impact on the dividend stream.

APPLICABILITY OF IFRS 7 - FINANCIAL INSTRUMENT: DISCLOSURES

During the year, the Securities and Exchange Commission of Pakistan (SECP) has adopted IFRS 7 which is applicable on the Company from July 01, 2008. IFRS 7 requires disclosures about the significance of financial instruments for the Company's financial position and performance, and quantitative and qualitative disclosure on the nature and extent of risks.

31. EVENTS AFTER THE BALANCE SHEET DATE

- 31.1** On August 02, 2008, the Company has acquired 75% controlling interest in Laraib Energy Limited ("Laraib"), a company incorporated in Pakistan on August 9, 1995 as a public limited company under the Companies Ordinance, 1984, through acquisition of existing shares and subscription of new shares. Laraib is developing the 84 MW hydropower generating complex near the New Bong Escape which is 8 km downstream of the Mangla Dam in Azad Jammu & Kashmir under a letter of support from the Government of Azad Jammu & Kashmir and Implementation Agreements with the Governments of Pakistan and Azad Jammu & Kashmir. This project is being developed under the 1995 Hydel Policy and is expected to achieve financial close before December 31, 2008 and commence commercial operations in early 2012. Electricity will be supplied to National Transmission and Dispatch Company Limited (NTDC) under a long term Power Purchase Agreement which is under negotiation.



The Company has made total payment of Rs. 646 million out of which Rs. 476 million, including advance premium of Rs. 86 million is for acquisition of existing shares and Rs. 170 million for subscription of new shares. The Company is required to pay minimum share premium of USD 12 million if financial close is achieved on or before December 31, 2008. This premium will be increased by a maximum of USD 4 million (based on current estimates of project cost) if the Company achieves a target rate of return on its investment. The Company is committed to maintain its 75% equity interest in Laraib once the project cost is finalized at financial close on the basis of 75:25 debt to equity ratio. The Company is financing the acquisition through bank borrowings.

Since the acquisition has taken place close to the date of authorization of financial statements, the fair values of the Laraib's assets, liabilities, contingent liabilities and related goodwill have not been determined.

- 31.2** Subsequent to year end, the Company has entered into a running finance facility agreement with a commercial bank for Rs. 2,000 million at a mark-up of one month KIBOR plus 0.25% per annum. The mark-up on the facility is payable on quarterly basis in arrears. The facility will expire on April 30, 2009. This facility is secured by way of charge over the trade debts and stocks of the Company pari passu with the existing charge. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate.

32. DATE OF AUTHORISATION

These financial statements were authorised for issue on August 05, 2008 in accordance with the resolution of the Board of Directors.

33. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Javed Mahmood
Chief Executive

Taufique Habib
Director



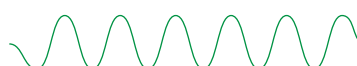
Pattern of Shareholding

as on June 30, 2008

Number of Shares		Number of Shareholders	Number Shares Held
From	To		
1	100	210	17,763
101	500	5,952	2,940,842
501	1000	1,685	1,615,594
1001	5000	2,668	8,085,458
5001	10000	984	8,143,414
10001	15000	382	5,031,614
15001	20000	251	4,622,688
20001	25000	174	4,099,800
25001	30000	144	4,117,834
30001	35000	80	2,674,226
35001	40000	78	3,021,562
40001	45000	51	2,201,555
45001	50000	99	4,879,475
50001	55000	39	2,083,600
55001	60000	32	1,895,681
60001	65000	25	1,578,200
65001	70000	24	1,654,471
70001	75000	24	1,781,340
75001	80000	9	708,500
80001	85000	15	1,246,100
85001	90000	17	1,508,700
90001	95000	4	373,000
95001	100000	58	5,771,500
100001	105000	7	721,600
105001	110000	8	868,500
110001	115000	10	1,132,825
115001	120000	11	1,312,400
120001	125000	8	988,629
125001	130000	8	1,024,575
130001	135000	2	266,700
135001	140000	4	556,000
140001	145000	7	1,008,500
145001	150000	10	1,496,000
150001	155000	1	154,500
155001	160000	2	320,000
160001	165000	2	327,500
165001	170000	2	336,500
170001	175000	7	1,219,000
175001	180000	4	712,060
180001	185000	1	180,100
185001	190000	4	757,000
190001	195000	3	577,400
195001	200000	25	4,992,500
200001	205000	2	405,000
205001	210000	5	1,037,674
210001	215000	1	214,000
215001	220000	3	654,500
220001	225000	4	895,500
225001	230000	3	686,000
230001	235000	3	698,100
235001	240000	4	955,000
240001	245000	2	484,000
245001	250000	8	1,996,500
250001	255000	3	755,000
255001	260000	1	260,000
260001	265000	1	262,000
265001	270000	2	540,000



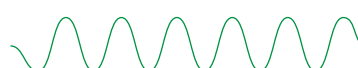
Number of Shares		Number of Shareholders	Number Shares Held
From	To		
270001	275000	3	825,000
275001	280000	1	277,500
280001	285000	2	567,500
285001	290000	2	578,800
290001	295000	2	588,000
295001	300000	7	2,100,000
300001	305000	1	304,500
305001	310000	1	310,000
310001	315000	1	311,000
315001	320000	2	640,000
320001	325000	5	1,618,000
325001	330000	2	655,000
330001	335000	2	665,000
340001	345000	1	342,500
345001	350000	2	700,000
350001	355000	1	354,500
355001	360000	1	358,607
360001	365000	2	726,000
365001	370000	1	370,000
370001	375000	2	747,000
375001	380000	1	375,600
385001	390000	2	778,940
395001	400000	5	2,000,000
400001	405000	2	806,500
405001	410000	1	410,000
420001	425000	3	1,272,500
425001	430000	2	856,500
430001	435000	1	434,500
440001	445000	1	445,000
450001	455000	2	904,885
455001	460000	1	460,000
465001	470000	1	470,000
470001	475000	1	472,000
490001	495000	1	495,000
495001	500000	5	2,497,500
500001	505000	2	1,008,713
515001	520000	1	515,500
535001	540000	1	540,000
540001	545000	1	545,000
545001	550000	1	550,000
570001	575000	2	1,148,500
590001	595000	2	1,188,750
595001	600000	3	1,798,500
610001	615000	1	611,000
620001	625000	5	3,124,500
625001	630000	1	630,000
630001	635000	3	1,898,500
635001	640000	1	636,000
640001	645000	1	645,000
650001	655000	1	653,000
665001	670000	1	667,500
670001	675000	1	675,000
680001	685000	1	683,500
685001	690000	2	1,379,000
695001	700000	3	2,100,000
730001	735000	1	731,200
745001	750000	1	750,000



Number of Shares		Number of Shareholders	Number Shares Held
From	To		
750001	755000	1	754,000
770001	775000	1	775,000
775001	780000	1	776,500
785001	790000	2	1,578,750
795001	800000	3	2,400,000
820001	825000	1	825,000
840001	845000	2	1,682,690
880001	885000	1	884,000
890001	895000	1	891,500
895001	900000	1	900,000
925001	930000	1	927,500
990001	995000	1	991,500
995001	1000000	2	2,000,000
1010001	1015000	1	1,010,550
1015001	1020000	1	1,015,250
1035001	1040000	1	1,040,000
1050001	1055000	1	1,053,000
1095001	1100000	2	2,200,000
1130001	1135000	1	1,131,000
1180001	1185000	1	1,185,000
1190001	1195000	1	1,195,000
1210001	1215000	1	1,213,500
1305001	1310000	1	1,305,850
1345001	1350000	1	1,350,000
1355001	1360000	1	1,355,500
1420001	1425000	2	2,847,500
1545001	1550000	1	1,550,000
1560001	1565000	1	1,561,500
1595001	1600000	2	3,197,500
1665001	1670000	1	1,670,000
1700001	1705000	1	1,702,000
1725001	1730000	1	1,726,500
1730001	1735000	1	1,733,000
1835001	1840000	1	1,839,000
1880001	1885000	1	1,883,500
1930001	1935000	1	1,933,500
1935001	1940000	1	1,937,500
1940001	1945000	1	1,945,000
1950001	1955000	1	1,954,500
2020001	2025000	1	2,025,000
2040001	2045000	2	4,084,000
2065001	2070000	1	2,069,000
2115001	2120000	1	2,117,000
2155001	2160000	1	2,160,000
2300001	2305000	1	2,302,000
2315001	2320000	1	2,319,500
2395001	2400000	1	2,400,000
2410001	2415000	1	2,410,500
2530001	2535000	1	2,533,500
2645001	2650000	1	2,650,000
2745001	2750000	1	2,750,000
2760001	2765000	1	2,762,000
2770001	2775000	1	2,775,000
2845001	2850000	1	2,850,000
2915001	2920000	1	2,917,000
2995001	3000000	1	3,000,000
3015001	3020000	1	3,018,829



Number of Shares		Number of Shareholders	Number Shares Held
From	To		
3165001	3170000	1	3,166,461
3170001	3175000	1	3,175,000
3290001	3295000	1	3,291,000
3470001	3475000	1	3,475,000
3940001	3945000	1	3,941,400
3995001	4000000	1	4,000,000
4045001	4050000	1	4,049,850
4190001	4195000	1	4,195,000
4480001	4485000	1	4,483,000
4615001	4620000	1	4,620,000
4700001	4705000	1	4,701,500
4995001	5000000	1	4,997,000
5445001	5450000	1	5,448,769
5575001	5580000	1	5,575,500
5650001	5655000	1	5,650,127
5685001	5690000	1	5,690,000
5900001	5905000	1	5,902,000
6075001	6080000	1	6,076,500
6245001	6250000	1	6,246,000
7160001	7165000	1	7,160,391
7980001	7985000	1	7,980,500
8340001	8345000	1	8,341,000
9225001	9230000	1	9,225,005
9640001	9645000	1	9,642,200
11380001	11385000	1	11,384,000
12435001	12440000	1	12,437,350
14500001	14505000	1	14,505,000
15105001	15110000	1	15,108,500
15365001	15370000	1	15,367,500
15940001	15945000	1	15,941,736
17270001	17275000	1	17,270,871
17350001	17355000	1	17,351,561
18245001	18250000	1	18,248,164
19645001	19650000	1	19,650,000
20430001	20435000	1	20,432,459
21245001	21250000	1	21,248,016
21600001	21605000	1	21,603,000
21800001	21805000	1	21,804,975
25280001	25285000	1	25,284,441
28230001	28235000	1	28,230,075
37665001	37670000	1	37,667,500
98390001	98395000	1	98,391,000
140280001	140285000	1	140,280,633
201800001	201805000	1	201,803,509
		13,389	1,157,154,387



Categories of Shareholding

as on June 30, 2008

Sr. No.	Categories	No. of Shareholders	No. of Shares held	Percentage
1.	Individuals	12,885	119,784,397	10.35
2.	Joint Stock Companies	173	517,372,189	44.72
3.	Financial Institutions	55	278,543,660	24.07
4.	Investment Companies	117	113,656,063	9.82
5.	Insurance Companies	24	42,839,256	3.70
6.	Modaraba & Leasing Companies	18	4,048,600	0.35
7.	Others:			
	Governor of Balochistan	1	358,607	0.03
	Employee's Old-Age Benefits Institution	1	19,650,000	1.70
	GDR Depository	1	25,284,441	2.19
	Charitable Trusts	24	6,168,000	0.53
	Cooperative Societies	9	1,668,000	0.14
	Provident/Pension/Gratuity Fund etc.	81	27,781,174	2.40
	TOTAL	13,389	1,157,154,387	100.00

The above two statements include 7,575 shareholders holding 1,083,388,983 shares through the Central Depository Company of Pakistan Limited (CDC).

Details of Associated Companies, Undertakings and related parties are given below (name wise details):

National Power Intl Holding B.V.	201,803,509
Adamjee Insurance Company Limited	115,500
Xenel International	140,280,633
Mcb Bank Limited - Treasury	504,925
Committee of Admn. Fauji Foundation	98,391,000
Mitsui & Company	21,248,016

Nit & ICP

National Bank of Pakistan, Trustee Deptt.	18,248,164
Investment Corporation of Pakistan	1,100

Directors

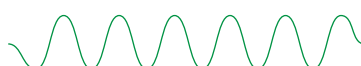
Syed Nizam Shah	1,000
Qaiser Javed	5,000
Taufique Habib	5,500
Ali Munir	1,000
Arif Ijaz	1,000

Executives

Huma Pasha	21,700
Mohammed Saleem Mahfooz Siddiqui	25,200
Mohsin Maqsood	1,300
Mohammed Aamir Siddiqui	1,100
Syed Hasnain Haider	3,000
Mushrraf Hussain	2,000
Muhammad Iqbal Shivani	5,000
Syed Raees Ahmed	2,400
Habibullah Khan	1000
Amir Bashir	1,000
Wasif Mustafa	22,500

Banks, Development Financial Institutions, Non-Banking Financial Institutions

Al-Zamin Leasing Corporation Limited	25,000
Bma Capital Management Ltd.	750
Pakistan Kuwait Investment Co. (Pvt) Ltd.	3,291,000
Al-Zamin Leasing Corporation Limited	27,500
Innovative Investment Bank Limited	500
First Dawood Investment Bank Ltd.	158,500
Security Leasing Corporation Limited	700,000
Bank Alfalah Limited	2,650,000
Orix Investment Bank Pakistan Limited	50,000
Al-Zamin Leasing Corporation Limited	558,000
IGI Investment Bank Limited	8,000
Security Investment Bank Limited - CFS	129,000
Pak-Iran Investment Company Limited	129,500
The Bank of Khyber - CFS	500
Pak Libya Holding Company (Pvt.) Limited	304,500
Pak Brunei Investment Company Limited	776,500
ABL Asset Management Company Limited	321,000
National Investment Trust Limited	3,018,829
NBP Trustee - NI(U)T (LOC) Fund	15,941,736
Prudential Stocks Fund Limited	100
Deutsche Bank AG	176,460
Credit Suisse Zurich	50,000
Banque Privee Edmon DE Rothschild Europe	175,000
State Street Bank and Trust Co.	21,804,975
Mellon Bank, N.A	3,166,461
Deutsche Bank London Global Equities	1,305,850



Citigroup Global Markets Limited	1,561,500
The Hongkong & Shanghai Banking Corp Ltd	4,000,000
The Northern Trust Company	7,160,391
Merrill Lynch Pierce Fenner & Smith Inc	28,230,075
Pictet & CIE	5,690,000
National Dev. Finance Corp. (Investar)	1,500
Goldman Sachs International	1,010,550
Credit Agricole S.A	262,000
The Bank of New York	625,000
Australian Retirement Fund Pty Ltd.	1,954,500
Morgan Stanley & Co Int'l Plc	3,941,400
Morgan Stanley & Co. Inc	4,483,000
The Bank of New York	5,650,127
Brown Brothers Harriman & Co. (776-6)	1,015,250
Brown Brothers Harriman & Co. (337-6)	388,940
Brown Brothers Harriman & Co. (048-2)	12,437,350
Brown Brothers Harriman & Co. (964-6)	41,500
Brown Brothers Harriman (Lux) SA (1010-0)	35,932
Brown Brothers Harriman Lux. (1016-3)	15,108,500
Goldman Sachs International	38,000
Prudential Discount & Guarantee House Ltd.	7,500
Allied Bank Limited	37,667,500
National Bank of Pakistan, Trustee Deptt.	18,248,164
Habib Bank Limited - Treasury Division	17,351,561
Faysal Bank Limited	891,500
NIB Bank Limited	11,384,000
Bank Al Habib Limited	1,597,500
Indus Bank Limited	594,000
Meezan Bank Limited	2,917,000
Bank Alfalah Limited	2,740,000
Habib Bank AG Zurich, Zurich, Switzerland	21,603,000
Habib Bank AG Zurich, London	2,302,000
Habib Bank AG Zurich, Deira Dubai	1,355,500
National Bank of Pakistan	9,225,005
MCB Bank Limited - Treasury	504,925
Saudi Pak Commercial Bank Ltd.	625,000
Mybank Limited	500,000
Industrial Development Bank of Pakistan	41,508
KASB Bank Limited	3,475,000
Askari Bank Limited	1,550,000
SME Bank Limited	107,000
Saudi Pak Inv. Co.	927,500
Habibsons Bank Ltd - Client Account	6,076,500
Askari Bank Limited - CFS	40,000
The Bank Of Khyber - CFS	500
United Bank Limited - CFS	251,000
Pak Libya Holding Company (Pvt.) Limited - CFS	304,500

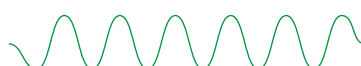
Insurance Companies

The Universal Insurance Company Limited	40,000
New Hampshire Insurance Co.	225,000
Premier Insurance Limited	162,500
New Jubilee Insurance Company Limited	2,775,000
State Life Insurance Corp. of Pakistan	17,270,871
Habib Insurance Co. Limited	311,000
Century Insurance Company Ltd.	573,500
EFU General Insurance Limited	500,000
EFU Life Assurance Ltd.	2,069,000
Adamjee Insurance Company Limited	115,500
National Insurance Company Limited	6,246,000

Pakistan Reinsurance Company Limited	451,885
Takaful Pakistan Limited	19,500
Atlas Insurance Limited	240,000
Central Insurance Co. Ltd.	600,000
Reliance Insurance Company Ltd.	100,000
Excel Insurance Co. Ltd.	754,000
The Crescent Star Insurance Co. Ltd.	5,000
New Jubilee Life Insurance Co. Ltd.	1,937,500
Security General Insurance Co. Ltd.	8,341,000
Trakker Direct Insurance Ltd.	10,000
Pakistan Industrial & Commercial Leasing	20,000
IGI Insurance Limited	72,000

Modaraba and Mututal Fund

B.R.R. Gaurdian Modaraba	100
Al-Zamin Leasing Corporation Limited	610,500
First Habib Bank Modaraba	250,000
B.F. Modaraba	100,000
First Alnoor Modaraba	169,500
Al-Zamin Leasing Modaraba	22,500
First Habib Modaraba	410,000
Security Leasing Corporation Limited	700,000
First Elite Capital Modaraba	16,000
MS International Aircraft Leasing Limited	1,600,000
B.R.R. Guardian Modaraba	145,100
First Habib Bank Modaraba	250,000
B.F. Modaraba	100,000
First Alnoor Modaraba	169,500
First Pak Modaraba	10,000
First Elite Capital Modaraba	16,000
First Prudential Modaraba	15,000
CDC - Trustee-Pakistan Stock Market Fund	1,726,500
CDC - Trustee-Pakistan Income Fund	31,500
CDC - Trustee-Pakistan Capital Market Fund	631,500
CDC - Trustee PICIC Investment Fund	2,041,000
CDC - Trustee PICIC Growth Fund	4,195,000
CDC - Trustee Pak Strategic Alloc. Fund	1,883,500
CDC - Trustee Atlas Stock Market Fund	100,000
CDC - Trustee Meezan Balanced Fund	2,762,000
CDC - Trustee First Dawood Mutual Fund	29,000
CDC - Trustee Utp Islamic Fund	1,053,000
CDC - Trustee Faysal Balanced Growth Fund	625,000
CDC - Trustee Alfalah GHP Value Fund	100,000
CDC - Trustee Unit Trust of Pakistan	1,350,000
Pakistan Premier Fund Limited	991,500
Asian Stock Fund Limited	334,000
CDC - Trustee Akd Index Tracker Fund	117,400
CDC - Trustee PICIC Energy Fund	4,997,000
Safeway Mutual Fund Limited	400,000
CDC - Trustee Nafa Cash Fund	36,500
Trustee - UTP A30+Fund	216,500
Baba Equities (Pvt) Ltd.	6,000
CDC - Trustee Meezan Islamic Fund	7,980,500
CDC - Trustee United Stock Advantage Fund	790,000
B.R.R. Guardian Modaraba	100,000
CDC Trustee-Pakistan Stock Market Fund - CFS	5,000
CDC - Trustee Pak Strategic Alloc. Fund - CFS	7,500
CDC - Trustee Atlas Islamic Fund	325,000
CDC - Trustee Nafa Multi Asset Fund - CFS	598,500
CDC - Trustee MCB Dynamic Cash Fund	6,500



CDC - Trustee JS Capital Protected Fund Ii	125,000
CDC - Trustee Faysal Savings Growth Fund - CFS	136,000
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	190,000
CDC - Trustee APF-Equity Sub Fund	20,000
CDC - Trustee Alfalah GHP Islamic Fund	350,000
CDC - Trustee HBL - Stock Fund	2,043,000
CDC - Trustee Nafa Islamic Multi Asset Fund	350,000
CDC - Trustee JS Capital Protected Fund Iii	689,500
Trustee PIPF Equity Sub - Fund	48,000
CDC - Trustee APIF - Equity Sub Fund	20,000
MCFSL Trustee JS - Income Fund - CFS	434,500
MCFSL - Trustee JS Growth Fund	5,575,500
CDC - Trustee HBL Multi - Asset Fund	401,500
CDC - Trustee KASB Balanced Fund	422,500
CDC - Trustee KASB Balanced Fund - CFS	111,500
Trustee - Crosby Dragon Fund	3,000,000
CDC - Trustee MCB Dynamic Allocation Fund	2,500
B.R.R. Guardian Modaraba	45,000
First Capital Mutual Fund Limited	320,000

Shareholders holding ten percent or more voting interest in listed companies (name wise details)

National Power International Holdings BV	201,803,509
Xenel International	140,280,633

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

None of the Directors, CEO, Chief Financial Officer, Company Secretary and their spouses and minor children have traded in Hubco Shares during the financial year ended June 30, 2008.



Shareholders' Enquiries

General enquiries relating to the Company should be addressed to:

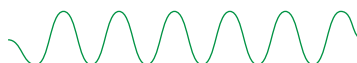
The Company Secretary,
The Hub Power Company Limited,
3rd Floor, Islamic Chamber Building,
ST-2/A, Block 9, Clifton,
P. O .Box No. 13841, Karachi.

Enquiries relating to Shares should be addressed to:

Famco Associates (Pvt) Limited,
(Formerly Ferguson Associates (Pvt) Ltd)
State Life Building No. 2A, 4th Floor, Wallace Road,
Off. I.I. Chundrigar Road,
Karachi.

Enquiries relating to GDRs should be addressed to either:

- (1) Bank of New York,
ADR Division,
101 Barclay Street,
22, West New York,
NY 12086, U. S. A.
- (2) Standard Chartered Bank (Pakistan) Limited,
I. I. Chundrigar Road,
Karachi.





Proxy Form

The Company Secretary,
The Hub Power Company Limited,
3rd Floor, Islamic Chamber of Commerce Building,
ST-2/A, Block-9, Clifton, P.O. Box No. 13841,
Karachi-75600.

I/We _____
of _____
being a member of THE HUB POWER COMPANY LIMITED and holder of _____
Ordinary Shares as per the Share Register Folio No. _____ and /or CDC Participant
I.D. No. _____ and Sub-Account No. _____ hereby appoint
_____ of _____ or failing him/her _____
as my / our proxy to vote for me & on my / our behalf at the 17th Annual General Meeting of the Company
to be held at Marriott Hotel, Islamabad on September 22, 2008 at 12.00 noon and at any adjournment thereof.

Signature on
Revenue Stamp
of Rs.5/-

Signature of Shareholder _____

Name of Shareholder _____

Folio No. / CDC No. _____

WITNESSES:

(1) Signature _____

Name _____

Address _____

NIC or Passport No. _____

(2) Signature _____

Name _____

Address _____

NIC or Passport No. _____

NOTES:

- A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.
- If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, The Hub Power Company Limited, Head Office at 3rd Floor, Islamic Chamber Building, ST-2/A, Block 9, Clifton, Karachi 75600 so as to reach not less than 48 hours before the time appointed for holding the Meeting.
- For CDC Account Holders / Corporate Entities
In addition to the above the following requirements have to be met.
 - (i) The proxy form shall be witnessed by two persons whose names, addresses and NIC / Passport numbers shall be stated on the form.
 - (ii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
 - (iii) The proxy shall produce his original NIC or original passport at the time of the meeting.
 - (iv) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



growth through energy

AFFIX
CORRECT
POSTAGE

The Company Secretary,
The Hub Power Company Limited,
3rd Floor, Islamic Chamber of Commerce Building,
ST-2/A, Block-9, Clifton, P.O. Box No. 13841,
Karachi-75600.