



**The Hub Power Company Limited**

Unaudited Financial Statements  
for the Half-Year ended  
December 31, 2016

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## **Company Information**

### **Board of Directors**

Hussain Dawood	Chairman
Khalid Mansoor	Chief Executive
Andalib Alavi	
Syed Muhammad Ali	
Iqbal Alimohamed	
Abdul Samad Dawood	
Shahzada Dawood	
Shahid Ghaffar	
Qaiser Javed	
Noor Muhammad Jomezai	GOB Nominee
Ruhail Mohammed	
Muhammad Waseem Mukhtar	
Owais Shahid	
Inam Ur Rahman	

### **Audit Committee**

Iqbal Alimohamed	Chairman
Andalib Alavi	
Shahid Ghaffar	
Qaiser Javed	
Noor Muhammad Jomezai	
Owais Shahid	
Ruhail Mohammed	

### **Company Secretary**

Shamsul Islam

### **Management Committee**

Khalid Mansoor  
Tahir Jawaid  
Abdul Nasir

Nazoor Baig  
Syed Hasnain Haider  
Saleemullah Memon  
Shamsul Islam  
M. Inam Ur Rehman Siddiqui  
Farrukh Rasheed

**Registered & Head  
Office**

11th Floor, Ocean Tower  
Block-9, Main Clifton Road, Karachi  
  
Email: [Info@hubpower.com](mailto:Info@hubpower.com)  
Website: <http://www.hubpower.com>

**Principal Bankers**

Allied Bank of Pakistan  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Bank Islami Pakistan Limited  
Bank of Punjab  
Burj Bank Limited  
Citibank N.A. Pakistan  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial & Commercial Bank of China  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Pak Brunei Investment Company Limited  
Pak China Investment Company Limited

	Samba Bank Limited
	Standard Chartered Bank (Pakistan) Ltd.
	Sumitomo Mitsui Banking Corp. Europe Ltd, London
	United Bank Limited
<b>Inter-Creditor Agents</b>	Habib Bank Limited
	Allied Bank Limited
	NIB Bank Limited
<b>Legal Advisors</b>	RIAA Barker Gillette
<b>Auditors</b>	EY Ford Rhodes, Chartered Accountants
<b>Registrar</b>	FAMCO Associates (Pvt) Limited
<b>Hub Plant</b>	Mouza Kund, Post Office Gaddani, District Lasbela, Balochistan
<b>Narowal Plant</b>	Mouza Poong, 5 KM from Luban Pulli Point on Mureedkay-Narowal Road, District Narowal, Punjab
<b>Laraib Energy Limited (Subsidiary)</b>	12-B/1, Multi Mansion Plaza, G-8, Markaz, Islamabad

## Report of the Directors on the Consolidated and Unconsolidated Financial Statements for the Half Year ended December 31, 2016

The Board of Directors of the Company is pleased to present the consolidated and unconsolidated unaudited financial statements for the half year ended on December 31, 2016.

### The Company

The Hub Power Company is the first Independent Power Producer (IPP) in the Country with a combined power generation capacity of over 1600 MW. Our Hub Plant, situated at Mouza Kund, Hub in Balochistan supplies reliable and uninterrupted electricity to the National grid. Our Narowal Plant is an RFO-fired, engine based, combined cycle power station, located at Mouza Poong, Narowal in Punjab. The Company also holds 75% controlling interest in Laraib Energy Limited which owns and operates a run-off-the-river hydel power plant near the New Bong Escape, 8 km downstream of Mangla Dam in Azad Jammu and Kashmir.

The Company has established wholly owned subsidiaries for its future growth initiatives. Hub Power Holdings Limited (HPhL) has been incorporated to invest in the imported coal based 1,320 MW power project with integrated jetty and future expansion initiatives. The Company with its joint venture partner China Power International Holdings (CPIH), has set up China Power Hub Generation Company (Pvt.) Ltd. (CPHGC), to undertake the aforementioned imported coal-based power Project.

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

The Company has also established a wholly-owned subsidiary, Thar Energy Limited (TEL), to set up a 330 MW mine mouth coal power plant at Thar coal block II, Sindh.

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

The Company is listed on the Pakistan Stock Exchange. The Company's Global Depository Receipts (GDRs) is listed on the Luxembourg Stock Exchange (LSE) as Euro MTF. The Company has initiated the process to delist its GDRs from LSE.

### Financial Highlights

Financial highlights of the holding company and its subsidiaries during the period under review are as follows:

	Quarter ended December 31, 2016	Quarter ended December 31, 2015	Half year ended December 31, 2016	Half year ended December 31, 2015
	Rs. in Million			
<b>Turnover</b>	<b>24,353</b>	23,319	<b>48,227</b>	50,281
<b>Operating costs</b>	<b>20,247</b>	19,001	<b>40,061</b>	41,510
<b>Net Profit*</b>	<b>2,605</b>	2,757	<b>5,069</b>	5,308
<b>Earnings per share (Rs.)*</b>	<b>2.25</b>	2.38	<b>4.38</b>	4.59

\*Attributable to the Owners of the holding company

Consolidated earnings per share for the period under review was Rs. 4.38 compared to Rs. 4.59 last year. The decrease in consolidated earnings is mainly due to higher repair and maintenance expenditure on major overhauling of one unit at Hub Plant and 36,000 running hours' major maintenance of five engines at Narowal Plant, partly offset by savings due to self-operation and maintenance of Hub and Narowal Plants, higher generation bonus and higher revenue of Laraib due to final tariff approved by NEPRA.

Unconsolidated net profit earned by the Company during the period under review was Rs. 4,200 million, resulting in earnings per share of Rs. 3.63 compared to a net profit of Rs. 4,522 million and earnings per share of Rs. 3.91 last year. The decrease in profit is mainly due to higher repair and maintenance expenditure on major overhauling of one unit at Hub Plant and 36,000 running hours' major maintenance of five engines at Narowal Plant, partly offset by savings due to self-operation and maintenance of Hub and Narowal Plants and higher generation bonus.

### Operational Highlights

Operational highlights of all the three plants during the period under review are as follows:

	Unit	Quarter ended December 31, 2016	Quarter ended December 31, 2015	Half year ended December 31, 2016	Half year ended December 31, 2015
<b>Hub Plant</b>					
Generation	GWh	1,674	1,876	3,559	3,688
Load Factor	%	63	71	67	70
<b>Narowal Plant</b>					
Generation	GWh	330	276	636	569
Load Factor	%	70	59	67	60
<b>Laraib Energy</b>					
Generation	GWh	143	147	248	290
Load Factor	%	77	79	67	78

#### Hub Plant

During the second quarter, the plant operated at an average Load Factor of 63% against the plan of 57%. Electricity sold to WAPDA was 1,674 GWh as compared to planned dispatch of 1,514 GWh. The higher generation during the quarter was due to lesser curtailment from WAPDA.

During the quarter 186 GWh forced outage allowance was consumed for Hub Plant. Total of 387 GWh forced outage allowance has been consumed from April 2016 till December 2016, which is 40.3% of the total allowance for Hub Plant.

Unit 1 was on scheduled outage for major overhaul from August 13, 2016 to December 10, 2016. During the major overhauls of Unit 1, Turbine and Generator repair works were carried out. Blasting of rotors, casings and diaphragms were also carried out. Turbine bearing was also replaced. Refurbished LP3 heaters were installed. E-seal installation followed by internal adjustment and alignment.

#### Narowal Plant

Electricity sold to the Power Purchaser during the quarter was 330 GWh (Q2 2015-16: 276 GWh) compared to a plan of 301 GWh. The load factor for the quarter was 70% versus a plan of 64%. 36,000 Running hour maintenance of five engines were completed within the budget. Crimps modification work started in the last Quarter was safely completed on all the alternators.

### **Laraib Energy New Bong Escape Hydro Power Project**

Net Electrical Output for the quarter was 143 GWh compared to a plan of 103 GWh. The load factor for the quarter was 77% versus a plan of 56%.

The Plant successfully completed the Annual Demonstrated Complex Energy Test (ADCET) on November 18, 2016, generating 2,081 MWh against PPA requirement of 2,016 MWh.

Company obtained Silver Corporate Membership of the International Hydropower Association (IHA); this membership will enable Company to benefit from world class benchmarks in hydro O&M as well as develop networking with international hydro plants.

### **Circular Debt**

During the Half Year, amounts due from the Power Purchasers have increased. The Company is persistently pursuing GOP to have the Circular Debt issue resolved which has created a severe liquidity crunch for the Company and the Power Industry.

### **1,320 MW Coal Project at Hub**

Government has confirmed the capacity for the Company's Joint Venture Company, M/s. China Power Hub Generation Company (CPHGC), to be 1,320 MW based on Imported Coal for the Project being set up at Hub Site. It has been decided that the Company and its joint venture partner, China Power International Holdings Limited (CPIH) would each be allocating 1.5% equity stake in the Project to Government of Balochistan free of cost by the Commercial Operations Date of the Project. The Company has also issued the notice for the exercise of its Call Option as per the Shareholders Agreement to increase its shareholding in CPHGC to 47.5%.

CPHGC has signed the Power Purchase Agreement (PPA) and the Implementation Agreement (IA) for the Project. PPIB has extended by five months the date by which CPHGC is required to achieve its Financial Close under the Letter of Support issued by it. The Power Plant & Jetty EPC Contractors have mobilized to ensure early completion of the Project.

CPHGC is also engaged with leading Chinese banks to achieve timely Financial close and has inducted China Development Bank as the lead arranger. CPHGC is in negotiations with major global coal suppliers for entering into long term coal supply agreements.

### **330 MW Coal Project in Thar**

TEL is setting up 330MW mine mouth coal based Power Plant at Block 2, Thar. The EPC Contract for the Project has been signed with China Machinery and Engineering Corporation (CMEC). The IA and the PPA for the Project has been initialed while the Water Use and Coal Supply Agreements are in the stage of finalization.

### **Investment in Sindh Engro Coal Mining Company (SECMC)**

Post the financial close in April 2016, the Project construction is progressing satisfactorily. The Company has 8% stake in the Project.

### **Narowal Demerger**

Following the necessary approvals, the Scheme of Arrangement for the demerger of the Narowal Plant into NEL has been filed in the High Court of Sindh. Shareholders' approval of both the Company and NEL has been obtained. The matter is now with the Court for necessary decision.

### **Health, Safety and Environment (HSE)**

A cumulative TRIR of 0.067 was achieved at all the three Plants and the Head Office versus the yearly target of 0.252. No recordable injuries were observed at Hub, Narowal and Laraib Plants during the quarter.



One-on-One coaching sessions on Safety Leadership and Culture conducted by DuPont Safety Resource for the Leaders at all three Plants. DuPont Level II Trainings and Level III Procedures development is in progress at all the three Plants.

Public Hearing for TEL ESIA (Environment and Social Impact Assessment) was held on October 6, 2016 and the Environmental NOC was granted by SEPA (Sindh Environment Protection Agency) on November 23, 2016. Green Office Certification for Head Office was received from World Wide Fund Pakistan on October 27, 2016

### **Corporate Social Responsibility**

Initiatives of Community Development remained at the forefront of Company's business interventions. The Company, its subsidiaries and affiliates continued working in the areas of Education, Health, Livelihood intervention and Physical Infrastructure development. Expansion of Primary Section at the TCF School in Hub is in progress as per plan. Construction work on another TCF School at Pirkas Road will start from next quarter.

Fish boxes were distributed after successful training to fisherman of Goth Allana at Hub. Installation of additional solar lights is in progress in communities around Hub and Narowal. Solar Panel for supplying electricity to the whole OPD, laboratory and operation theatre has been installed and commissioned at Jam Ghulam Qadir Hospital at Hub. Coordination is being done with local government for adoption of schools at Hub and Narowal.

Federal Minister (Planning, Development & Reform) Prof. Ahsan Iqbal visited Narowal Plant on November 26, 2016. He inaugurated construction of overhead water tank for supply of clean drinking water and visited sewerage treatment plant built by the Company in the nearby village.

### **Information in relation to Luxembourg Stock Exchange**

The Directors, in compliance with the requirements of the "Commission De Surveillance Du Secteur Financier, Societe de Bourse de Luxembourg SA", are pleased to confirm that to the best of their knowledge, the condensed interim consolidated and unconsolidated financial statements for the half year ended December 31, 2016 give a true and fair view of the assets, liabilities, financial position and financial results of the Company and are in conformity with approved accounting standards as applicable in Pakistan. Further, the aforementioned management report includes a fair review of the development and performance of the Company together with the potential risks and uncertainties faced, if any.

The Company remains grateful to its shareholders, operators, employees and contractors for their confidence in the company and their tireless efforts in driving the Company on the path of growth and prosperity.

By Order of the Board



Khalid Mansoor  
Chief Executive

Karachi – February 20, 2017

## ڈائریکٹرز کی رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز 31 دسمبر 2016 کو ختم ہونے والے نصف سال کے لئے انضمامی اور غیر انضمامی مالیاتی غیر پڑتال شدہ حسابات کی رپورٹ پیش کرنے میں مسرت محسوس کرتا ہے۔

### کمپنی کا تعارف

دی حب پاور کمپنی لمیٹڈ (Hubco) ملک کی پہلی انڈیپنڈنٹ پاور پروڈیوسر (IPP) کمپنی ہے جس کی مجموعی پیداواری استعداد 1600 میگا واٹ سے زائد ہے۔ بلوچستان کے علاقے موضع کند، حب میں واقع ہمارا حب پلانٹ قومی گرڈ کو قابل اعتبار اور بلا تعطل بجلی فراہم کرتا ہے۔ پنجاب کے ضلع نارووال کے موضع پونگ میں واقع ہمارا نارووال پلانٹ بھی RFO سے چلنے والا، انجن بیسڈ، کمپائونڈ سائیکل پاور اسٹیشن ہے۔ اس کے علاوہ کمپنی لاریب انرجی لمیٹڈ کے 75% حصص کی مالک ہے جو آزاد جموں و کشمیر میں مسئلہ ڈیم سے 8 کلومیٹر نشیب میں نیو پونگ اسکیمپ کے قریب ہائیڈرو پاور پلانٹ چلاتی ہے۔

کمپنی نے مستقبل میں ترقی اور پیداوار میں اضافے کے اقدامات کے پیش نظر کل ملکیتی ذیلی کمپنیاں قائم کی ہیں۔ درآمدی کوئلے سے چلنے والے 1,320 میگا واٹ کے پاور پروجیکٹ بمعہ مربوط جیٹی میں سرمایہ کاری اور مستقبل میں مزید توسیعی اقدامات کے لئے حب پاور ہولڈنگز لمیٹڈ (HPHL) قائم کی گئی ہے۔ آپ کی کمپنی نے مشترکہ منصوبے کی شراکت دار کمپنی، چائنا پاور انٹرنیشنل ہولڈنگز (CPIH) کے ساتھ مل کر چائنا پاور حب جزییشن کمپنی (پرائیویٹ) لمیٹڈ (CPHGC) قائم کی ہے تاکہ مذکورہ بالا درآمدی کوئلے سے چلنے والا پاور پلانٹ قائم کیا جاسکے۔

ایک ذیلی کمپنی، حب پاور سروسز لمیٹڈ (HPSL) تشکیل دی گئی ہے تاکہ کمپنی کے موجودہ پاور ایسٹ، آئسندہ کوئلے سے چلنے والے پروجیکٹس کی آپریشنز اور مینٹیننس (O&M) کا انتظام کرسکے اور بیرون ملک مزید کاروباری مواقع تلاش کرسکے۔ ایک اور ذیلی کمپنی نارووال انرجی لمیٹڈ (NEL) قائم کی گئی جو نارووال پلانٹ کے کمپنیز آرڈیننس 1984 کے تحت عدم انضمام کے بعد اس کے اثاثوں اور واجبات کا انتظام سنبھال سکے۔

کمپنی نے تھر کول بلاک II-، سندھ میں 330 میگا واٹ کے مائن ماؤتھ کول پاور پلانٹ کے قیام کے لئے ایک اور کل ملکیتی ذیلی کمپنی تھرانرجی لمیٹڈ (TEL) بھی تشکیل دی ہے۔

کمپنی سندھ اینڈر کول مائننگ کمپنی لمیٹڈ (SECMC) میں 20 ملین امریکی ڈالر کی سرمایہ کاری کر رہی ہے جو اینڈر پاور جن، تھل لمیٹڈ، HBL، CMEC، حکومت سندھ اور آپ کی کمپنی کا ایک مشترکہ منصوبہ ہے تاکہ تھرمیں، جہاں دنیا کے ساتویں بڑے کوئلے کے ذخائر موجود ہیں، ایک کوئلے کی کان تیار کی جاسکے۔

کمپنی پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی کی عالمی ڈپازٹری وصولیات (GDRs) بھی Euro MTF کے مطابق لگسمبرگ اسٹاک ایکسچینج (LSE) میں لسٹڈ ہیں۔ کمپنی نے LSE سے اپنے GDRs کو خارج فہرست کرنے کے عمل کا آغاز کر دیا ہے۔

### مالیاتی کارکردگی

زیر جائزہ مدت میں ہولڈنگ کمپنی اور اس کی ذیلی کمپنیوں کے اہم مالیاتی نکات درج ذیل ہیں:

31 دسمبر 2016 کو ختم ہونے والی سہ ماہی	31 دسمبر 2015 کو ختم ہونے والی سہ ماہی	31 دسمبر 2016 کو ختم ہونے والا نصف سال	31 دسمبر 2015 کو ختم ہونے والا نصف سال
روپے ملین میں			
24,353	23,319	48,227	50,281
شرح فروخت			
20,247	19,001	40,061	41,510
کارگزاری اخراجات			
2,605	2,757	5,069	5,308
خالص منافع*			
2.25	2.38	4.38	4.59
آمدنی فی حصص (روپے)*			

\* ہولڈنگ کمپنی کے مالکان سے تعلق شدہ

زیر جائزہ مدت کے لئے فی حصص مجموعی آمدنی گزشتہ سال کی اسی مدت کی آمدنی 4.59 روپے کے مقابلے میں 4.38 روپے رہی۔ مجموعی آمدنی میں کمی کی بنیادی وجہ حب پلانٹ کے ایک یونٹ کی میجر اور ہالنگ پر ہونے والے مرمتی اور دیکھ بھال کے اخراجات اور نارووال پلانٹ کے پانچ انجنز کی 36,000 گھنٹے (Running Hours) کی میجر مینٹیننس پر ہونے والے بھاری اخراجات تھے، جس کی تلافی کسی حد تک حب اور نارووال کے سیلف آپریشن اور مرمت کی وجہ سے ہونے والی بچت اور نیپر اکی جانب سے منظور ہونے والے حتمی ٹیرف کی وجہ سے لاریب کو ہونے والی زیادہ آمدنی کی وجہ سے ممکن ہو سکی۔

زیر جائزہ مدت میں کمپنی کا غیر انضمامی خالص منافع 4,200 ملین روپے رہا۔ نتیجتاً فی حصص آمدنی 3.63 روپے رہی جبکہ گزشتہ سال کی اسی مدت میں خالص منافع 4,522 ملین روپے اور فی حصص آمدنی 3.91 روپے تھی۔ منافع میں کمی کی بنیادی وجہ حب کو پلانٹ کے ایک یونٹ کی میجر اور ہالنگ پر ہونے والے مرمتی اور دیکھ بھال کے اخراجات اور نارووال پلانٹ کے پانچ انجنز کی 36,000 گھنٹے (Running Hours) کی میجر مینٹیننس پر ہونے والے بھاری اخراجات تھے، جس کی تلافی کسی حد تک حب اور نارووال کے سیلف آپریشن اور مرمت کی وجہ سے ہونے والی بچت اور نیپر اکی جانب سے منظور ہونے والے حتمی ٹیرف کی وجہ سے لاریب کو ہونے والی زیادہ آمدنی اور زیادہ پیداواری منافع کی وجہ سے ممکن ہو سکی۔

زیر جائزہ مدت میں تینوں پلانٹس کے عملیاتی نکات درج ذیل ہیں:

31 دسمبر 2015 کو ختم ہونے والا نصف سال	31 دسمبر 2016 کو ختم ہونے والا نصف سال	31 دسمبر 2015 کو ختم ہونے والی سہ ماہی	31 دسمبر 2016 کو ختم ہونے والی سہ ماہی	یونٹ	
					حب پلانٹ
3,688	3,559	1,876	1,674	GWH	پیداوار
70	67	71	63	فیصد	لوڈ فیکٹر
					نارووال پلانٹ
569	636	276	330	GWH	پیداوار
60	67	59	70	فیصد	لوڈ فیکٹر
					لاریب انرجی
290	248	147	143	GWH	پیداوار
78	67	79	77	فیصد	لوڈ فیکٹر

### حب پلانٹ

دوسری سہ ماہی میں پلانٹ مجوزہ 57 فیصد کے برعکس 63 فیصد اور لوڈ فیکٹر کے ساتھ کار گزار رہا۔ واپڈا کو بجلی کی ترسیل مجوزہ 1,514 GWH کے مقابلے میں 1,674 GWH گریگا واٹ رہی۔ اس سہ ماہی میں پیداوار میں اضافے کی وجہ واپڈا کی جانب سے تخفیف میں کمی تھی۔ اس سہ ماہی کے دوران حب پلانٹ کے لئے 186 GWH کا جبری آؤٹجی الاؤنس استعمال کیا گیا۔ اپریل 2016 سے دسمبر 2016 کے دوران کل 387 GWH کا جبری آؤٹجی الاؤنس استعمال کیا گیا جو حب پاور کے کل الاؤنس کا 40.3 فیصد ہے۔

یونٹ 1 میجر اور ہالنگ کے لئے 13 اگست 2016 سے 10 دسمبر 2016 تک طے شدہ طور پر بند تھا۔ یونٹ 1 کی میجر اور ہالنگ کے دوران ٹربائن اور جنریٹر کی مرمت کے کام انجام دیئے گئے۔ روٹرز، کیسنگز اور ڈی ایفریز کی بلاسٹنگ بھی کی گئی۔ ٹربائن بیئرنگ کو تبدیل کیا گیا۔ تجدید شدہ LP3 ہیٹرز نصب کئے گئے۔ انٹرنل

ایڈجسٹمنٹ اور الائنمنٹ کے بعد E-Seal کی تنصیب کی گئی۔

### نارووال پلانٹ

اس سہ ماہی میں بجلی کے خریداروں کا 301 GWH کے مجوزہ ہدف کے مقابلے میں 330 GWH (دوسری سہ ماہی 2015-16: 276 GWH) بجلی فروخت کی گئی۔ لوڈ فیکٹر مجوزہ 64 فیصد کے مقابلے میں 70 فیصد رہا۔ پانچوں انجنوں کی 36000 رنگ آورز کی مرمت و بحالی بجٹ کے اندر رہتے ہوئے مکمل کی گئی۔ گزشتہ سہ ماہی میں شروع کیا گیا Crimps کی تبدیلی کا عمل محفوظ انداز سے تمام آلٹرنیٹرز پر مکمل کیا گیا۔

### لاریب انرجی نیوٹنگ اسکیپ ہائیڈرو پاور پروجیکٹ

زیر جائزہ مدت میں بجلی کی خالص پیداوار (NEO) 103 گیگا واٹ کی مجوزہ مقدار کے مقابلے میں 143 گیگا واٹ رہی۔ لوڈ فیکٹر مجوزہ 56 فیصد کے مقابلے میں 77 فیصد رہا۔

پلانٹ نے 18 نومبر 2016 کو اینیول ڈیمونسٹریٹو کمپلیکس انرجی ٹیسٹ (ADCET) کا میا بی سے مکمل کیا اور PPA کی ضروریات یعنی 2,016 میگا واٹ کے مقابلے میں 2,081 میگا واٹ پیداواری۔

کمپنی نے انٹرنیشنل ہائیڈرو پاور ایسوسی ایشن (IHA) کی سلور کارپوریٹ ممبر شپ حاصل کی۔ اس ممبر شپ کی بدولت کمپنی نہ صرف بین الاقوامی معیار کے ہائیڈرو آپریشن اینڈ مینٹیننس سے فوائد کا حصول کر سکے گی بلکہ بین الاقوامی ہائیڈرو پلانٹس سے رابطہ کاری بھی ممکن ہوگی۔

### گردشی قرضہ

اس نصف سال میں بجلی کے خریداروں کی جانب سے واجب الادا رقم میں اضافہ ہوا۔ کمپنی گردشی قرضے کے مسئلے کے حل کے لئے حکومت پاکستان سے مسلسل رابطے میں ہے جس کی وجہ سے کمپنی اور توانائی کی صنعت کے لئے لکھنؤ ڈیٹی کا شدید بحران پیدا کر دیا ہے۔

### حب میں 1,320 میگا واٹ کا کونسل سے چلنے والا پروجیکٹ

حکومت نے کمپنی کی شریک کار کمپنی، میسرز چائنا پاور حب جزیشن کمپنی (CPHGC) کی استعداد کی منظوری دے دی ہے جو کہ حب سائٹ پر درآمدی کونسل سے قائم کئے جانے والے پلانٹ کے لئے 1,320 میگا واٹ ہوگی۔ یہ طے کیا گیا ہے کہ کمپنی اور اس کی شریک کار چائنا پاور انٹرنیشنل ہولڈنگز لمیٹڈ (CPIH) پروجیکٹ کا 11.5% کیو بی ٹی کا حصہ پلانٹ کے کمرشل آپریشن کے آغاز کی تاریخ سے حکومت بلوچستان کو بلا معاوضہ فراہم کرے گی۔ کمپنی نے CPHGC میں اپنی حصص یا فنگل کو 47.5 فیصد تک بڑھانے کے لئے حصص یافتگان کی رضامندی کے بعد اپنے تمام آپشنز اختیار کرنے کے لئے نوٹس بھی جاری کر دیا ہے۔

CPHGC نے پروجیکٹ کے لئے پاور پراجیز ایگریمنٹ (PPA) اور اپنی پیمینٹیشن ایگریمنٹ (IA) پر بھی دستخط کر دیئے ہیں۔ PPIB میں اس تاریخ سے 5 ماہ تک توسیع کر دی گئی ہے جب CPHGC نے اس کی جانب سے جاری کردہ لیٹر آف سپورٹ کے تحت اپنا فنانشل کلوز حاصل کرنا تھا۔ پاور پلانٹ اور جیٹی کے EPC کنٹریکٹرز منصوبے کی جلد تکمیل کے لئے متحرک ہو چکے ہیں۔

CPHGC بروقت فنانشل کلوز کے لئے بڑے چینی بینکوں کے ساتھ بھی معاہدے کر رہی ہے اور چائنا ڈولپمنٹ بینک کو اہم انتظام کے طور پر شامل کر لیا گیا ہے۔ CPHGC بڑے بین الاقوامی کونسل فراہم کنندگان سے بھی کونسل کی طویل المیعاد فراہمی کے معاہدوں کے لئے مذاکرات کر رہی ہے۔

### تھر میں 330 میگا واٹ کا کونسل سے چلنے والا منصوبہ

تھر انرجی لمیٹڈ (TEL) تھر بلاک II میں 330 میگا واٹ کا مائن ماؤتھ کونسل سے چلنے والا پاور پلانٹ قائم کر رہی ہے۔ چائنا مشینری اینڈ انجینئرنگ کارپوریشن (CMEC) کے ساتھ منصوبے کے EPC کنٹریکٹ پر دستخط کر دیئے گئے ہیں۔ منصوبے کے IA اور PPA کا آغاز ہو گیا ہے جبکہ پانی کے استعمال اور کونسل کی فراہمی کے معاہدے تکمیل کے مراحل میں ہیں۔

## سندھ اینٹروکول مینٹنگ کمپنی (SECMC) میں سرمایہ کاری

اپریل 2016 میں فنانشل کلوز کے بعد پروجیکٹ کی تعمیر تسلی بخش رفتار سے جاری ہے۔ اس پروجیکٹ میں کمپنی کا 8 فیصد حصہ ہے۔

### نارووال کا عدم انضمام

لازمی منظور یوں کے بعد نارووال پلانٹ کے NEL میں عدم انضمام کی اسکیم آف آرگنائزیشن سندھ ہائیڈرو پاور میں داخل کر دی گئی ہے۔ کمپنی اور NEL دونوں کے حصص یافتگان کی منظوری حاصل کر لی گئی ہے۔ اب اس معاملے میں عدالتی فیصلے کا انتظار ہے۔

### صحت، تحفظ اور ماحول (HSE)

تینوں پلانٹس اور ہیڈ آفس پر سالانہ ہدف 0.252 کے مقابلے میں 0.067 مجموعی قابل ذکر حادثات کی شرح (TRIR) حاصل کی گئی۔ اس مدت میں جب، نارووال اور لاریب پلانٹس پر کوئی قابل ذکر حادثہ پیش نہیں آیا۔ تینوں پلانٹس پر ڈیوپونٹ سیفٹی ریسورس کی جانب سے کلیدی عہدیداران کے لئے سیفٹی لیڈرشپ اور کلچر پر انفرادی سطح پر تربیتی نشستوں کا اہتمام کیا گیا۔ تینوں پلانٹس پر ڈیوپونٹ لیول - II کی تربیت اور لیول - III کے طریقہ کار کے قیام کا عمل جاری ہے۔ TEL کے ماحولیاتی اور سماجی اثرات کے جائزے (ESIA) Environment & Social Impact Assessment کے لئے عوامی سماعت 6 اکتوبر 2016 کو منعقد ہوئی اور 23 نومبر 2016 کو سندھ انوائرنمنٹ پروٹیکشن ایجنسی Sindh Environment Protection Agency (SEPA) کی جانب سے ماحولیاتی NOC جاری کر دیا گیا۔ ہیڈ آفس کو ورلڈ واٹڈ فنڈ پاکستان کی جانب سے 27 اکتوبر 2016 کو گرین آفس سرٹیفیکیشن حاصل ہوئی۔

### کارپوریٹ سماجی ذمہ داری

سماجی ترقی کے اقدامات کمپنی کے کاروباری وسائل میں ہمیشہ سب سے مقدم رہے ہیں۔ جکو اور اس کی ذیلی اور شریک کارکنوں نے تعلیم، صحت، ذرائع معاش اور فزیکل انفراسٹرکچر کی ترقی کے شعبوں میں کام جاری رکھا ہوا ہے۔ جب میں منصوبے کے مطابق TCF اسکول کے پرائمری حصے کی تعمیر جاری ہے۔ اگلی سہ ماہی سے پیرکاس روڈ پرائیک اور TCF اسکول کے تعمیراتی کام کا آغاز ہو جائے گا۔

جب میں گوٹھ الانہ کے مقام پر ماہی گیری کی کامیاب تربیت کے بعد ماہی گیروں کے درمیان فیش باکس تقسیم کئے گئے۔ جب اور نارووال کے اطراف کی آبادیوں میں اضافی سولر لائٹس کی تنصیب کا کام جاری ہے۔ جام غلام قادر اسپتال، جب میں او پی ڈی، لیبارٹری اور آپریشن تھیٹر کے شعبہ جات میں بجلی کی فراہمی کے لئے سولر پینلز کی تنصیب کی گئی ہے۔ جب اور نارووال میں اسکولوں کو گود لینے کے لئے مقامی حکومت سے تعاون کا سلسلہ جاری ہے۔

وفاقی وزیر (منصوبہ بندی، پیداوار اور اصلاحات) پروفیسر احسن اقبال نے 26 نومبر 2016 کو نارووال پلانٹ کا دورہ کیا۔ انہوں نے پینے کے صاف پانی کی فراہمی کے اور ہیڈ واٹر ٹینک کے تعمیراتی کام کا افتتاح کیا اور کمپنی کی جانب سے نزدیکی گاؤں میں تعمیر کردہ سیوریج ٹریٹمنٹ پلانٹ کا دورہ بھی کیا۔

### لیگز مبرگ اسٹاک ایکسچینج کے سلسلے میں معلومات

کمپنی کے ڈائریکٹرز Luxembourg SA کی ضروریات کی تعمیل میں بصد مسرت یہ تصدیق کرتے ہیں کہ ان کی معلومات کے مطابق 31 دسمبر 2016 کو ختم ہونے والے نصف سال کے انضمامی اور غیر انضمامی مالیاتی گوشوارے کمپنی کے اثاثوں، واجبات، مالیاتی حالات اور مالیاتی نتائج کا راست اور درست جائزہ پیش کرتے ہیں اور پاکستان میں قابل اطلاق منظور شدہ اکاؤنٹنگ کے معیارات سے مطابقت رکھتے ہیں۔ مزید برآں، مذکورہ بالا ایجنٹ رپورٹ کمپنی کی ترقی اور کارکردگی بمعہ ممکنہ خطرات اور غیر

یقینی حالات، اگر کوئی ہوں، کا درست تجزیہ پیش کرتے ہیں۔

کمپنی اپنے حصص یافتگان، منتظمین، ملازمین اور کنٹریکٹرز کا تہہ دل سے شکریہ ادا کرتی ہے جنہوں نے نہ صرف کمپنی پر اپنے اعتماد کا اظہار کیا بلکہ کمپنی کو ترقی اور خوشحالی کی راہ پر گامزن کرنے میں بھرپور کردار ادا کیا۔

بحکم بورڈ

خالد منصور  
چیف ایگزیکٹو

کراچی۔ 20 فروری 2016

## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **The Hub Power Company Limited** as at **31 December 2016**, the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

*EY Ford Rhodes*

**Chartered Accountants**  
**Engagement Partner: Pervez Muslim**  
**Date: 20 February 2017**  
**Place: Karachi**



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED**  
**PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Note	3 months ended Dec 2016 (Rs. '000s)	3 months ended Dec 2015 (Rs. '000s)	6 months ended Dec 2016 (Rs. '000s)	6 months ended Dec 2015 (Rs. '000s)
Turnover		23,210,116	22,239,379	45,652,223	47,901,459
Operating costs	4	(19,990,507)	(18,706,140)	(39,515,799)	(40,889,019)
<b>GROSS PROFIT</b>		<u>3,219,609</u>	<u>3,533,239</u>	<u>6,136,424</u>	<u>7,012,440</u>
General and administration expenses		(129,692)	(264,483)	(382,229)	(532,430)
Other income		18,755	22,475	25,894	29,345
Other operating expenses	5	-	(1,627)	-	(365,948)
<b>PROFIT FROM OPERATIONS</b>		<u>3,108,672</u>	<u>3,289,604</u>	<u>5,780,089</u>	<u>6,143,407</u>
Finance costs	6	(812,761)	(809,319)	(1,580,179)	(1,620,458)
<b>PROFIT BEFORE TAXATION</b>		<u>2,295,911</u>	<u>2,480,285</u>	<u>4,199,910</u>	<u>4,522,949</u>
Taxation		(149)	(201)	(299)	(778)
<b>PROFIT FOR THE PERIOD</b>		<u><u>2,295,762</u></u>	<u><u>2,480,084</u></u>	<u><u>4,199,611</u></u>	<u><u>4,522,171</u></u>
Basic and diluted earnings per share (Rupees)		<u><u>1.98</u></u>	<u><u>2.14</u></u>	<u><u>3.63</u></u>	<u><u>3.91</u></u>

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director





**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED**  
**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	<b>3 months ended Dec 2016 (Rs. '000s)</b>	<b>3 months ended Dec 2015 (Rs. '000s)</b>	<b>6 months ended Dec 2016 (Rs. '000s)</b>	<b>6 months ended Dec 2015 (Rs. '000s)</b>
Profit for the period	2,295,762	2,480,084	4,199,611	4,522,171
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>				
Gain / (loss) on remeasurements of post employment benefit obligation	8,088	(2,993)	5,473	(10,568)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><u>2,303,850</u></u>	<u><u>2,477,091</u></u>	<u><u>4,205,084</u></u>	<u><u>4,511,603</u></u>

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2016**

	Note	Dec 2016 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
<b><u>ASSETS</u></b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
Property, plant and equipment	7	35,706,071	36,586,896
Intangibles		56,043	44,236
Long term investments	8	6,582,311	5,876,381
Long term deposits and prepayments		19,049	20,808
<b>CURRENT ASSETS</b>			
Stores, spares and consumables		2,772,658	2,459,522
Stock-in-trade		4,813,944	2,563,327
Trade debts	9	87,065,025	77,746,623
Loan and advances		160,586	247,175
Prepayments and other receivables		6,251,592	5,180,572
Cash and bank balances		1,597,211	3,280,071
		102,661,016	91,477,290
<b>Non - current asset classified as held for sale</b>	12.1	3,665	-
<b>TOTAL ASSETS</b>		<b>145,028,155</b>	<b>134,005,611</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share Capital</b>			
Authorised		12,000,000	12,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
<b>Revenue Reserve</b>			
Unappropriated profit		15,005,006	16,007,117
		26,576,550	27,578,661
<b>NON-CURRENT LIABILITIES</b>			
Long term loans		14,882,902	17,301,209
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	75,067,084	68,291,054
Interest / mark-up accrued		511,431	514,698
Short term borrowings	11	23,637,031	16,540,219
Current maturity of long term loans		4,353,157	3,779,770
		103,568,703	89,125,741
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>145,028,155</b>	<b>134,005,611</b>
<b>COMMITMENTS AND CONTINGENCIES</b>			
	12		

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Note	6 months ended Dec 2016 (Rs. '000s)	6 months ended Dec 2015 (Rs. '000s)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		4,199,910	4,522,949
Adjustments for:			
Depreciation		1,439,963	1,406,117
Amortisation		11,677	10,085
Gain on disposal of fixed assets		(1,476)	(7,839)
Provision for slow moving stores and spares		23,887	9,650
Write-off of fixed assets		-	26,830
Staff gratuity		14,767	12,739
Interest income		(9,747)	(10,727)
Interest / mark-up		1,514,507	1,535,761
Amortisation of transaction costs		35,749	40,857
Operating profit before working capital changes		<u>7,229,237</u>	<u>7,546,422</u>
Working capital changes		(5,128,749)	(666,883)
Cash generated from operations		<u>2,100,488</u>	<u>6,879,539</u>
Interest income received		9,745	10,877
Interest / mark-up paid		(1,517,774)	(1,676,992)
Staff gratuity paid		(40,000)	(1,500)
Taxes paid		(299)	(778)
Net cash generated from operating activities		<u>552,160</u>	<u>5,211,146</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(604,706)	(537,277)
Proceeds from disposal of fixed assets		19,895	17,510
Long term investments made		(705,930)	(299,500)
Long term deposits and prepayments		1,759	(841)
Net cash used in investing activities		<u>(1,288,982)</u>	<u>(820,108)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(6,162,181)	(6,354,105)
Repayment of long term loans		(1,880,669)	(1,904,067)
Net cash used in financing activities		<u>(8,042,850)</u>	<u>(8,258,172)</u>
Net decrease in cash and cash equivalents		(8,779,672)	(3,867,134)
Cash and cash equivalents at the beginning of the period		(13,260,148)	(10,479,278)
Cash and cash equivalents at the end of the period	14	<u><u>(22,039,820)</u></u>	<u><u>(14,346,412)</u></u>

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	<b>6 months ended Dec 2016 (Rs. '000s)</b>	<b>6 months ended Dec 2015 (Rs. '000s)</b>
<b>Issued capital</b>		
Balance of ordinary shares at the beginning of the period	11,571,544	11,571,544
Balance at the end of the period	<u>11,571,544</u>	<u>11,571,544</u>
<b>Unappropriated profit</b>		
Balance at the beginning of the period	16,007,117	20,063,357
Profit for the period	4,199,611	4,522,171
Other comprehensive income for the period	5,473	(10,568)
<b>Total comprehensive income for the period</b>	<b>4,205,084</b>	<b>4,511,603</b>
<b>Transactions with owners in their capacity as owners</b>		
Final dividend for the fiscal year 2015-2016 @ Rs. 3.00 (2014-2015: @ Rs. 5.50) per share	(3,471,463)	(6,364,349)
Interim dividend for the fiscal year 2016-2017 @ Rs. 1.50 (2015-2016: @ Rs. Nil) per share	(1,735,732)	-
	(5,207,195)	(6,364,349)
Balance at the end of the period	<u>15,005,006</u>	<u>18,210,611</u>
<b>Total equity</b>	<b><u>26,576,550</u></b>	<b><u>29,782,155</u></b>

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director



**THE HUB POWER COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED**  
**FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

**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 Pakistan Stock Exchange Limited (PSX) whereas its Global Depository Receipts are listed on the Luxembourg Stock Exchange. The principal activities of the Company are to develop, own, operate and maintain power stations. The Company owns an oil-fired power station of 1,200 MW (net) in Balochistan (Hub plant) and a 214 MW (net) oil-fired power station in Punjab (Narowal plant).

The Company has the following subsidiaries:

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

**Proposed Narowal Demerger**

Under the existing tax laws of Pakistan, if Narowal were demerged into a separate legal entity, it would have lost its tax-exempt status from taxation on the income from power generation. The Company requested the Private Power and Infrastructure Board (PPIB) for the appropriate changes in the tax laws so that Narowal could be demerged into a separate legal entity. The Company has received the Economic Coordination Committee's (ECC) approval for the changes in tax laws enabling the Company to demerge Narowal into a separate legal entity having the same tax exempt status, after demerger, as it enjoys now. The Company has incorporated a wholly owned subsidiary, NEL.

During the current period, the Board of Directors approved the Scheme of Demerger (Scheme) of Narowal plant along with related assets, liabilities, retained earnings, commitment and contingencies (Narowal Undertaking). Pursuant to the Scheme, on the Effective Date, the Company will transfer Narowal Undertaking as of that date, into a separate legal entity – Narowal Energy Limited (NEL), against the subscription of share capital at book value.

The Company has also obtained necessary approvals from PPIB, lenders, creditors, and other relevant authorities and filed a petition with the Honorable Sindh High Court (SHC) for the approval of the Scheme. SHC issued an interim order whereby the Company was directed to fulfill certain requirements laid down by the SHC which are currently in process. The proposed demerger is a common control transaction which will not result in any change in the ownership whereby the Company will own 100% of NEL and consequently the economic benefits of Narowal Undertaking will be derived through the continuous use instead of sale.

1.1 Profit & loss account of Narowal Plant operations (Narowal Undertaking) is as follows:

	<b>3 months ended Dec 2016 (Rs. '000s)</b>	3 months ended Dec 2015 (Rs. '000s)	<b>6 months ended Dec 2016 (Rs. '000s)</b>	6 months ended Dec 2015 (Rs. '000s)
Turnover	4,094,960	3,585,578	7,800,339	7,799,171
Operating costs	(3,405,230)	(2,520,082)	(6,421,225)	(5,706,903)
<b>GROSS PROFIT</b>	<b>689,730</b>	1,065,496	<b>1,379,114</b>	2,092,268
General and administration expenses	(31,313)	(42,875)	(61,756)	(73,453)
Other income	(121)	751	407	4,822
Other operating expenses	-	(1,627)	-	(26,830)
<b>PROFIT FROM OPERATIONS</b>	<b>658,296</b>	1,021,745	<b>1,317,765</b>	1,996,807
Finance costs	(346,553)	(439,066)	(686,090)	(924,392)
<b>PROFIT BEFORE TAXATION</b>	<b>311,743</b>	582,679	<b>631,675</b>	1,072,415
Taxation	(149)	(201)	(299)	(778)
<b>PROFIT FOR THE PERIOD</b>	<b>311,594</b>	582,478	<b>631,376</b>	1,071,637
<b>Other comprehensive income for the period</b>				
Items that will not be reclassified to profit or loss in subsequent periods				
Loss on remeasurements of post employment benefit obligation	-	(222)	-	(783)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>311,594</b>	582,256	<b>631,376</b>	1,070,854

1.2 Assets, liabilities and retained earnings of Narowal Plant operations (Narowal Undertaking) are as follows:	<b>Dec 2016</b>	<b>Jun 2016</b>
	<b>(Rs. '000s)</b>	<b>(Rs. '000s)</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b><u>ASSETS</u></b>		
Property, plant and equipment	17,655,898	18,091,497
Intangibles	991	106
Stores, spares and consumables	1,028,240	806,801
Stock-in-trade	445,893	396,976
Trade debts	8,797,186	7,358,523
Loan and advances	13,333	17,475
Deposits, prepayments and other receivables	411,489	556,799
Cash and bank balances	168,822	896,415
	<b>28,521,852</b>	<b>28,124,592</b>
<b><u>LIABILITIES</u></b>		
Long term loans	11,891,980	12,627,203
Trade and other payables	1,280,136	1,242,608
Interest / mark-up accrued	266,286	324,757
Short term borrowings	3,116,916	2,275,085
	<b>16,555,318</b>	<b>16,469,653</b>
<b><u>RETAINED EARNINGS</u></b>		
Unappropriated profit	<b>8,044,750</b>	<b>7,733,155</b>
	<b>6 months ended</b>	<b>6 months ended</b>
	<b>Dec 2016</b>	<b>Dec 2015</b>
	<b>(Rs. '000s)</b>	<b>(Rs. '000s)</b>
1.3 Net cash flows of Narowal Plant operations (Narowal Undertaking) are as follows:		
Net cash (used in) / generated from operating activities	(424,418)	1,887,417
Net cash used in investing activities	(61,881)	(119,434)
Net cash used in financing activities	(1,083,124)	(941,255)
	<b>(1,569,423)</b>	<b>826,728</b>

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim unconsolidated financial statements are same as those applied in preparing the unconsolidated financial statements for the year ended June 30, 2016, except for the following:

### 2.1 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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

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

## 3. BASIS OF PREPARATION

These condensed interim unconsolidated financial statements of the Company for the half year ended December 31, 2016 are unaudited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance. These condensed interim unconsolidated financial statements have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of and directives issued under the Ordinance have been followed.

The figures of the condensed interim unconsolidated profit and loss account for the quarters ended December 31, 2016 and 2015 have not been reviewed by the external auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2016 and 2015. These condensed interim unconsolidated financial statements do not include all the information and disclosures as required in the annual unconsolidated financial statements and should be read in conjunction with the Company's annual unconsolidated financial statements for the year ended June 30, 2016.

These condensed interim unconsolidated financial statements are the separate condensed interim financial statements of the Company in which investments in subsidiaries and investment in an associate have been accounted for at cost less accumulated impairment losses, if any.

		<b>3 months ended Dec 2016 (Rs. '000s)</b>	3 months ended Dec 2015 (Rs. '000s)	<b>6 months ended Dec 2016 (Rs. '000s)</b>	6 months ended Dec 2015 (Rs. '000s)
<b>4. OPERATING COSTS</b>					
Fuel cost		17,347,535	16,422,889	34,360,867	36,478,183
Stores and spares		533,415	214,042	1,059,302	394,380
Operation and maintenance	4.1	471,302	416,035	928,338	1,027,552
Insurance		186,549	204,693	372,970	409,394
Depreciation		707,169	693,492	1,413,320	1,380,371
Amortisation		5,167	5,612	9,005	9,819
Repairs, maintenance and other costs		739,370	749,377	1,371,997	1,189,320
		<u>19,990,507</u>	<u>18,706,140</u>	<u>39,515,799</u>	<u>40,889,019</u>

4.1 This includes a sum of Rs. 928.338 million (Dec 2015: Rs. 560.735 million) representing services rendered by the subsidiary company, HPSL.

		<b>3 months ended Dec 2016 (Rs. '000s)</b>	3 months ended Dec 2015 (Rs. '000s)	<b>6 months ended Dec 2016 (Rs. '000s)</b>	6 months ended Dec 2015 (Rs. '000s)
<b>5. OTHER OPERATING EXPENSES</b>					
Write-off of fixed assets		-	1,627	-	26,830
Workers' profit participation fund	5.1	-	-	-	-
Termination compensation		-	-	-	339,118
		<u>-</u>	<u>1,627</u>	<u>-</u>	<u>365,948</u>

#### 5.1 Workers' profit participation fund

Provision for Workers' profit participation fund	114,796	124,015	209,996	226,148
Workers' profit participation fund recoverable from WAPDA / NTDC	(114,796)	(124,015)	(209,996)	(226,148)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company is required to pay 5% of its profit to the Workers' profit participation fund (the "Fund"). The Company is entitled to claim this expense from the Water and Power Development Authority (WAPDA) / National Transmission and Despatch Company Limited (NTDC) as a pass through item (refer note 12.2).

		<b>3 months ended Dec 2016 (Rs. '000s)</b>	3 months ended Dec 2015 (Rs. '000s)	<b>6 months ended Dec 2016 (Rs. '000s)</b>	6 months ended Dec 2015 (Rs. '000s)
<b>6. FINANCE COSTS</b>					
Interest / mark-up on long term loans		386,640	484,521	806,493	1,018,923
Mark-up on short term borrowings		395,443	283,021	708,014	516,838
Amortisation of transaction costs		17,342	20,082	35,749	40,857
Other finance costs		13,336	21,695	29,923	43,840
		<u>812,761</u>	<u>809,319</u>	<u>1,580,179</u>	<u>1,620,458</u>

		<b>Dec 2016 (Rs. '000s) (Unaudited)</b>	Jun 2016 (Rs. '000s) (Audited)
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating property, plant and equipment		35,495,258	36,453,125
Transferred to non-current assets classified as held for sale	12.1	(3,665)	-
		<u>35,491,593</u>	<u>36,453,125</u>
Capital work-in-progress			
Hub plant		209,463	124,271
Narowal plant		5,015	9,500
		<u>214,478</u>	<u>133,771</u>
	7.1	<u>35,706,071</u>	<u>36,586,896</u>

7.1 Additions to property, plant and equipment during the current period were Rs. 581.222 million and disposals / write-off therefrom at net book value were Rs. 18.419 million.

	Note	Dec 2016 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
<b>8. LONG TERM INVESTMENTS</b>			
Investment in subsidiaries	8.1 & 8.2	5,974,390	5,300,389
Investment in Sindh Engro Coal Mining Company Limited (SECMC)		607,921	575,992
		<u>6,582,311</u>	<u>5,876,381</u>

- 8.1 During the current period, the Company has made additional investments of Rs. 424 million in HPHL. In accordance with the terms of Amended and Restated Shareholders' Agreement (A&RSHA) dated March 9, 2016, HPHL has the right but not the obligation to increase its shareholding in China Power Hub Generation Company (Pvt) Limited (CPHGC) from 26% up to a minimum of 43% and a maximum of 49%. Subsequent to the period end, the Board of Directors of the Company and HPHL have decided to increase HPHL's shareholding in CPHGC from 26% to 47.5%.

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

In accordance with the terms of the Letter of Support (LOS), dated April 12, 2016, issued by Private Power & Infrastructure Board (PPIB), China Power International Holding Limited (CPIHL) and HPHL provided performance guarantees in favor of PPIB which require CPHGC to (i) achieve Financial Closing no later than nine months from the date of LOS, and (ii) enter into the Implementation Agreement (IA) and Power Purchase Agreement (PPA) no later than three months prior to the financial closing date. PPIB is entitled to encash the performance guarantees in case CPHGC is not able to meet the above conditions or CPHGC decides to exercise termination option as defined in the LOS. During the current period, the above timelines have lapsed however, PPIB has not encashed the performance guarantee and has called for the meeting with CPHGC to discuss the extension in the Financial Closing date and the signing of the IA and PPA. Subsequent to the period end, the IA and PPA have been signed on January 25, 2017 and PPIB has granted extension to achieve the Financial Closing by June 07, 2017. The related performance guarantee was also extended accordingly until December 31, 2017.

- 8.2 During the current period, the Company made additional investment of Rs. 250 million in TEL. In accordance with the terms of Letter Of Intent (LOI) issued by PPIB on August 02, 2016, TEL has submitted its application for Generation License (GL) and tariff determination before NEPRA. Tariff application was approved by NEPRA on October 18, 2016.

PPIB has issued LOS to TEL on December 09, 2016. As per the terms of the LOS, the Company provided performance guarantee in favour of PPIB which require TEL to (i) achieve the Financial Closing of the Project no later than nine months from the date of LOS and (ii) enter into the Implementation Agreement, Power Purchase Agreement and Water Use Agreement not later than three months prior to the financial closing date. PPIB is entitled to encash the performance guarantees in case TEL is not able to meet the above conditions or TEL decides to exercise termination option as defined in the LOS. TEL has also signed the Engineering, Procurement and Construction (EPC) contract for 1x330 MW Coal Power Plant on December 29, 2016. Subsequent to the period end, the IA and PPA of TEL have been initiated on January 25, 2017.

	Note	Dec 2016 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
<b>9. TRADE DEBTS - Secured</b>			
Considered good	9.1	<u>87,065,025</u>	<u>77,746,623</u>

- 9.1 These receivables include an overdue amount of Rs. 69,541 million (June 2016: Rs. 65,296 million) from WAPDA and Rs. 5,634 million (June 2016: Rs. 4,440 million) from NTDC. These are not impaired because the trade debts are secured by a guarantee from the Government of Pakistan (GOP) under the Implementation Agreements.

The delay in payments from WAPDA carries mark-up at State Bank of Pakistan (SBP) discount rate plus 2% per annum compounded semi-annually whereas the delay in payments from NTDC carries mark-up at a rate of 3 month KIBOR plus 4.5% per annum compounded semi-annually.





## 10. TRADE AND OTHER PAYABLES

These include a sum of Rs. 70,145 million (June 2016: Rs. 62,072 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 61,985 million (June 2016: Rs. 56,668 million).

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

Note	Dec 2016 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
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## 11. SHORT TERM BORROWINGS - Secured

Finances under mark-up arrangements	11.1 to 11.4	<u>23,637,031</u>	<u>(6,540,219)</u>
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11.1 The facilities for running finances available from various banks / financial institutions amounted to Rs. 29,025 million (June 2016: Rs. 26,825 million) at mark-up ranging between 0.40% to 2.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrears. The facilities will expire during the period commencing March 31, 2017 to January 18, 2018. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

11.1.1 The facilities amounting to Rs. 24,600 million (June 2016: Rs. 22,400 million) are secured by way of charge over the trade debts and stocks of the Company for the Hub plant pari passu with the existing charge.

11.1.2 The facilities amounting to Rs. 4,425 million (June 2016: Rs. 4,425 million) are secured by way of:

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

11.1.3 This includes a sum of Rs. 1,467 million (June 2016: Rs. 1,353 million) payable to associated undertakings. The available facilities amounted to Rs. 2,275 million (June 2016: Rs. 2,275 million). These facilities are secured by way of securities mentioned in note 11.1.1 and 11.1.2.

11.2 The Company also has Murabaha facility agreements with banks for an amount of Rs. 625 million (June 2016: Rs. 625 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrears. These facilities will expire on August 26, 2017. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 11.1.2.

11.3 The Company has entered into Musharaka agreements amounting to Rs. 1,135 million (June 2016: Rs. 1,135 million) at a mark-up of upto 0.75% per annum above three month KIBOR. The mark-up on the facilities are payable on quarterly basis in arrears. These facilities will expire during the period commencing September 30, 2017 to November 30, 2017. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 11.1.2.

11.4 The Company also has entered into a Musharaka agreement amounting to Rs. 400 million (June 2016: Rs. 400 million) at a mark-up of 0.5% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrears. This facility will expire on June 30, 2017. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 11.1.1.

## 12. COMMITMENTS AND CONTINGENCIES

There is no material change in the status of contingencies and commitments as disclosed in the annual unconsolidated financial statements of the Company for the year ended June 30, 2016, except as follows:

12.1 In accordance with the Agreement of Land Use Right, the Company is required to legally transfer the Proposed Land of 301 Acres to CPHGC within a period of thirty days following the Financial Close of CPHGC. The shareholders of the Company in their Annual General Meeting held on October 18, 2016 approved the disposal of the land to CPHGC at its fair value to be determined by the valuer appointed by the Power Purchaser of Hub Plant. Further, the shareholders of the Company also approved that the sale proceeds of the Land sold to CPHGC will be passed on to the Power Purchaser of the Hub Plant.

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

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

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

The petition was filed subsequent to the service on the Company of a letter of March 14, 2000 by the Labour, Manpower and Overseas Pakistanis' Division, directing the Company to allocate 5% of its net profit (since its establishment) amounting to Rs. 3,136 million towards the Workers' Profit Participation Fund. The said notice demanded that the Company deposit the entire amount of the Fund in the Federal Treasury. The petition had been filed against the Federation of Pakistan through the Secretary, Ministry of Labour, Manpower and Overseas Pakistanis, Labour, Manpower and Overseas Pakistanis Division and, in view of the fact that any payment made by the Company to the Fund is a pass through item under the PPA and against the WAPDA as a pro forma party in the matter.

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

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

As at Dec 31, 2016, the total financial exposure relating to the above case is Rs. 23,865 million (Rs. 3,136 million being the 5% of the profit and Rs. 20,729 million interest component and penalty on delayed payment). No provision has been made in these unconsolidated financial statements as any payment made by the Company is a pass through item under the PPA.

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

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

### 13. RELATED PARTY TRANSACTIONS AND BALANCES

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

#### 13.1 Details of Transactions

	6 months ended Dec 2016 (Rs. '000s)	6 months ended Dec 2015 (Rs. '000s)
<b>Subsidiary - LEL</b>		
Reimbursable expenses incurred on behalf of subsidiary	26,390	39,403
Receipts against reimbursement of expenses from subsidiary	6,856	11,256
Dividend received	500,685	-
<b>Subsidiary - HPSL</b>		
Investment made in subsidiary	-	100
Reimbursable expenses incurred on behalf of subsidiary	99,224	70,994
Advances to HPSL against O&M fee	34,000	261,379
Advances repaid by HPSL	54,000	231,379
Disposal of assets	12,372	-
<b>Subsidiary - HPHL</b>		
Investment made in subsidiary	424,000	299,300
Reimbursable expenses incurred on behalf of subsidiary	93,650	99,572
Receipts against reimbursement of expenses from subsidiary	7,099	-
<b>Subsidiary - NEL</b>		
Investment made in subsidiary	-	100

	Note	6 months ended Dec 2016 (Rs. '000s)	6 months ended Dec 2015 (Rs. '000s)
Reimbursable expenses incurred on behalf of subsidiary		127	15
<b>Subsidiary - TEL</b>			
Investment made in subsidiary		250,000	-
Reimbursable expenses incurred on behalf of subsidiary		36,321	-
Receipts against reimbursement of expenses from subsidiary		22,538	-
<b>Associate - SECMC</b>			
Investment made in SECMC		31,929	-
<b>Associated Undertakings due to common directorship</b>			
Amounts paid for services rendered		573	2,118
Donation		500	1,500
Procurement of stores, spares and consumables		2,394	-
Repayment of long term loans		305,888	80,371
Interest / mark-up on long term loans		204,622	98,020
Mark-up on short term borrowings		72,678	47,830
Other finance costs		2,115	398
<b>Other related parties</b>			
Proceeds from disposal of assets	13.1.1	10	6,625
Remuneration to key management personnel			
Salaries, benefits and other allowances		101,057	88,256
Retirement benefits		5,112	4,492
	13.1.2 & 13.1.4	106,169	92,748
Directors' fee	13.1.3	10,100	11,000
Contribution to staff retirement benefit plans		49,792	9,637

13.1.1 This represents gain on disposal of assets having written down value of Rs. Nil (Dec 2015: Rs. Nil) to key management personnel.

13.1.2 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 and certain other benefits. Remuneration to key management personnel includes remuneration paid to employees who were transferred to subsidiaries during the current period.

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

13.1.4 These do not include cost allocated to subsidiary companies amounting to Rs. 79,571 million (Dec 2015: Rs. 3,576 million).

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

### 13.2 Details of Balances

	Dec 2016 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
<b>Subsidiaries</b>		
<b>Subsidiary - LEL</b>		
Investment in LEL	4,674,189	4,674,189
Receivable from LEL	171,518	158,913
<b>Subsidiary - HPSL</b>		
Investment in HPSL	100	100
Receivable from HPSL	87,422	86,670
Payable to HPSL for O&M Services rendered	54,102	63,437
<b>Subsidiary - HPHL</b>		
Investment in HPHL	1,000,000	576,000
Receivable from HPHL	158,848	72,298
<b>Subsidiary - NEL</b>		
Investment in NEL	100	100
Receivable from NEL	150	24
Payable to NEL	-	100

	Dec 2016 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
<b>Subsidiary - TEL</b>		
Investment in TEL	300,000	50,000
Receivable from TEL	18,247	4,464
Payable to TEL	-	50,000
<b>Associated Undertakings due to common directorship</b>		
Payable against purchase of consumables	-	617
Outstanding balance of long term loans	5,522,658	5,634,546
Outstanding balance of short term borrowings	1,467,313	1,353,153
Accrued markup on long term loans	61,636	67,828
Accrued markup on short term borrowings	27,994	25,451
<b>Other related parties</b>		
Payable to staff retirement benefit plans	44,733	75,439
	<b>Dec 2016 (Rs. '000s) (Unaudited)</b>	<b>Dec 2015 (Rs. '000s) (Unaudited)</b>
<b>14. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	1,597,211	353,796
Finances under mark-up arrangements	(23,637,031)	(14,700,208)
	<b>(22,039,820)</b>	<b>(14,346,412)</b>

#### 15. DIVIDEND

The Board of Directors declared an interim dividend for the half year ended December 31, 2016 of Rs. 1.50 per share, amounting to Rs. 1,735.732 million, at their meeting held on February 20, 2017. These condensed interim unconsolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

#### 16. SUBSEQUENT EVENT

Subsequent to the period end, the Company received cash dividend from the subsidiary, Laraib Energy Limited, amounting to Rs. 990.940 million. These condensed interim unconsolidated financial statements do not reflect this dividend which will be accounted for in the period in which it is approved.

#### 17. RECLASSIFICATION

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

#### 18. DATE OF AUTHORISATION

These condensed interim unconsolidated financial statements were authorised for issue on February 20, 2017 in accordance with the resolution of the Board of Directors.

#### 19. GENERAL

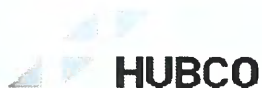
Figures have been rounded off to the nearest thousand rupees.



Khalid Mansoor  
Chief Executive



Iqbal Alimohamed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Note	3 months ended Dec 2016 (Rs. '000s)	3 months ended Dec 2015 (Rs. '000s)	6 months ended Dec 2016 (Rs. '000s)	6 months ended Dec 2015 (Rs. '000s)
Turnover		24,353,038	23,318,511	48,227,128	50,280,903
Operating costs	4	(20,247,288)	(19,000,697)	(40,060,524)	(41,509,774)
<b>GROSS PROFIT</b>		<u>4,105,750</u>	<u>4,317,814</u>	<u>8,166,604</u>	<u>8,771,129</u>
General and administration expenses		(289,755)	(347,342)	(640,310)	(670,630)
Other income		78,279	58,309	113,456	90,921
Other operating expenses	5	-	(2,455)	-	(368,411)
<b>PROFIT FROM OPERATIONS</b>		<u>3,894,274</u>	<u>4,026,326</u>	<u>7,639,750</u>	<u>7,823,009</u>
Finance costs	6	(1,054,369)	(1,079,807)	(2,061,709)	(2,144,789)
Share of loss from associates	8	(55,749)	(53,226)	(99,032)	(52,973)
(Loss) / gain on dilution of interest in an associate	8.1	-	(111)	1,191	(111)
<b>PROFIT BEFORE TAXATION</b>		<u>2,784,156</u>	<u>2,893,182</u>	<u>5,480,200</u>	<u>5,625,136</u>
Taxation		(65,744)	(26,818)	(109,807)	(52,766)
<b>PROFIT FOR THE PERIOD</b>		<u><u>2,718,412</u></u>	<u><u>2,866,364</u></u>	<u><u>5,370,393</u></u>	<u><u>5,572,370</u></u>
Attributable to:					
- Owners of the holding company		2,604,710	2,756,781	5,069,446	5,307,525
- Non-controlling interest		113,702	109,583	300,947	264,845
		<u><u>2,718,412</u></u>	<u><u>2,866,364</u></u>	<u><u>5,370,393</u></u>	<u><u>5,572,370</u></u>
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)		<u><u>2.25</u></u>	<u><u>2.38</u></u>	<u><u>4.38</u></u>	<u><u>4.59</u></u>

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	<b>3 months ended Dec 2016 (Rs. '000s)</b>	<b>3 months ended Dec 2015 (Rs. '000s)</b>	<b>6 months ended Dec 2016 (Rs. '000s)</b>	<b>6 months ended Dec 2015 (Rs. '000s)</b>
Profit for the period	2,718,412	2,866,364	5,370,393	5,572,370
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>				
Gain / (loss) on remeasurements of post employment benefits obligation	16,663	(7,237)	11,074	(14,812)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><u>2,735,075</u></u>	<u><u>2,859,127</u></u>	<u><u>5,381,467</u></u>	<u><u>5,557,558</u></u>
Attributable to:				
- Owners of the holding company	2,621,373	2,749,544	5,080,520	5,292,713
- Non-controlling interest	113,702	109,583	300,947	264,845
	<u><u>2,735,075</u></u>	<u><u>2,859,127</u></u>	<u><u>5,381,467</u></u>	<u><u>5,557,558</u></u>

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

Khalid Mansoor  
Chief Executive


Iqbal Alimohamed  
Director




**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2016**

	Note	Dec 2016 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
<b><u>ASSETS</u></b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
Property, plant and equipment	7	54,029,980	55,274,043
Intangibles		1,471,390	1,459,290
Investment in associates	8	1,192,528	989,405
Long term deposits and prepayments		29,982	36,025
<b>CURRENT ASSETS</b>			
Stores, spares and consumables		2,939,841	2,615,694
Stock-in-trade		4,813,944	2,563,327
Trade debts	9	88,534,995	79,542,544
Loans and advances		186,908	268,842
Deposits, prepayments and other receivables		6,118,165	4,526,434
Cash and bank balances		5,921,265	6,572,532
		108,515,118	96,089,373
<b>Non - current asset classified as held for sale</b>	12.1	3,665	-
<b>TOTAL ASSETS</b>		<b>165,242,663</b>	<b>153,848,136</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share Capital</b>			
Authorised		12,000,000	12,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
<b>Revenue Reserve</b>			
Unappropriated profit		19,499,988	19,634,379
Attributable to owners of the holding company		31,071,532	31,205,923
<b>NON-CONTROLLING INTEREST</b>		2,339,634	2,038,687
		33,411,166	33,244,610
<b>NON-CURRENT LIABILITIES</b>			
Long term loans		22,858,224	25,843,072
Liabilities against assets subject to finance lease		2,391,882	2,545,175
Deferred liability		9,067	8,048
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	75,652,355	68,903,628
Interest / mark-up accrued		911,292	938,174
Short term borrowings	11	23,637,031	16,540,219
Current maturity of long term loans		5,930,621	5,380,207
Current maturity of liabilities against assets subject to finance lease		432,403	438,154
Taxation-net		8,622	6,849
		106,572,324	92,207,231
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>165,242,663</b>	<b>153,848,136</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	12		

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

  
Khalid Mansoor  
Chief Executive

  
Iqbal Alimohamed  
Director



**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Note	6 months ended Dec 2016 (Rs. '000s)	6 months ended Dec 2015 (Rs. '000s)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		5,480,200	5,625,136
Adjustments for:			
Depreciation		1,913,327	1,910,900
Amortisation		11,800	10,149
Gain on disposal of fixed assets		(1,529)	(9,646)
Provision for slow moving stores and spares		23,887	9,650
Write-off of fixed assets		-	26,830
Share of loss from associates		99,032	52,973
(Gain) / loss on dilution of interest in an associate		(1,191)	111
Staff gratuity		27,888	62,318
Interest income		(71,428)	(70,496)
Interest / mark-up		1,920,964	1,977,391
Amortisation of transaction costs		67,003	73,283
Operating profit before working capital changes		<u>9,469,953</u>	<u>9,668,599</u>
Working capital changes		<u>(5,206,718)</u>	<u>508,804</u>
Cash generated from operations		4,263,235	10,177,403
Interest received		68,272	66,414
Interest / mark-up paid		(1,947,846)	(2,156,687)
Staff gratuity paid		(44,549)	(1,500)
Taxes paid		(99,258)	(52,273)
Net cash generated from operating activities		<u>2,239,854</u>	<u>8,033,357</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(698,108)	(627,363)
Proceeds from disposal of fixed assets		11,651	20,707
Investment in associates		(304,929)	-
Long term deposits and prepayments		6,043	(12,816)
Net cash used in investing activities		<u>(985,343)</u>	<u>(619,472)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to owners of the holding company		(6,162,181)	(6,354,105)
Dividends paid to non controlling interest		(167,334)	-
Repayment of long term loans		(2,507,847)	(2,519,280)
Repayment of liabilities against assets subject to finance lease		(161,477)	(156,642)
Share issue cost		(3,751)	-
Net cash used in financing activities		<u>(9,002,590)</u>	<u>(9,030,027)</u>
Net decrease in cash and cash equivalents		(7,748,079)	(1,616,142)
Cash and cash equivalents at the beginning of the period		(9,967,687)	(8,616,121)
Cash and cash equivalents at the end of the period	15	<u><u>(17,715,766)</u></u>	<u><u>(10,232,263)</u></u>

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director





**THE HUB POWER COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	<b>6 months ended Dec 2016 (Rs. '000s)</b>	<b>6 months ended Dec 2015 (Rs. '000s)</b>
<b>Attributable to owners of the holding company</b>		
<b>Issued capital</b>		
Balance of ordinary shares at the beginning of the period	11,571,544	11,571,544
Balance at the end of the period	<u>11,571,544</u>	<u>11,571,544</u>
<b>Unappropriated profit</b>		
Balance at the beginning of the period	19,634,379	23,358,073
Profit for the period	5,069,446	5,307,525
Other comprehensive income for the period	11,074	(14,812)
<b>Total comprehensive income for the period</b>	5,080,520	5,292,713
Share issue cost	(7,716)	-
<b>Transactions with owners in their capacity as owners</b>		
Final dividend for the fiscal year 2015-2016 @ Rs. 3.00 (2014-2015: @ Rs. 5.50) per share	(3,471,463)	(6,364,349)
Interim dividend for the fiscal year 2016-2017 @ Rs. 1.50 (2015-2016: @ Rs. Nil) per share	(1,735,732)	-
	(5,207,195)	(6,364,349)
Balance at the end of the period	<u>19,499,988</u>	<u>22,286,437</u>
Attributable to owners of the holding company	<u>31,071,532</u>	<u>33,857,981</u>
<b>Non-controlling interest</b>		
Balance at the beginning of the period	2,038,687	1,910,156
Total comprehensive income for the period	300,947	264,845
Balance at the end of the period	<u>2,339,634</u>	<u>2,175,001</u>
<b>Total equity</b>	<u>33,411,166</u>	<u>36,032,982</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

Khalid Mansoor  
Chief Executive

Iqbal Alimohamed  
Director



**THE HUB POWER COMPANY LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

**1. STATUS AND NATURE OF BUSINESS**

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

The Group consists of:

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

**Proposed Narowal Demerger**

Under the existing tax laws of Pakistan, if Narowal were demerged into a separate legal entity, it would have lost its tax-exempt status from taxation on the income from power generation. The holding company requested the Private Power and Infrastructure Board (PPIB) for the appropriate changes in the tax laws so that Narowal could be demerged into a separate legal entity. The holding company has received the Economic Coordination Committee's (ECC) approval for the changes in tax laws enabling the holding company to demerge Narowal into a separate legal entity having the same tax exempt status, after demerger, as it enjoys now. The holding company has incorporated a wholly owned subsidiary, NEL.

During the current period, the Board of Directors of the holding company approved the Scheme of Demerger (Scheme) of Narowal plant along with related assets, liabilities, retained earnings, commitment and contingencies (Narowal Undertaking). Pursuant to the Scheme, on the Effective Date, the holding company will transfer Narowal Undertaking as of that date, into a separate legal entity – Narowal Energy Limited (NEL), against the subscription of share capital at book value.

The holding company has also obtained necessary approvals from PPIB, lenders, creditors, and other relevant authorities and filed a petition with the Honorable Sindh High Court (SHC) for the approval of the Scheme. SHC issued an interim order whereby the holding company was directed to fulfill certain requirements laid down by the SHC which are currently in process. The proposed demerger is a common control transaction which will not result in any change in the ownership whereby the holding company will own 100% of NEL and consequently the economic benefits of Narowal Undertaking will be derived through the continuous use instead of sale.

**Thar Energy Limited (TEL)**

In accordance with the terms of Letter of Intent (LOI) issued by PPIB on August 02, 2016, TEL has submitted its application for Generation License (GL) and tariff determination before NEPRA. Tariff application was approved by NEPRA on October 18, 2016.

PPIB has issued Letter of Support (LOS) to TEL on December 09, 2016. As per the terms of the LOS, the holding company provided performance guarantee in favour of PPIB which require TEL to (i) achieve the Financial Closing of the Project no later than nine months from the date of LOS and (ii) enter into the Implementation Agreement, Power Purchase Agreement and Water Use Agreement not later than three months prior to the financial closing date. PPIB is entitled to encash the performance guarantees in case TEL is not able to meet the above conditions or TEL decides to exercise termination option as defined in the LOS. TEL has also signed the Engineering, Procurement and Construction (EPC) contract for 1x330 MW Coal Power Plant on December 29, 2016. Subsequent to the period end, the IA and PPA of TEL have been initiated on January 25, 2017.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation followed for the preparation of these condensed interim consolidated financial statements are same, as those applied in preparing the consolidated financial statements for the year ended June 30, 2016, except for the following:

**2.1 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

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

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

**3. BASIS OF PREPARATION**

These unaudited condensed interim consolidated financial statements for the half year ended December 31, 2016 have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of and directives issued under the Ordinance have been followed.

These condensed interim consolidated financial statements do not include all the information and disclosures as required in the annual consolidated financial statements and should be read in conjunction with the holding company's annual consolidated financial statements for the year ended June 30, 2016.

	3 months ended Dec 2016 (Rs. '000s)	3 months ended Dec 2015 (Rs. '000s)	6 months ended Dec 2016 (Rs. '000s)	6 months ended Dec 2015 (Rs. '000s)
<b>4. OPERATING COSTS</b>				
Fuel cost	17,350,196	16,430,440	34,375,376	36,485,734
Water use charges	44,736	22,002	131,544	43,515
Salaries, benefits and other allowances	311,068	242,342	568,964	376,840
Stores and spares	533,922	213,733	1,059,845	394,745
Operation and maintenance	81,715	158,096	164,633	634,133
Insurance	215,828	230,281	431,409	458,247
Depreciation	942,693	934,979	1,883,883	1,882,563
Amortisation	5,167	5,612	9,005	9,819
Repairs, maintenance and other costs	761,963	763,212	1,435,865	1,224,178
	<u>20,247,288</u>	<u>19,000,697</u>	<u>40,060,524</u>	<u>41,509,774</u>
<b>5. OTHER OPERATING EXPENSES</b>				
Write-off of fixed assets	-	1,627	-	26,830
Workers' Welfare Fund	-	828	-	2,463
Workers' profit participation fund	5.1	-	-	-
Termination compensation	-	-	-	339,118
	<u>-</u>	<u>2,455</u>	<u>-</u>	<u>368,411</u>
<b>5.1 Workers' profit participation fund</b>				
Provision for Workers' profit participation fund	114,796	124,015	209,996	226,148
Workers' profit participation fund recoverable from WAPDA / NTDC	(114,796)	(124,015)	(209,996)	(226,148)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The holding company is required to pay 5% of its profit to the Workers' profit participation fund (the "Fund"). The holding company is entitled to claim this expense from the Water and Power Development Authority (WAPDA) / National Transmission and Despatch Company Limited (NTDC) as a pass through item (refer note 12.2).

	3 months ended Dec 2016 (Rs. '000s)	3 months ended Dec 2015 (Rs. '000s)	6 months ended Dec 2016 (Rs. '000s)	6 months ended Dec 2015 (Rs. '000s)
<b>6. FINANCE COSTS</b>				
Interest / mark-up on long term loans	547,719	664,290	1,129,172	1,375,015
Interest on finance lease	41,829	43,047	83,778	85,323
Mark-up on short term borrowings	395,443	283,021	708,014	516,838
Amortisation of transaction costs	33,120	36,539	67,003	73,283
Other finance costs	36,258	52,910	73,742	94,330
	<u>1,054,369</u>	<u>1,079,807</u>	<u>2,061,709</u>	<u>2,144,789</u>
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			Dec 2016 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
Operating property, plant and equipment			53,736,498	55,134,158
Transferred to non-current asset classified as held for sale		12.1	(3,665)	-
			<u>53,732,833</u>	<u>55,134,158</u>
Capital work-in-progress				
Hub plant			209,463	124,271
Narowal plant			5,015	9,500
Thar project			82,669	6,114
			297,147	139,885
		7.1	<u>54,029,980</u>	<u>55,274,043</u>

7.1 Additions to property, plant and equipment during the current period were Rs. 683.011 million and disposals / write-off therefrom at net book value were Rs. 10.122 million.

	Note	Dec 2016 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
<b>8. INVESTMENT IN ASSOCIATES</b>			
<b>Associates- unquoted</b>			
Investment in Sindh Engro Coal Mining Company Limited	8.1	607,019	575,206
Investment in China Power Hub Generation Company (Private) Limited	8.2	585,509	414,199
		<u>1,192,528</u>	<u>989,405</u>
<b>8.1 Investment in Sindh Engro Coal Mining Company Limited</b>			
Opening balance		575,206	244,234
Investment made during the period / year		31,929	332,905
Share of loss from associate		(1,307)	(1,822)
Gain / (loss) on dilution of interest		1,191	(111)
Closing balance		<u>607,019</u>	<u>575,206</u>
<b>8.2 Investment in China Power Hub Generation Company (Private) Limited</b>			
Opening balance		414,199	-
Investment made during the period / year		273,000	520,000
Share of loss from associate		(97,725)	(167,788)
Share of transaction costs		(3,965)	-
Gain on dilution of interest		-	61,987
Closing balance		<u>585,509</u>	<u>414,199</u>

8.2.1 During the current period, HPHL has made additional investments of Rs. 273 million in CPHGC. In accordance with the terms of Amended and Restated Shareholders' Agreement (A&RSHA) dated March 9, 2016, HPHL has the right but not the obligation to increase its shareholding in China Power Hub Generation Company (Pvt) Limited (CPHGC) from 26% up to a minimum of 43% and a maximum of 49%. Subsequent to the period end, the Board of Directors of the holding company and HPHL have decided to increase HPHL's shareholding in CPHGC from 26% to 47.5%.

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

In accordance with the terms of the Letter of Support (LOS), dated April 12, 2016, issued by Private Power & Infrastructure Board (PPIB), China Power International Holding Limited (CPIHL) and HPHL provided performance guarantees in favor of PPIB which require CPHGC to (i) achieve Financial Closing no later than nine months from the date of LOS, and (ii) enter into the Implementation Agreement (IA) and Power Purchase Agreement (PPA) no later than three months prior to the financial closing date. PPIB is entitled to encash the performance guarantees in case CPHGC is not able to meet the above conditions or CPHGC decides to exercise termination option as defined in the LOS. During the current period, the above timelines have lapsed however, PPIB has not encashed the performance guarantee and has called for the meeting with CPHGC to discuss the extension in the Financial Closing date and the signing of the IA and PPA. Subsequent to the period end, the IA and PPA have been signed on January 25, 2017 and PPIB has granted extension to achieve the Financial Closing by June 07, 2017. The related performance guarantee was also extended accordingly until December 31, 2017.

	Note	Dec 2016 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
<b>9. TRADE DEBTS - Secured</b>			
Considered good	9.1	<u>88,534,995</u>	<u>79,542,544</u>
9.1			

9.1 These receivables include an overdue amount of Rs. 69,541 million (June 2016: Rs. 65,296 million) from WAPDA and Rs. 6,276 million (June 2016: Rs. 4,527 million) from NTDC. These are not impaired because the trade debts are secured by a guarantee from the Government of Pakistan (GOP) under the Implementation Agreements.

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



## 10. TRADE AND OTHER PAYABLES

These include a sum of Rs. 70,145 million (June 2016: Rs. 62,072 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 61,985 million (June 2016: Rs. 56,668 million).

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

## 11. SHORT TERM BORROWINGS - Secured

	Note	Dec 2016 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
Finances under mark-up arrangements	11.1 to 11.4	<u>23,637,031</u>	<u>16,540,219</u>

11.1 The facilities for running finances available from various banks / financial institutions amounted to Rs. 29,025 million (June 2016: Rs. 26,825 million) at mark-up ranging between 0.40% to 2.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrears. The facilities will expire during the period commencing March 31, 2017 to January 18, 2018. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

11.1.1 The facilities amounting to Rs. 24,600 million (June 2016: Rs. 22,400 million) are secured by way of charge over the trade debts and stocks of the holding company for the Hub plant pari passu with the existing charge.

11.1.2 The facilities amounting to Rs. 4,425 million (June 2016: Rs. 4,425 million) are secured by way of:

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

11.1.3 This includes a sum of Rs. 1,467 million (June 2016: Rs. 1,353 million) payable to associated undertakings. The available facilities amounted to Rs. 2,275 million (June 2016: Rs. 2,275 million). These facilities are secured by way of securities mentioned in note 11.1.1 and 11.1.2.

11.2 The holding company has Murabaha facility agreements with banks for an amount of Rs. 625 million (June 2016: Rs. 625 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrears. These facilities will expire on August 26, 2017. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 11.1.2.

11.3 The holding company has entered into a Musharaka agreements amounting to Rs. 1,135 million (June 2016: Rs. 1,135 million) at a mark-up of upto 0.75% per annum above three month KIBOR. The mark-up on the facilities are payable on quarterly basis in arrears. This facility will expire during the period commencing September 30, 2017 to November 30, 2017. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 11.1.2.

11.4 The holding company has also entered into a Musharaka agreement amounting to Rs. 400 million (June 2016: Rs. 400 million) at a mark-up of 0.5% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrears. This facility will expire on June 30, 2017. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 11.1.1.

## 12. COMMITMENTS AND CONTINGENCIES

There is no material change in the status of contingencies and commitments as disclosed in the annual consolidated financial statements of the holding company for the year ended June 30, 2016, except as follows:

12.1 In accordance with the Agreement of Land Use Right, the holding company is required to legally transfer the Proposed Land of 301 Acres to CPHGC within a period of thirty days following the Financial Close of CPHGC. The shareholders of the holding company in their Annual General Meeting held on October 18, 2016 approved the disposal of the land to CPHGC at its fair value to be determined by the valuer appointed by the Power Purchaser of Hub Plant. Further, the shareholders of the holding company also approved that the sale proceeds of the land sold to CPHGC will be passed on to the Power Purchaser of the Hub Plant.



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

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

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

The petition was filed subsequent to the service on the holding company of a letter of March 14, 2000 by the Labour, Manpower and Overseas Pakistanis' Division, directing the holding company to allocate 5% of its net profit (since its establishment) amounting to Rs. 3,136 million towards the Workers' Profit Participation Fund. The said notice demanded that the holding company deposit the entire amount of the Fund in the Federal Treasury. The petition had been filed against the Federation of Pakistan through the Secretary, Ministry of Labour, Manpower and Overseas Pakistanis, Labour, Manpower and Overseas Pakistanis Division and, in view of the fact that any payment made by the holding company to the Fund is a pass through item under the PPA and against the WAPDA as a pro forma party in the matter.

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

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

As at Dec 31, 2016, the total financial exposure relating to the above case is Rs. 23,865 million (Rs. 3,136 million being the 5% of the profit and Rs. 20,729 million interest component and penalty on delayed payment). No provision has been made in these condensed interim consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

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

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

**13. SEGMENT INFORMATION**
**13.1 SEGMENT ANALYSIS**

The management has determined the operating segments based on the information that is presented to the Board of Directors of the Group for allocation of resources and assessment of performance. The Group has the following two reportable segments; power generation business, which includes the Hub plant, Narowal plant and Laraib plant all these plants are operational and operations and maintenance business which includes Hub plant and Narowal plant.

The unallocated items of profit and loss and assets and liabilities include items which cannot be allocated to a specific segment on a reasonable basis.

	3 months ended Dec 2016							Total	
	Hub plant	Power Generation Narowal plant		Laraib plant	Hub plant	Operations and Maintenance Narowal plant			Unallocated
Turnover	19,115,155	4,094,961	1,105,468	416,719	89,376	-	(468,641)	24,353,038	
Operating costs	(16,585,276)	(3,405,230)	(388,663)	(274,829)	(52,028)	-	458,738	(20,247,288)	
<b>GROSS PROFIT</b>	<b>2,529,879</b>	<b>689,731</b>	<b>716,805</b>	<b>141,890</b>	<b>37,348</b>	<b>-</b>	<b>(9,903)</b>	<b>4,105,750</b>	
General and administration expenses	(98,379)	(31,313)	(33,375)	(90,695)	(19,442)	(16,551)	-	(289,755)	
Other income	18,876	(121)	25,716	2,590	871	30,347	-	78,279	
Other operating expenses	-	-	-	-	-	-	-	-	
<b>PROFIT FROM OPERATIONS</b>	<b>2,450,376</b>	<b>658,297</b>	<b>709,146</b>	<b>53,785</b>	<b>18,777</b>	<b>13,796</b>	<b>(9,903)</b>	<b>3,894,274</b>	
Finance costs	(429,226)	(346,552)	(241,569)	(25)	(13)	(36,984)	-	(1,054,369)	
Share of loss from associates	-	-	-	-	-	(55,749)	-	(55,749)	
Gain on dilution of interest in associates	-	-	-	-	-	-	-	-	
<b>PROFIT BEFORE TAXATION</b>	<b>2,021,150</b>	<b>311,745</b>	<b>467,577</b>	<b>53,760</b>	<b>18,764</b>	<b>(78,937)</b>	<b>(9,903)</b>	<b>2,784,156</b>	
Taxation	-	(149)	(13,674)	(41,972)	(8,547)	(1,402)	-	(65,744)	
<b>PROFIT FOR THE YEAR</b>	<b>2,021,150</b>	<b>311,596</b>	<b>453,903</b>	<b>11,788</b>	<b>10,217</b>	<b>(80,339)</b>	<b>(9,903)</b>	<b>2,718,412</b>	





	6 months ended Dec 2015							
	Hub plant	Power Generation Narawal plant	Laraiab plant	Hub plant	Operations and Maintenance Narawal plant	Unallocated	Eliminations	Total
Turnover	40,102,288	7,799,171	2,379,444	560,735	-	-	(560,735)	50,280,903
Operating costs	(35,182,116)	(5,706,903)	(765,243)	(396,441)	-	-	540,929	(41,509,774)
<b>GROSS PROFIT</b>	4,920,172	2,092,268	1,614,201	164,294	-	-	(19,806)	8,771,129
General and administration expenses	(458,977)	(73,453)	(93,143)	(38,238)	-	(6,819)	-	(670,630)
Other income	24,523	4,822	60,324	1,190	-	62	-	90,921
Other operating expenses	(339,118)	(26,830)	-	(2,367)	-	(96)	-	(368,411)
<b>PROFIT FROM OPERATIONS</b>	4,146,600	1,996,807	1,581,382	124,879	-	(6,855)	(19,806)	7,823,009
Finance costs	(536,803)	(924,392)	(524,116)	(215)	-	(159,263)	-	(2,144,789)
Share of profit of an associate	-	-	-	-	-	(52,973)	-	(52,973)
Loss on dilution of interest in associate	-	-	-	-	-	(111)	-	(111)
<b>PROFIT BEFORE TAXATION</b>	3,609,797	1,072,415	1,057,266	124,664	-	(219,200)	(19,806)	5,625,136
Taxation	-	(778)	-	(41,272)	-	(10,716)	-	(52,766)
<b>PROFIT FOR THE YEAR</b>	3,609,797	1,071,637	1,057,266	83,392	-	(229,916)	(19,806)	5,572,370

### 13.2 SEGMENT ASSETS & LIABILITIES

	As at Dec 31, 2016							
	Hub plant	Power Generation Narawal plant	Laraiab plant	Hub plant	Operations and Maintenance Narawal plant	Unallocated	Eliminations	Total
<b>Assets</b>	111,832,114	28,521,852	22,739,752	380,131	88,284	5,957,339	(4,276,809)	165,242,663
<b>Liabilities</b>	100,017,448	16,555,318	13,399,894	211,679	37,297	2,108,165	(498,304)	131,831,497

	As at Jun 30, 2016							
	Hub plant	Power Generation Narawal plant	Laraiab plant	Hub plant	Operations and Maintenance Narawal plant	Unallocated	Eliminations	Total
<b>Assets</b>	101,251,101	28,080,321	22,876,939	306,530	86,869	5,276,234	(4,029,858)	153,848,136
<b>Liabilities</b>	87,612,804	16,469,654	14,738,468	212,561	70,320	2,444,995	(945,276)	120,603,526

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

#### 14. RELATED PARTY TRANSACTIONS AND BALANCES

Related party comprise associated companies, companies where directors also hold directorship, retirement benefit funds and key management personnel. Significant transactions and balances with related parties, other than those which have been disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

##### 14.1 Details of Transactions

	Note	6 months ended Dec 2016 (Rs. '000s)	6 months ended Dec 2015 (Rs. '000s)
<b>Associate</b>			
Reimbursable expenses incurred on behalf of CPHGC by HPHL		90,890	126,606
Services rendered to CPHGC by HPSL		42,576	-
<b>Associated Undertakings due to common directorship</b>			
Amounts paid for services rendered		573	2,118
Procurement of stores, spares and consumables		2,394	-
Donation		500	1,500
Repayment of long term loans		305,888	80,371
Mark-up on short term borrowings		72,678	47,830
Interest / mark-up on long term loans		204,622	98,020
Other finance costs		2,115	398
<b>Other related parties</b>			
Proceeds from disposal of assets	14.1.1	139	6,625
Payments made on behalf of fund		-	25,189
Remuneration to key management personnel			
Salaries, benefits and other allowances		226,159	124,515
Retirement benefits		11,170	8,000
	14.1.2 & 14.1.5	237,329	132,515
Directors' fee	14.1.3	12,350	12,600
Contribution to staff retirement benefit plans		85,548	11,337

14.1.1 This includes gain of Rs. 0.01 million on disposal of assets having written down value of Rs. 0.129 million (Dec: 2015: Rs.Nil) to key management personnel.

14.1.2 Transactions with key management personnel are carried out under the terms of their employment. Key management personnel are also provided with the use of holding company maintained automobiles and certain other benefits.

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

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

14.1.5 These do not include cost allocated by HPHL to CPHGC amounting to Rs.19.907 million (Dec 2015: Nil).

##### 14.2 Details of Outstanding Balances

	Dec 2016 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
<b>Associate</b>		
Receivable from CPHGC	201,737	68,271

**Associated Undertakings due to common directorship**

	Dec 2016 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
Outstanding balance of long term loans	5,522,658	5,634,546
Outstanding balance of short term borrowings	1,467,313	1,353,153
Accrued markup on long term loans	61,636	67,828
Accrued markup on short term borrowings	27,994	25,451
Payable against purchase of consumables	-	617
<b>Other related parties</b>		
Payable to staff retirement funds - net	47,076	74,764
Directors' fee	700	-

**15. CASH AND CASH EQUIVALENTS**

	Dec 2016 (Rs. '000s)	Dec 2015 (Rs. '000s)
Cash and bank balances	5,921,265	4,467,945
Finances under mark-up arrangements	(23,637,031)	(14,700,208)
	<u>(17,715,766)</u>	<u>(10,232,263)</u>

**16. DIVIDEND**

The Board of Directors of the holding company declared an interim dividend for the half year ended December 31, 2016 of Rs. 1.50 per share, amounting to Rs. 1,735.732 million, at their meeting held on February 20, 2017. These condensed interim consolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

**17. SUBSEQUENT EVENT**

Subsequent to the period end, the subsidiary, Laraib Energy Limited, has paid dividend amounting to Rs. 331.180 million to the minority shareholders. These condensed interim consolidated financial statements do not reflect this dividend which will be accounted for in the period in which it is approved.

**18. RECLASSIFICATION**

Certain prior year's figures have been reclassified to reflect more appropriate presentation of the events and transactions for the purpose of comparison. However, there are no material reclassifications to report.

**19. DATE OF AUTHORISATION**

These condensed interim consolidated financial statements were authorised for issue on February 20, 2017 in accordance with the resolution of the Board of Directors of the holding company.

**20. GENERAL**

Figures have been rounded off to the nearest thousand rupees.



Khalid Mansoor  
Chief Executive



Iqbal Alimohamed  
Director