



The Hub Power Company Limited

Unaudited Financial Statements
for the Quarter-ended
March 31, 2017

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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	
Shoaib Mir	GOB Nominee
Ruhail Mohammed	
Muhammad Waseem Mukhtar	
Owais Shahid	
Inam Ur Rahman	

Audit Committee

Iqbal Alimohamed	Chairman
Andalib Alavi	
Shahid Ghaffar	
Qaiser Javed	
Shoaib Mir	
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
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

Inter-Creditor Agents

Habib Bank Limited
Allied Bank Limited
NIB Bank Limited

Legal Advisors

RIAA Barker Gillette

Auditors

EY Ford Rhodes, Chartered Accountants

Registrar

FAMCO Associates (Pvt) Limited

Hub Plant

Mouza Kund,
Post Office Gaddani,
District Lasbela, Balochistan

Narowal Plant

Mouza Poong,
5 KM from Luban Pulli Point on Mureedkay-Narowal
Road, District Narowal, Punjab

**Laraib Energy Limited
(Subsidiary)**

12-B/1, Multi Mansion Plaza,
G-8, Markaz, Islamabad

Report of the Directors on the Consolidated and Un-Consolidated Financial Statements for nine months ended March 31, 2017

The Board of Directors of the Company are pleased to present the consolidated and unconsolidated unaudited financial statements for nine months ended March 31, 2017.

The Company

As Pakistan's first independent power producer, The Hub Power Company Ltd. has a combined power generation capacity of over 1600 MW. The Company's Hub Plant, situated at Mouza Kund, Hub in Balochistan supplies 1292MW of reliable and uninterrupted electricity to the National grid. Its Narowal Plant is an RFO-fired engine based, combined cycle power station, located at Mouza Poong, Narowal in Punjab. Additionally the Company holds 75% controlling interest in Laraib Energy Limited which owns and operates a run-off-the-river hydel power plant near the New Bong Escape, 8 km downstream of Mangla Dam in Azad Jammu and Kashmir.

In order to launch new initiatives, the Company has formed wholly-owned subsidiaries. Investing in the imported-coal based 1,320MW power project and other future growth initiative, the Company has incorporated Hub Power Holdings Limited (HPHL). To undertake the aforementioned imported coal-based power project, Company has set up China Power Hub Generation Company (Pvt.) Ltd. (CPHGC) with its joint venture partner China Power International Holdings (CPIH).

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

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

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

The Company is listed on the Pakistan Stock Exchange. The GDRs of the Company have been delisted from Luxembourg Stock Exchange as there was no justification in keeping them listed as no trading was taking place in the last few years.

Financial Highlights

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

	Quarter ended March 31, 2017	Quarter ended March 31, 2016	Nine months ended March 31, 2017	Nine months ended March 31, 2016
	Rs. In Million			
Turnover	25,912	19,471	74,140	69,752
Operating costs	21,648	14,996	61,709	56,505
Net Profit*	2,559	3,035	7,628	8,343
Earnings per share (Rs.)*	2.21	2.62	6.59	7.21

*Attributable to the Owners of the holding company

Consolidated earnings per share for the period under review was Rs. 6.59 compared to Rs. 7.21 last year. Unconsolidated net profit earned by the Company during the period under review was Rs. 7,635 million, resulting in earnings per share of Rs. 6.60 compared to a net profit of Rs. 8,280 million and earnings per share of Rs. 7.16 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 six 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 Energy Limited due to final tariff approved by NEPRA.

Operational Highlights

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

	Unit	Quarter ended March 31, 2017	Quarter ended March 31, 2016	Nine Months ended March 31, 2017	Nine Months ended March 31, 2016
Hub Plant					
Generation	GWh	1,585	1,936	5,144	5,624
Load Factor	%	60.6	73.7	65.2	71.0
Narowal Plant					
Generation	GWh	358	299	995	869
Load Factor	%	77	64	71	61
Laraib Energy					
Generation	GWh	80	124	328	414
Load Factor	%	44	68	59	75

Hub Plant

During the quarter under review, plant operated at an average load factor of 60.6% against the plan of 77%. Available capacity was 80.5% against the plan of 82.7%. Electricity sold to WAPDA was 1,585 GWh as compared to planned dispatch of 2,008 GWh. During the quarter, generation was lower than plan due to curtailment by WAPDA.

During this quarter, 62.45 GWh of forced outage allowance was consumed. Up to the end of this quarter a cumulative of 46.7% of forced outage allowance has been consumed. Unit 3 Scheduled Outage started on January 26, 2017 for rotor replacement; the unit returned to service on March 23, 2017

Narowal Plant

During the quarter, Net Electric Output (NEO) was 358 GWh (2015-16 Q3 was 299 GWh) vs plan 306 GWh. The load factor for Narowal Plant for Q 3 was 77% (2015-16 was 64%) vs plan of 66%.

A total of 8 out of 11 engines have now completed the major 36,000 hours maintenance.

Laraib Energy Limited

During the 9 months under review, the average availability of Laraib Plant was 98.07% against plan of 93%, reflecting operational reliability of the Complex. Comparatively lower generation, for the 9 months as compared to last Agreement Year (AY), was mainly due to low hydrology received from Mangla Power Plant. The Annual Maintenance for year 2016-17 was completed 6 days ahead of schedule, exhibiting the pursuit towards continuous improvement and outage excellence. Complex completed its 4th Agreement Year (AY) on March 22, 2017 generating 466.8 GWh of green energy against 470 GWh Annual Target under the Power Purchase Agreement.

Company is continuing its focus in the domain of Health Safety Environment (HSE) as well, with DuPont level III Procedures completed and trainings in progress as per plan. Initiatives on Operational Excellence related to process improvements and cost optimization are being implemented in line with the Corporate Strategy; such initiatives on 'Optimization of Monthly Maintenance', 'Reduction in Annual Maintenance hours' and 'Reduction in Unit Commissioning Hours' have been completed successfully.

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

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

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

330 MW Coal Project in Thar- Thar Energy Limited (TEL)

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 EPC Contractor, which is expected to start construction in April -June 2017 in order to meet the COD target date desired by Government of Pakistan. The IA, PPA and CSA for the Project have been initialed, while the Water Use Agreement is under execution.

The company has offered 30% shareholding to Fauji Fertilizer Company (FFC) and 10% to China Machinery Engineering Corporation (CMEC) in TEL. The company is in the process of finalizing shareholder agreement. The Company has engaged China Development Bank (CDB) as the lead arranger for the foreign financing from China.

Investment in Sindh Engro Coal Mining Company (SECMC)

Post the financial close in April 2016, the Project construction is progressing satisfactorily. The Company has 8% stake in the Project. The project is scheduled for production commencement in June 2019.

Narowal Demerger

The Scheme of Arrangement for the demerger of the Narowal Plant into NEL has been approved by the Honorable High Court of Sindh at Karachi on 29th March, 2017. The Demerger has become effective from April 1st 2017 following the filing of this High Court Order with SECP.

Health, Safety and Environment (HSE)

A cumulative Total Recordable Injury Rate (TRIR) of 0.045 was achieved at all three Plants and the Head Office at the end of Quarter 3 versus the yearly target of 0.252. No recordable injuries were observed at Hub, Narowal and Laraib Plants during this quarter.

DuPont Process Safety Management (PSM) Level II Trainings and Level III Procedures' Development Plan is under progress at all three Plant Sites.

PSM Trainings were held for Site Team Leads by DuPont Safety International Resource on 'Process Hazard Analysis,' 'Process Safety Information' and 'Mechanical Integrity.'

Corporate Social Responsibility (CSR)

As a leading corporate-citizen, Hubco is actively pursuing its CSR strategy with projects in Health, Education, Physical Infrastructure and Livelihood for the local communities, especially in Hub and Lasbella district.

The Company signed MoU with The Citizen Foundation for adoption of three Government Schools in Hub, Baluchistan. Hubco has expanded the TCF primary School near its premises and classes have commenced in April 2017. The school accommodates 180 children.

Another TCF primary school is under construction at Pirkas Road, Hub fully sponsored by HUBCO. This school will enroll another 180 children and would start functioning in August 2017.

The Narowal Energy Limited has also adopted two Government Schools in Poong and Borawali villages in Narowal, Punjab. The NEL has also initiated a drive to plant a hundred thousand trees near its complex. The construction of overhead water tank for supply of clean drinking water and sewerage treatment plant being built by the Company in the nearby village is expected to complete by September 2017.

In addition to educational initiatives taken by the Company, several interventions were held in the health sector including arrangement of eye and skin camps in nearby villages of Hub and Lasbella district. An MoU between the Company and People Primary Health Initiatives (PPIH) is also being drafted for the adoption of Basic Health Unit (BHU) Dispensary in Allana Goth. The company has also started an Environment Prevention Immunization (EPI) immunization program for Gaddani area.

Delisting from Luxembourg Stock Exchange

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

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

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 – April 27, 2017

ڈائریکٹرز کی رپورٹ

کمپنی کا بورڈ آف ڈائریکٹرز 31 مارچ 2017 کو ختم ہونے والے نو ماہ کے لئے انضمامی اور غیر انضمامی مالیاتی حسابات کی رپورٹ پیش کرنے میں مسرت محسوس کرتا ہے۔

کمپنی کا تعارف

ملک کی پبلک انڈیا پیپلز پاور پروڈیوسرز (IPP) کمپنی کے طور پر جب پاور کمپنی لمیٹڈ (Hubco)، 1600 میگا واٹ سے زائد کی مجموعی پیداواری استعداد کی حامل ہے۔ بلوچستان کے موضع کند، حب میں واقع ہمارا حب پلانٹ قومی گرڈ کو 1292 میگا واٹ قابل بھروسہ اور بلا تعطل بجلی فراہم کرتا ہے۔ پنجاب کے ضلع نارووال کے موضع پونگ میں واقع ہمارا نارووال پلانٹ RFO سے چلنے والا انجن بیسڈ، کمبائنڈ سائیکل پاور اسٹیشن ہے۔ اس کے علاوہ کمپنی لاریب انرجی لمیٹڈ کے 75% حصص کی مالک ہے جو آزاد جموں و کشمیر میں منگلہ ڈیم سے 8 کلومیٹر نشیب میں نیو پونگ اسکیمپ کے قریب ہائیڈرو پاور پلانٹ چلاتی ہے۔

کمپنی نے نئے منصوبوں کے آغاز کے پیش نظر کل ملکیتی ذیلی کمپنیاں قائم کی ہیں۔ درآمدی کونسل سے چلنے والے 1,320 میگا واٹ کے پاور پروجیکٹ میں سرمایہ کاری اور مستقبل میں مزید توسیعی منصوبوں کے لئے حب پاور ہولڈنگز لمیٹڈ (HPL) قائم کی گئی ہے۔ کمپنی نے جوائنٹ ونچر پارٹنر چائنا پاور انٹرنیشنل ہولڈنگز (CPIH) کے ساتھ مل کر چائنا پاور حب جنریشن کمپنی (پرائیویٹ) لمیٹڈ (CPHGC) قائم کی ہے تاکہ مذکورہ بالا درآمدی کونسل سے چلنے والا پاور پلانٹ قائم کیا جاسکے۔

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

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

کمپنی سندھ اینگری کول مائننگ کمپنی لمیٹڈ (SECMC) میں 20 ملین امریکی ڈالر کی سرمایہ کاری کر رہی ہے جو اینگری کارپوریشن، تھیل لمیٹڈ، HBL، CMEC، اور حکومت سندھ کا ایک مشترکہ منصوبہ ہے تاکہ تھریوں، جہاں دنیا کے ساتویں بڑے کونسل کے ذخائر موجود ہیں، ایک کونسل کی تیار کی جاسکے۔

کمپنی پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی نے اپنی عالمی ڈپازٹری وصولیات (GDRs) کو گلوبل اسٹاک ایکسچینج سے خارج فہرست کر لیا ہے کیونکہ گزشتہ چند سالوں سے کسی قسم کی تجارت نہ ہونے کی وجہ سے ان کی لسٹنگ بلا جواز ہے۔

مالیاتی کارکردگی

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

31 مارچ 2017 کو ختم ہونے والی سہ ماہی	31 مارچ 2016 کو ختم ہونے والی سہ ماہی	31 مارچ 2017 کو ختم ہونے والی سہ ماہی	31 مارچ 2016 کو ختم ہونے والی سہ ماہی
25,912	19,471	74,140	69,752
21,648	14,996	61,709	56,505
2,559	3,035	7,628	8,343
2.21	2.62	6.59	7.21

* ہولڈنگ کمپنی کے ماکان سے تعلق شدہ

زیر جائزہ سہ ماہی کے لئے فی حصص مجموعی آمدنی گزشتہ سال کی اسی مدت کی آمدنی 7.21 روپے کے مقابلے میں 6.59 روپے رہی۔ زیر جائزہ مدت میں کمپنی کا غیر انضمامی خالص منافع 7,635 ملین روپے رہا۔ نتیجتاً فی حصص آمدنی 6.60 روپے رہی جبکہ گزشتہ سال خالص منافع 8,280 ملین روپے اور فی حصص آمدنی 7.16 روپے تھی۔ منافع میں کمی کی بنیادی وجہ حکمو پلانٹ کے ایک یونٹ کی میجر اور ہالنگ پر ہونے والے مرمتی اور دیکھ بھال کے اخراجات اور نارووال پلانٹ کے ایک انجن کی 36,000 گھنٹوں (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، زیادہ پیداواری منافع اور نیچر اکی جانب سے منظور ہونے والے حتمی ٹریف کی وجہ سے لاریب انرجی لمیٹڈ کو ہونے والی زیادہ آمدنی کی وجہ سے ممکن ہو سکی۔

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

	یونٹ	31 مارچ 2017 کو ختم ہونے والی سہ ماہی	31 مارچ 2016 کو ختم ہونے والی سہ ماہی	31 مارچ 2017 کو ختم ہونے والے نو ماہ	31 مارچ 2016 کو ختم ہونے والے نو ماہ
حب پلانٹ					
پیداوار	GWh	1,585	1,936	5,144	5,624
لوڈ فیکٹر	فیصد	60.6	73.7	65.2	71.0
نارووال پلانٹ					
پیداوار	GWh	358	299	995	869
لوڈ فیکٹر	فیصد	77	64	71	61
لاریب انرجی					
پیداوار	GWh	80	124	328	414
لوڈ فیکٹر	فیصد	44	68	59	75

حب پلانٹ

زیر جائزہ مدت میں پلانٹ مجوزہ 77 فیصد کے برعکس 60.6 فیصد اوسط لوڈ فیکٹر کے ساتھ کار گزار رہا۔ دستیاب گنجائش مجوزہ 82.7 فیصد کے برخلاف 80.5 فیصد تھی۔ واپڈاکو بجلی کی فروخت مجوزہ 2,008 گیگا واٹ کے مقابلے میں 1,585 گیگا واٹ رہی۔ اس سہ ماہی میں پیداوار واپڈاکو کی جانب سے تخفیف کی وجہ سے مجوزہ مقدار سے کم رہی۔

اس سہ ماہی کے دوران 62.45 گیگا واٹ کا جبری آؤٹجی الاؤنس استعمال کیا گیا۔ اس سہ ماہی کے اختتام تک جبری آؤٹجی الاؤنس کا 46.7 فیصد حصہ استعمال کیا جا چکا ہے۔ روڈ کی تنصیب کے لئے یونٹ 3 کی طے شدہ بندش کا آغاز 26 جنوری 2017 کو ہوا، جبکہ 23 مارچ 2017 کو یونٹ نے دوبارہ کام کا آغاز کر دیا۔

نارووال پلانٹ

اس سہ ماہی میں بجلی کی خالص پیداوار (NEO) مجوزہ 306 گیگا واٹ کے مقابلے میں 358 گیگا واٹ رہی (16-2015 تیسری سہ ماہی میں 299 گیگا واٹ)۔ اس سہ ماہی میں نارووال پلانٹ کا لوڈ فیکٹر 66 فیصد کے برعکس 77 فیصد (16-2015 میں 64 فیصد) رہا۔ کل 11 میں سے 8 انجنز کی 36,000 رننگ آورز کی میجر مرمت و بحالی مکمل کی گئی۔

لاریب انرجی لمیٹڈ

9 ماہ کے دوران، لاریب پلانٹ کی اوسط دستیابی مجوزہ 93 فیصد کے مقابلے میں 98.07 فیصد رہی جو کمپلیکس کے عملیاتی اعتبار کی عکاسی کرتی ہے۔ 9 ماہ کے دوران ایگریمنٹ سال (AY) کے مقابلے میں نسبتاً کم پیداوار کی بنیادی وجہ منگلہ پاور پلانٹ سے پانی کی کم وصولی تھی۔ سال 2016-17 کی سالانہ دیکھ بھال و مرمت شیڈول سے 6 روز پہلے ہی مکمل کر لی گئی جس سے مسلسل بہتری اور آؤٹجی اپیلیٹنس کے حصول کے عزم کا اظہار ہوتا ہے۔ کمپلیکس نے 22 مارچ 2016 کو اپنا چوتھا ایگریمنٹ سال (AY) مکمل کیا اور پاور پراجیز ایگریمنٹ کے تحت گرین انرجی کی 470 گیگا واٹ پیداوار کے سالانہ ہدف کے مقابلے میں 466.8 گیگا واٹ پیداوار کا ہدف حاصل کیا۔

کمپنی نے DuPoint درجہ III طریقہ کار کی تکمیل کے ساتھ صحت، تحفظ اور ماحول (HSE) کے شعبہ پر بھی اپنی توجہ مسلسل مرکوز رکھی ہے اور اس کی تربیت منصوبے کے مطابق جاری ہے۔

استعداد کار میں بہتری اور لاگت میں کمی اور کارکردگی میں اضافے سے متعلقہ عملیاتی امتیاز کے حصول کے اقدامات کا نفاذ کاروباری حکمت عملی کے مطابق کیا جا رہا ہے، ”ماہانہ مرمت و دیکھ بھال میں کمی اور کارکردگی میں اضافہ“، ”سالانہ مرمت و دیکھ بھال کے وقت میں کمی“ اور ”یونٹ کمیشننگ کے وقت میں کمی“ جیسے اقدامات کامیابی سے مکمل کر لئے گئے ہیں۔

حب چائنا پاور حب جنریشن کمپنی (CPHGC) 1,320 میگا واٹ کا کونکے سے چلنے والا پروجیکٹ

اس منصوبے پر مجوزہ رفتار سے کام جاری ہے اور اگست 2016 میں COD حاصل کرنے کی راہ پر گامزن ہے۔ کمپنی اور اس کی شریک کار چائنا پاور انٹرنیشنل ہولڈنگز لمیٹڈ (CPIH) نے پروجیکٹ 1.56 فیصد ایکویٹی کا حصہ پلانٹ کے کمرشل آپریشن کے آغاز کی تاریخ سے حکومت بلوچستان کو بلا معاوضہ فراہم کرنے کے لئے ایک مفابہتی یادداشت پر بھی دستخط کئے ہیں۔ کمپنی نے CPHGC میں اپنی حصص یا فنگی کو 47.5 فیصد تک بڑھانے کے لئے حصص یافتگان کی رضامندی کے بعد اپنے کال آپشن (Call Option) اختیار کرنے کا نوٹس بھی جاری کر دیا ہے۔ کال آپشن پر عمل کی کارروائی منصوبے کے فنانشل کلوز کے بعد مکمل ہونے کی توقع ہے۔

CPHGC نے چائیر پینکس سے کریڈٹ کمیٹی اپروول حاصل کر لیا ہے اور 7 جون 2017 میں LOS کی اختتامی میعاد سے قبل فنانشل کلوز حاصل کرنے کے لئے کام کر رہی ہے۔

تھر میں 330 میگا واٹ کا کونکے سے چلنے والا پروجیکٹ - تھرانز جی لمیٹڈ (TEL)

تھرانز جی لمیٹڈ، تھر بلاک 2 میں 330 میگا واٹ مائن ماؤتھ کونکے سے چلنے والا پاور پلانٹ قائم کر رہی ہے۔ چائنا مشینری اینڈ انجینئرنگ کارپوریشن (CMEC) کے ساتھ منصوبے کے EPC معاہدے پر دستخط کر دیئے گئے ہیں اور حکومت پاکستان کی مطلوبہ COD تاریخ کے ہدف کو حاصل کرنے کے لئے اپریل۔ جون 2017 میں CSA کا آغاز ہو گیا ہے جبکہ پانی کے استعمال کا معاہدہ زیر تکمیل ہے۔ کمپنی نے TEL میں فوجی فریٹلائزر کو 39 فیصد اور CMEC کو 10 فیصد حصص یا فنگی کی پیشکش کی ہے۔ کمپنی نے چین سے غیر ملکی فنانشنگ کے لئے چائنا ڈویلپمنٹ بینک (CDB) کو بطور مرکزی انتظام کار شامل کیا ہے۔

کمپنی نے فوجی فریٹلائزر کمپنی (FCC) کو TEL میں 30 فیصد اور چائنا مشینری اینڈ انجینئرنگ کارپوریشن (CMEC) کو 10 فیصد حصص کی پیشکش کی ہے۔ کمپنی نے چین سے غیر ملکی فنانشنگ کے حصول کے لئے چائنا ڈویلپمنٹ بینک (CDB) کو مرکزی انتظام کار کے طور پر شامل کیا ہے۔

سندھ اینگروول 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۔ اس پروجیکٹ کی 2019 میں پیداوار کے آغاز کی منصوبہ بندی کی گئی ہے۔

نارووال کا عدم انضمام

نارووال پلانٹ کے نارووال انرجی لمیٹڈ (NEL) میں عدم انضمام کی اسکیم آف انجمنٹس سندھ ہائیڈرو پاور سے 29 مارچ 2017 کو منظور ہو گئی ہے۔ عدم انضمام یکم اپریل 2017 میں ہائی کورٹ کے آرڈر کی SECP میں فناننگ کے بعد نافذ العمل ہو گیا ہے۔

صحت، تحفظ اور ماحول

تیسری سہ ماہی کے اختتام پر تینوں پلانٹس اور ہیڈ آفس پر سالانہ ہدف 0.252 کے مقابلے میں 0.045 مجموعی قابل ذکر حادثات کی شرح (TRIR) حاصل کی گئی۔ اس سہ ماہی میں حب، نارووال اور لاریب پلانٹس پر کوئی قابل ذکر حادثہ پیش نہیں آیا۔

تینوں پلانٹس پر Du Pont پراس سیفٹی مینجمنٹ (PSM) ایلول-II کی تربیت اور ایلول-III کے طریقہ کار کے قیام کا عمل جاری ہے۔ Du Pont سیفٹی انٹرنیشنل ریسورس کی جانب سے سائٹ ٹیم لیڈز کے لئے ”عمل آوری کے دوران خطرات کا تجزیہ“، ”عمل کاری کی حفاظتی معلومات“ اور ”میکانکی سلیپت“ کے موضوعات پر تربیت کا اہتمام کیا گیا۔

کارپوریٹ سماجی ذمہ داری

ایک نمایاں کاروباری شہری کے طور پر جبکہ بالخصوص ضلع حب اور سیلہ میں صحت، تعلیم، فزیکل انفراسٹرکچر اور ذرائع معاش کے شعبوں میں جاری منصوبوں کے ذریعے اپنی کارپوریٹ سماجی ذمہ داری کی حکمت عملی پر سرگرمی سے عمل پیرا ہے۔

کمپنی نے بلوچستان میں تین سرکاری اسکولوں کا خرچہ اٹھانے کے لئے سٹیزن فاؤنڈیشن کے ساتھ ایک مفابہتی یادداشت پر دستخط کئے ہیں۔ جبکہ انہوں نے اپنے نواح میں TCF پرائمری اسکول کو توسیع دی ہے۔ جس میں اپریل 2017 سے کلاسوں کا آغاز ہو گیا ہے۔ اسکول میں 180 بچے زیر تعلیم ہیں۔

پیرکاس روڈ پرائیک اور TCF پرائمری اسکول زیر تعمیر ہے جسے جیکو کا مکمل تعاون حاصل ہے۔ اس اسکول میں مزید 180 بچوں کو داخلہ دیا جائے گا اور اگست 2017 میں یہاں تعلیمی سرگرمیوں کا آغاز ہو جائے گا۔

نارووال انرجی لمیٹڈ نے بھی پنجاب کے دیہاتوں پونگ اور بورے والی میں دوسری اسکولوں کو اڈاپٹ کیا ہے۔ NEL نے اپنے پلانٹ کے نزدیک ایک لاکھ درخت لگانے کی مہم کا آغاز کیا ہے۔ تعلیمی اقدامات کے ساتھ ساتھ صحت کے شعبے میں بھی متعدد اقدامات کئے گئے جن میں حب اور لسبیلہ ضلع کے قریبی دیہاتوں میں جلد اور آنکھوں کے کیسپس کا انعقاد شامل تھا، کمپنی اور PPIH کے مابین الانہ گوٹھ میں ایک BHU ڈپنٹری کی اڈاپشن کے لئے مفاہمتی یادداشت بھی تیار کی گئی ہے۔ کمپنی نے گڈانی کے علاقے میں EPI میونائزیشن پروگرام کا بھی آغاز کیا ہے۔

لیگزمبرگ اسٹاک ایکسچینج کی فہرست سے اخراج
ابتدا میں کمپنی کے 35 فیصد حصص GDRs کے ذریعہ لیگزمبرگ اسٹاک ایکسچینج کی فہرست میں شامل تھے۔ چند سال میں یہ تعداد کم ہوتی گئی کیونکہ گزشتہ کئی سالوں سے کوئی تجارت نہیں ہو رہی تھی۔

موجودہ طور پر کمپنی کے محض 0.9 فیصد حصص GDRs میں موجود تھے جس سے لسٹنگ کے لئے ضروری لاگت اور قانونی ضروریات کا جواز باقی نہیں رہا۔ چنانچہ کمپنی لیگزمبرگ اسٹاک ایکسچینج کی فہرست سے خارج ہو گئی، اگر کوئی GDRs بچا ہوں تو انہیں نگران بینک آف نیویارک میلن کے ذریعے حصص میں تبدیل کیا جاسکتا ہے۔
کمپنی اپنے حصص یافتگان، آپریٹرز، ملازمین اور کنٹریکٹرز کی تہہ دل سے شکر گزار ہے کہ انہوں نے کمپنی پر اعتماد کیا اور اپنی انتھک کوششوں سے کمپنی کو ترقی اور خوشحالی کی راہ پر گامزن کیا۔

بحکم بورڈ

خالد منصور

چیف ایگزیکٹو

کراچی: 27 اپریل 2017



THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2017

	Note	3 months ended Mar 2017 (Rs. '000s)	3 months ended Mar 2016 (Rs. '000s) Re-presented	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s) Re-presented
CONTINUING OPERATIONS					
Turnover		19,978,023	15,450,143	57,829,907	55,552,431
Operating costs	4	(17,683,576)	(12,555,902)	(50,778,150)	(47,738,018)
GROSS PROFIT		<u>2,294,447</u>	<u>2,894,241</u>	<u>7,051,757</u>	<u>7,814,413</u>
General and administration expenses		(153,629)	(92,679)	(474,102)	(551,656)
Other income	5	1,175,335	910,192	1,200,822	934,715
Other operating expenses	6	(58,547)	(45,201)	(58,547)	(384,319)
PROFIT FROM OPERATIONS		<u>3,257,606</u>	<u>3,666,553</u>	<u>7,719,930</u>	<u>7,813,153</u>
Finance costs	7	(460,880)	(341,886)	(1,354,969)	(1,037,952)
PROFIT BEFORE TAXATION		<u>2,796,726</u>	<u>3,324,667</u>	<u>6,364,961</u>	<u>6,775,201</u>
Taxation		(74,320)	(67,801)	(74,320)	(67,801)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		<u>2,722,406</u>	<u>3,256,866</u>	<u>6,290,641</u>	<u>6,707,400</u>
PROFIT FOR THE PERIOD FROM DISCONTINUING OPERATIONS	1.2	<u>712,604</u>	<u>501,140</u>	<u>1,343,980</u>	<u>1,572,777</u>
PROFIT FOR THE PERIOD FROM CONTINUING AND DISCONTINUING OPERATIONS		<u>3,435,010</u>	<u>3,758,006</u>	<u>7,634,621</u>	<u>8,280,177</u>
Basic and diluted earnings per share (Rupees)					
- Continuing operations		2.35	2.81	5.44	5.80
- Discontinuing operations		0.62	0.43	1.16	1.36
		<u>2.97</u>	<u>3.24</u>	<u>6.60</u>	<u>7.16</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 THIRD QUARTER ENDED MARCH 31, 2017

	3 months ended Mar 2017 (Rs. '000s)	3 months ended Mar 2016 (Rs. '000s)	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s)
Profit for the period from continuing and discontinuing operations	3,435,010	3,758,006	7,634,621	8,280,177
Other comprehensive income for the period				
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>				
(Loss) / gain on remeasurements of post employment benefit obligation	(3,329)	432	2,144	(10,136)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>3,431,681</u></u>	<u><u>3,758,438</u></u>	<u><u>7,636,765</u></u>	<u><u>8,270,041</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 MARCH 31, 2017

	Note	Mar 2017 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	8	17,673,543	36,586,896
Intangibles		48,678	44,236
Long term investments	9	6,582,311	5,876,381
Long term deposits and prepayments		33,912	20,808
CURRENT ASSETS			
Stores, spares and consumables		1,731,338	2,459,522
Stock-in-trade		4,874,465	2,563,327
Trade debts	10	73,453,378	77,746,623
Loan and advances		129,901	247,175
Prepayments, deposits and other receivables		6,308,187	5,180,572
Cash and bank balances		302,133	3,280,071
		86,799,402	91,477,290
Assets of disposal group classified as held for disposal	1.3 & 13.2	29,548,370	-
TOTAL ASSETS		140,686,216	134,005,611
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised		12,000,000	12,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		8,255,197	16,007,117
Unappropriated profit related to disposal group	1.3	8,445,758	-
		28,272,499	27,578,661
NON-CURRENT LIABILITIES			
Long term loans		4,699,264	17,301,209
CURRENT LIABILITIES			
Trade and other payables	11	68,544,252	68,291,054
Interest / mark-up accrued		306,443	514,698
Short term borrowings	12	19,368,652	16,540,219
Current maturity of long term loans		2,317,943	3,779,770
		90,537,290	89,125,741
Liabilities of disposal group classified as held for disposal	1.3	17,177,163	-
TOTAL EQUITY AND LIABILITIES		140,686,216	134,005,611
COMMITMENTS AND CONTINGENCIES			
	13		

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 THIRD QUARTER ENDED MARCH 31, 2017

	Note	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		7,709,369	8,348,890
Adjustments for:			
Depreciation		2,169,518	2,120,531
Amortisation		19,940	14,989
Dividend income from subsidiaries		(1,170,940)	(904,015)
Gain on disposal of fixed assets		(2,597)	(10,917)
Provision for slow moving stores and spares		23,125	19,129
Provision for Workers' profit participation fund		58,547	45,201
Write-off of fixed assets		-	26,830
Staff gratuity		21,156	20,778
Interest income		(13,431)	(13,509)
Interest / mark-up		2,286,634	2,246,478
Amortisation of transaction costs		52,265	60,440
Operating profit before working capital changes		<u>11,153,586</u>	<u>11,974,825</u>
Working capital changes		(8,423,902)	(871,236)
Cash generated from operations		<u>2,729,684</u>	<u>11,103,589</u>
Interest received		13,014	13,250
Interest / mark-up paid		(2,242,782)	(2,413,311)
Workers' profit participation fund paid		(45,201)	(74,755)
Staff gratuity paid		(60,000)	(1,500)
Taxes paid		(74,748)	(68,713)
Net cash generated from operating activities		<u>319,967</u>	<u>8,558,560</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from subsidiaries		1,671,626	904,015
Fixed capital expenditure		(754,249)	(633,225)
Proceeds from disposal of fixed assets		25,032	21,935
Long term investments		(705,930)	(672,405)
Long term deposits and prepayments		(13,214)	(841)
Net cash used in investing activities		<u>223,265</u>	<u>(380,521)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(7,291,349)	(6,359,581)
Repayment of long term loans		(2,616,225)	(3,047,828)
Net cash used in financing activities		<u>(9,907,574)</u>	<u>(9,407,409)</u>
Net decrease in cash and cash equivalents		(9,364,342)	(1,229,370)
Cash and cash equivalents at the beginning of the period		<u>(13,260,148)</u>	<u>(10,479,278)</u>
Cash and cash equivalents at the end of the period	15	<u>(22,624,490)</u>	<u>(11,708,648)</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 THIRD QUARTER ENDED MARCH 31, 2017

	Note	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s)
Issued capital			
Balance at the beginning of the period		11,571,544	11,571,544
Balance at the end of the period		11,571,544	11,571,544
Unappropriated profit			
Balance at the beginning of the period		16,007,117	20,063,357
Profit for the period from continuing and discontinuing operations		7,634,621	8,280,177
Other comprehensive income for the period		2,144	(10,136)
Total comprehensive income for the period		7,636,765	8,270,041
Transactions with owners in their capacity as owners			
Final dividend for the fiscal year 2015-2016 @ Rs. 3.00 (2014-2015: @ Rs. 5.50) per share		(3,471,463)	(6,364,349)
First interim dividend for the fiscal year 2016-2017 @ Rs. 1.50 (2015-2016: @ Rs. 4.50) per share		(1,735,732)	(5,207,195)
Second interim dividend for the fiscal year 2016-2017 @ Rs. 1.50 (2015-2016: @ Rs. nil) per share		(1,735,732)	-
		(6,942,927)	(11,571,544)
Balance at the end of the period	1.3	16,700,955	16,761,854
Total equity		28,272,499	28,333,398

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 THIRD QUARTER ENDED MARCH 31, 2017

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). 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)

Narowal Demerger

The Board of Directors approved the Scheme of Demerger of Narowal plant (Scheme) along with related assets, liabilities, retained earnings, commitments 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.

After obtaining necessary approvals from PPIB, lenders, creditors, and other relevant authorities, the Company filed a petition with the Honorable Sindh High Court (SHC) for the approval of the Scheme. On March 29, 2017 the petition was approved by SHC. The certified copy of the court order, sanctioning the Scheme, was filed with the Registrar of Companies on March 31, 2017 making the scheme effective from April 1, 2017. The demerger of Narowal Undertaking 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 economic benefits of Narowal Undertaking will be derived through the continuous use instead of sale. Consequently, the relevant assets and liabilities of the Company relating to Narowal Plant have been classified as disposal group in accordance with IFRS 5 - 'Non current assets held for sale and discontinued operations'.

1.1 Basis of allocation

All the assets and liabilities of the Narowal Undertaking will be transferred as per the Scheme.

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

	3 months ended Mar 2017 (Rs. '000s)	3 months ended Mar 2016 (Rs. '000s)	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s)
Turnover	4,777,548	3,114,659	12,577,887	10,913,830
Operating costs	(3,694,000)	(2,156,287)	(10,115,225)	(7,863,190)
GROSS PROFIT	1,083,548	958,372	2,462,662	3,050,640
General and administration expenses	(30,821)	(46,467)	(92,577)	(120,413)
Other income	410	418	817	5,733
Other operating expenses	-	-	-	(26,830)
PROFIT FROM OPERATIONS	1,053,137	912,323	2,370,902	2,909,130
Finance costs	(340,404)	(411,049)	(1,026,494)	(1,335,441)
PROFIT BEFORE TAXATION	712,733	501,274	1,344,408	1,573,689
Taxation	(129)	(134)	(428)	(912)
PROFIT FOR THE PERIOD FROM DISCONTINUING OPERATIONS	712,604	501,140	1,343,980	1,572,777
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss in subsequent periods				
Loss on remeasurements of post employment benefit obligation	-	(87)	-	(870)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM DISCONTINUING OPERATIONS	712,604	501,053	1,343,980	1,571,907



1.3 Assets, liabilities and retained earnings of disposal group classified as held for disposal (Narowal Undertaking) are as follows:

	Mar 2017 (Rs. '000s) (Unaudited)
<u>ASSETS</u>	
Property, plant and equipment	17,433,784
Intangibles	13,818
Stores, spares and consumables	1,127,582
Stock-in-trade	548,629
Trade debts	9,630,549
Loan and advances	40,038
Prepayments, deposits and other receivables	437,335
Cash and bank balances	312,970
	<u>29,544,705</u>
<u>LIABILITIES</u>	
Long term loans	11,499,813
Trade and other payables	1,554,302
Interest / mark-up accrued	252,107
Short term borrowings	3,870,941
	<u>17,177,163</u>
<u>RETAINED EARNINGS</u>	
Unappropriated profit	<u>8,445,758</u>

- 1.4 The aggregate consideration in respect of the above disposal will be in the form of issuance of 392,178,400 ordinary shares of Rs. 10 each, amounting to Rs. 3,922 million in accordance with terms and conditions of the Scheme.
- 1.5 Out of the total commitments and contingencies disclosed in the annual financial statements of June 30, 2016, the following commitments and contingencies will be transferred to Narowal Energy Limited. However, there proceedings with the relevant authorities will be followed by the Company:
- 1.5.1 Commitments in respect of capital and revenue expenditures amount to Rs. 223.448 million.
- 1.5.2 Pursuant to Fuel Supply Agreement (FSA) with Bakri Trading Company Pakistan (Pvt) Limited for the Narowal plant, the Company has provided Stand-by Letter of Credit (SBLC) for an amount of Rs. 1,600 million. Any default in payment by the Company is subject to a mark-up rate of three month KIBOR plus 4% per annum.
- 1.5.3 Due to continuous delay in payments by NTDC in connection with the Narowal plant, the Company had called on the Sovereign Guarantee for recovery of overdue receivables. Subsequently, the Company also filed a petition in the Honourable Supreme Court of Pakistan (SCP) seeking an immediate recovery of these overdue receivables and to protect itself against reduction in capacity purchase price in the form of Liquidated Damages (LDs) due to non-availability of power plant for electricity generation because of lack of fuel caused by delay in payments by NTDC. On February 15, 2013, the SCP passed an interim order that there shall be no reduction in capacity payment. On June 28, 2013, the Company and other IPPs agreed with GOP that on settlement of all overdue amounts, the Company and other Independent Power Producers (IPPs) would withdraw the SCP case and pursue expert adjudication and arbitration in accordance with the PPA with regards to the LDs imposed by power purchaser. Expert's decision is non-binding on both the Company as well as NTDC and any party may decide to pursue arbitration pursuant to the PPA. During the year, the decision of the expert was received which was generally in favour of IPPs. However, due to NTDC/GOP's unwillingness to implement the expert's decision, the IPPs commenced arbitration proceedings in the London Court of International Arbitration (LCIA) which has appointed an arbitrator and proceedings are in progress. If the matter is decided in favour of the Company, an amount of Rs. 967 million (out of which LDs amounting to Rs. 567 million pertaining to the period prior to January 2013 charged to Profit & Loss account as a matter of prudence) will become refundable from power purchaser.

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

Description	Tax year / fiscal year	Maximum exposure (including penalty) (Rs.in million)
Minimum tax	2006 to 2008, 2010 and 2011	12
Workers' welfare fund (WWF)	2013	35
Sales tax	2008 to 2011	382
Sales tax	2012	1,038
Sales tax	2013	352
Sales tax	2014	878
		2,697

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

	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s)
1.6 Net cash flows of discontinuing operations (Narowal Undertaking) are as follows:		
Net cash (used in) / generated from operating activities	(276,139)	2,568,189
Net cash used in investing activities	(103,143)	(225,411)
Net cash used in financing activities	(1,800,019)	(1,439,235)
	(2,179,301)	903,543

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 unaudited condensed interim unconsolidated financial statements of the Company for the third quarter ended March 31, 2017 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 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 associate have been accounted for at cost less accumulated impairment losses, if any.

	Note	3 months ended Mar 2017 (Rs. '000s)	3 months ended Mar 2016 (Rs. '000s) Re-presented	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s) Re-presented
4. OPERATING COSTS					
Fuel cost		19,127,929	12,815,571	53,488,796	49,293,754
Stores and spares		313,159	286,743	1,372,461	681,123
Operation and maintenance	4.1	489,535	417,059	1,417,873	1,444,611
Insurance		186,772	204,708	559,742	614,102
Depreciation		716,198	701,891	2,129,518	2,082,261
Amortisation		6,867	3,654	15,872	13,473
Repairs, maintenance and other costs		537,116	282,563	1,909,113	1,471,884
		<u>21,377,576</u>	<u>14,712,189</u>	<u>60,893,375</u>	<u>55,601,208</u>
Less: Operating costs classified as discontinued operations		(3,694,000)	(2,156,287)	(10,115,225)	(7,863,190)
		<u>17,683,576</u>	<u>12,555,902</u>	<u>50,778,150</u>	<u>47,738,018</u>

4.1 This includes a sum of Rs. 1,417.873 million (Mar 2016: Rs. 897.176 million) representing services rendered by the subsidiary company, HPSL.

	Note	3 months ended Mar 2017 (Rs. '000s)	3 months ended Mar 2016 (Rs. '000s) Re-presented	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s) Re-presented
5. OTHER INCOME					
Interest income		3,684	2,782	13,431	13,509
Gain on disposal of fixed assets		1,121	3,078	2,597	10,917
Dividend income from LEL		990,940	904,015	990,940	904,015
Dividend income from HPSL		180,000	-	180,000	-
Exchange gain		-	735	14,671	12,007
		<u>1,175,745</u>	<u>910,610</u>	<u>1,201,639</u>	<u>940,448</u>
Less: Other income classified as discontinued operations		(410)	(418)	(817)	(5,733)
		<u>1,175,335</u>	<u>910,192</u>	<u>1,200,822</u>	<u>934,715</u>

6. OTHER OPERATING EXPENSES

Write-off of fixed assets		-	-	-	26,830
Workers' profit participation fund	6.1	58,547	45,201	58,547	45,201
Termination compensation		-	-	-	339,118
		<u>58,547</u>	<u>45,201</u>	<u>58,547</u>	<u>411,149</u>
Less: Other operating expenses classified as discontinued operations		-	-	-	(26,830)
		<u>58,547</u>	<u>45,201</u>	<u>58,547</u>	<u>384,319</u>

6.1 Workers' profit participation fund

Provision for Workers' profit participation fund		178,500	193,557	388,396	419,705
Workers' profit participation fund recoverable from WAPDA / NTDC		(119,953)	(148,356)	(329,849)	(374,504)
		<u>58,547</u>	<u>45,201</u>	<u>58,547</u>	<u>45,201</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 majority of this expense from the Water and Power Development Authority (WAPDA) / National Transmission and Despatch Company Limited (NTDC) as a pass through item (refer note 13.3).



7. FINANCE COSTS

	3 months ended Mar 2017 (Rs. '000s)	3 months ended Mar 2016 (Rs. '000s) Re-presented	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s) Re-presented
Interest / mark-up on long term loans	365,467	445,634	1,171,960	1,464,557
Mark-up on short term borrowings	406,660	265,083	1,114,674	781,921
Amortisation of transaction costs	16,516	19,583	52,265	60,440
Other finance costs	12,641	22,635	42,564	66,475
	801,284	752,935	2,381,463	2,373,393
Less: Finance costs classified as discontinued operations	(340,404)	(411,049)	(1,026,494)	(1,335,441)
	460,880	341,886	1,354,969	1,037,952

8. PROPERTY, PLANT AND EQUIPMENT

	Note	Mar 2017 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
Operating property, plant and equipment		34,868,420	36,453,125
Less: Transferred to non-current assets classified as held for sale	13.2	(3,665)	-
		34,864,755	36,453,125
Capital work-in-progress			
Hub plant		210,599	124,271
Narowal plant		31,973	9,500
		242,572	133,771
	8	35,107,327	36,586,896
Less: Property, plant and equipment of disposal group classified as held for disposal		(17,433,784)	-
		17,673,543	36,586,896

8.1 Additions to property, plant and equipment during the period were Rs. 716.049 million and disposals / write-off therefrom at net book value were Rs. 22.435 million.

9. LONG TERM INVESTMENTS

	Note	Mar 2017 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
Investment in subsidiaries	9.1 & 9.2	5,974,390	5,300,389
Investment in Sindh Engro Coal Mining Company Limited (SECMC)		607,921	575,992
		6,582,311	5,876,381

9.1 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%. During the period, 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 (Pvt) 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. During the period, 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.



9.2 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 (IA), Power Purchase Agreement (PPA) and Water Use Agreement (WUA) 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 signed the Engineering, Procurement and Construction (EPC) contract on December 29, 2016 and then subsequently entered into a Early Works Contract (EWC) on March 9, 2017 for the construction of the power plant. On January 25, 2017, the IA, PPA and WUA have been initialled.

During the period, on March 15, 2017, the Company has announced that it will divest 40% of its shares in TEL in future and will bring in Fauji Fertilizer Company Limited (FFCL) with 30% shareholding as strategic shareholder and China Machinery Engineering Corporation (CMEC), the EPC contractor, with 10% shareholding.

In relation with issuance of LOS to TEL, the Company has entered into a facility agreement with Habib Bank Limited on November 09, 2016 for issuance of guarantee in favour of the PPIB amounting to USD 1.650 million. The facility is valid for a period of two years from the Effective Date (Defined in Facility Agreement) or up to 3 months post financial close of the TEL project. The facility is secured against 3rd ranking charge over all present and future plant and machinery of the Hub Plant with 25% margin.

	Note	Mar 2017 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
10. TRADE DEBTS - Secured			
Considered good	10.1	83,083,927	77,746,623
Less: Trade debts classified as held for disposal		(9,630,549)	-
		<u>73,453,378</u>	<u>77,746,623</u>

10.1 These receivables include an overdue amount of Rs. 64,829 million (June 2016: Rs. 65,296 million) from WAPDA and Rs. 5,824 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 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 and the delay in payments from NTDC carries mark-up at a rate of 3 month KIBOR plus 4.5% per annum compounded semi-annually.

11. TRADE AND OTHER PAYABLES

This includes Rs. 64,022 million (June 2016: Rs. 62,072 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 56,970 million (June 2016: Rs. 56,668 million).

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

	Note	Mar 2017 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
12. SHORT TERM BORROWINGS - Secured			
Finances under mark-up arrangements	12.1 to 12.4	23,239,593	16,540,219
Less: Finances under mark-up arrangements classified as held for disposal	12.1.2, 12.2 & 12.3	(3,870,941)	-
		<u>19,368,652</u>	<u>16,540,219</u>

- 12.1 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 May 31, 2017 to January 19, 2018. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate.
- 12.1.1 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.
- 12.1.2 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.
- 12.1.3 This includes a sum of Rs. 1,271 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 12.1.1 and 12.1.2.
- 12.2 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 12.1.2.
- 12.3 The Company has entered into Musharaka agreements amounting to Rs. 1,135 million (June 2016: Rs. 1,135 million) at mark-up of upto 0.75% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrears. These facilities will expire during the period commencing September 30, 2017 to December 31, 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 12.1.2.
- 12.4 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 12.1.1.

13. 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:

- 13.1 Commitments in respect of capital and revenue expenditures amount to Rs. 1,025.030 million (June 2016: Rs. 1,168.672 million). This includes commitments of Rs. 118.842 million (June 2016: Rs. 429.716 million) to associated undertakings.
- 13.2 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.

- 13.3 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 Mar 31, 2017, the total financial exposure relating to the above case is Rs. 24,236 million (Rs. 3,136 million being the 5% of the profit and Rs. 21,100 million interest component and penalty on delayed payment). No provision has been made in these condensed interim 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.

- 13.4 The Company has received letters from the Power Purchasers stating that the Company did not maintain the requisite fuel stocks at both Hub and Narowal plants as required under the PPAs and has therefore incurred lower interest on working capital and therefore Power Purchasers are earmarking an estimated amount of Rs. 1,801 million for Hub Plant and Rs. 857 million for Narowal Plant out of the Late Payment Interest invoices owed by the Power Purchasers. The Company has contested these claims.

14. RELATED PARTY TRANSACTIONS AND BALANCES

Related party comprises subsidiaries, associated companies, companies where directors also hold directorship, retirement benefits 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:

14.1 Details of Transactions

Note	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s)
Subsidiary - LEL		
Reimbursable expenses incurred on behalf of subsidiary	32,163	48,270
Receipts against reimbursement of expenses from subsidiary	158,480	22,237
Dividend received	1,491,625	904,015
Subsidiary - HPSL		
Investment made in subsidiary	-	100
Reimbursable expenses incurred on behalf of subsidiary	123,072	70,496
Receipts against reimbursement of expenses from subsidiary	-	500
Advances to HPSL against O&M fee	34,000	261,379
Advances repaid by HPSL	54,000	231,379
Dividend received	180,000	-
Disposal of assets	12,638	-
Subsidiary - HPHL		
Investment made in subsidiary	424,000	339,300
Reimbursable expenses incurred on behalf of subsidiary	120,870	199,872
Receipts against reimbursement of expenses from subsidiary	7,099	-
Subsidiary - NEL		
Investment made in subsidiary	-	100
Reimbursable expenses incurred on behalf of subsidiary	268	15
Advance to subsidiary	21,508	-
Subsidiary - TEL		
Investment made in subsidiary	250,000	-
Reimbursable expenses incurred on behalf of subsidiary	53,668	-
Receipts against reimbursement of expenses from subsidiary	40,784	-
Associate - SECMC		
Investment made in SECMC	31,929	332,906
Associated Undertakings due to common directorship		
Amounts paid for services rendered	614	2,314
Donation	500	1,500
Procurement of stores, spares and consumables	2,856	1,965
Repayment of long term loans	289,449	166,466
Interest / mark-up on long term loans	301,537	168,418
Mark-up on short term borrowings	93,153	78,754
Other finance costs	2,516	1,519

	Note	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s)
Other related parties			
Proceeds from disposal of assets	14.1.1	35	6,625
Remuneration to key management personnel			
Salaries, benefits and other allowances		146,063	139,301
Retirement benefits		8,157	6,758
	14.1.2 & 14.1.4	154,220	146,059
Directors' fee	14.1.3	13,700	17,450
Contribution to staff retirement benefit plans		73,691	14,346

14.1.1 This represents proceeds from disposal of assets having written down value of Rs. 0.04 million (Mar 2016: 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 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.

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

14.1.4 This does not include cost allocated to subsidiary companies amounting to Rs. 96.280 million (Mar 2016: Rs. 21.551 million).

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

14.2 Details of Outstanding Balances

	Mar 2017 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
Subsidiaries		
Subsidiary - LEL		
Investment	4,674,189	4,674,189
Receivable	26,374	158,913
Subsidiary - HPSL		
Investment	100	100
Receivable	29,569	86,670
Payable for O&M Services rendered	98,574	63,437
Subsidiary - HPHL		
Investment	1,000,000	576,000
Receivable	186,068	72,298
Subsidiary - NEL		
Investment	100	100
Receivable	21,800	24
Payable	-	100
Subsidiary - TEL		
Investment	300,000	50,000
Receivable	17,347	4,464
Payable	-	50,000
Associated Undertakings due to common directorship		
Payable against purchase of consumables	-	617
Outstanding balance of long term loans	5,422,503	5,634,546
Outstanding balance of short term borrowings	1,271,332	1,353,153
Accrued markup on long term loans	69,703	67,828

	Mar 2017 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
Accrued markup on short term borrowings	<u>21,660</u>	<u>25,451</u>
Other related parties		
Payable to staff retirement benefit plans	<u>34,451</u>	<u>75,439</u>
	Mar 2017 (Rs. '000s)	Mar 2016 (Rs. '000s)
15. CASH AND CASH EQUIVALENTS		
Cash and bank balances	615,103	310,852
Finances under mark-up arrangements	<u>(23,239,593)</u>	<u>(12,019,500)</u>
	<u>(22,624,490)</u>	<u>(11,708,648)</u>

16. DIVIDEND

The Board of Directors declared an interim dividend for the nine months ended March 31, 2017 of Rs. 2.00 per share, amounting to Rs. 2,314.309 million, at their meeting held on April 27, 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.

17. RECLASSIFICATION

Certain prior periods 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 April 27, 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 THIRD QUARTER ENDED MARCH 31, 2017

	Note	3 months ended Mar 2017 (Rs. '000s)	3 months ended Mar 2016 (Rs. '000s)	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s)
Turnover		25,912,483	19,470,854	74,139,611	69,751,757
Operating costs	4	(21,648,025)	(14,995,713)	(61,708,549)	(56,505,487)
GROSS PROFIT		<u>4,264,458</u>	<u>4,475,141</u>	<u>12,431,062</u>	<u>13,246,270</u>
General and administration expenses		(340,147)	(204,155)	(980,457)	(875,278)
Other income		29,087	39,761	142,543	131,175
Other operating expenses	5	(58,547)	(46,796)	(58,547)	(415,207)
PROFIT FROM OPERATIONS		<u>3,894,851</u>	<u>4,263,951</u>	<u>11,534,601</u>	<u>12,086,960</u>
Finance costs	6	(1,021,291)	(1,002,787)	(3,083,000)	(3,147,576)
Share of loss from associates	8	(52,731)	(57,543)	(151,763)	(110,516)
Gain / (loss) on dilution of interest in an associate	8.1	-	-	1,191	(111)
PROFIT BEFORE TAXATION		<u>2,820,829</u>	<u>3,203,621</u>	<u>8,301,029</u>	<u>8,828,757</u>
Taxation		(126,931)	(100,489)	(236,738)	(153,255)
PROFIT FOR THE PERIOD		<u><u>2,693,898</u></u>	<u><u>3,103,132</u></u>	<u><u>8,064,291</u></u>	<u><u>8,675,502</u></u>
Attributable to:					
- Owners of the holding company		2,559,025	3,035,399	7,628,471	8,342,924
- Non-controlling interest		134,873	67,733	435,820	332,578
		<u><u>2,693,898</u></u>	<u><u>3,103,132</u></u>	<u><u>8,064,291</u></u>	<u><u>8,675,502</u></u>
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)		<u>2.21</u>	<u>2.62</u>	<u>6.59</u>	<u>7.21</u>

The annexed notes from 1 to 19 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 THIRD QUARTER ENDED MARCH 31, 2017

	3 months ended Mar 2017 (Rs. '000s)	3 months ended Mar 2016 (Rs. '000s)	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s)
Profit for the period	2,693,898	3,103,132	8,064,291	8,675,502
Other comprehensive income for the period				
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>				
(Loss) / gain on remeasurements of post employment benefits obligation	(1,300)	1,495	9,774	(13,317)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>2,692,598</u>	<u>3,104,627</u>	<u>8,074,065</u>	<u>8,662,185</u>
Attributable to:				
- Owners of the holding company	2,557,725	3,036,894	7,638,245	8,329,607
- Non-controlling interest	134,873	67,733	435,820	332,578
	<u>2,692,598</u>	<u>3,104,627</u>	<u>8,074,065</u>	<u>8,662,185</u>

The annexed notes from 1 to 19 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 MARCH 31, 2017

	Note	Mar 2017 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	7	53,244,701	55,274,043
Intangibles		1,480,031	1,459,290
Investment in associates	8	1,139,797	989,405
Long term deposits and prepayments		64,106	36,025
CURRENT ASSETS			
Stores, spares and consumables		3,028,208	2,615,694
Stock-in-trade		5,423,094	2,563,327
Trade debts	9	84,643,108	79,542,544
Loans and advances		199,777	268,842
Deposits, prepayments and other receivables		6,719,080	4,526,434
Cash and bank balances		2,122,425	6,572,532
		102,135,692	96,089,373
Non - current asset classified as held for sale	12.2	3,665	-
TOTAL ASSETS		158,067,992	153,848,136
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised		12,000,000	12,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		20,321,981	19,634,379
Attributable to owners of the holding company		31,893,525	31,205,923
NON-CONTROLLING INTEREST		2,143,316	2,038,687
		34,036,841	33,244,610
NON-CURRENT LIABILITIES			
Long term loans		21,261,035	25,843,072
Liabilities against assets subject to finance lease		2,233,170	2,545,175
Deferred liability		-	8,048
CURRENT LIABILITIES			
Trade and other payables	10	70,436,451	68,903,628
Interest / mark-up accrued		742,916	938,174
Short term borrowings	11	23,239,593	16,540,219
Current maturity of long term loans		5,794,432	5,380,207
Current maturity of liabilities against assets subject to finance lease		312,297	438,154
Taxation-net		11,257	6,849
		100,536,946	92,207,231
TOTAL EQUITY AND LIABILITIES		158,067,992	153,848,136
COMMITMENTS AND CONTINGENCIES	12		

The annexed notes from 1 to 19 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 THIRD QUARTER ENDED MARCH 31, 2017

	Note	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		8,301,029	8,828,757
Adjustments for:			
Depreciation		2,879,998	2,861,389
Amortisation		20,180	15,098
Gain on disposal of fixed assets		(2,917)	(14,148)
Provision for slow moving stores and spares		23,125	-
Provision for Workers' profit participation fund		58,547	45,201
Write-off of fixed assets		-	26,830
Share of loss from associates		151,763	110,516
(Gain) / loss on dilution of interest in an associate		(1,191)	111
Staff gratuity		39,949	40,149
Interest income		(98,540)	(105,382)
Interest / mark-up		2,880,789	2,903,552
Amortisation of transaction costs		96,994	108,113
Operating profit before working capital changes		<u>14,349,726</u>	<u>14,820,186</u>
Working capital changes		(8,453,194)	339,540
Cash generated from operations		<u>5,896,532</u>	<u>15,159,726</u>
Interest received		91,516	102,717
Interest / mark-up paid		(3,076,047)	(3,338,830)
Workers' profit participation fund paid		(45,201)	(74,755)
Staff gratuity paid		(70,922)	(1,500)
Taxes paid		(223,730)	(165,355)
Net cash generated from operating activities		<u>2,572,148</u>	<u>11,682,003</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(899,528)	(725,985)
Proceeds from disposal of fixed assets		16,631	30,481
Investment in associates		(304,929)	(626,905)
Long term deposits and prepayments		(28,081)	(9,642)
Net cash used in investing activities		<u>(1,215,907)</u>	<u>(1,332,051)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to owners of the holding company		(7,291,350)	(6,359,581)
Dividends paid to non controlling interest		(498,525)	(302,130)
Repayment of long term loans		(4,271,641)	(4,291,076)
Repayment of liabilities against assets subject to finance lease		(440,455)	(322,532)
Share issue cost		(3,751)	-
Net cash used in financing activities		<u>(12,505,722)</u>	<u>(11,275,319)</u>
Net decrease in cash and cash equivalents		(11,149,481)	(925,367)
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>(21,117,168)</u>	<u>(9,541,488)</u>

The annexed notes from 1 to 19 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 THIRD QUARTER ENDED MARCH 31, 2017

	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s)
Attributable to owners of the holding company		
Issued capital		
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>
Unappropriated profit		
Balance at the beginning of the period	19,634,379	23,358,073
Profit for the period	7,628,471	8,342,924
Other comprehensive income for the period	9,774	(13,317)
Total comprehensive income for the period	7,638,245	8,329,607
Share issue cost	(7,716)	-
Transactions with owners in their capacity as owners		
Final dividend for the fiscal year 2015-2016 @ Rs. 3.00 (2014-2015: @ Rs. 5.50) per share	(3,471,463)	(6,364,349)
First interim dividend for the fiscal year 2016-2017 @ Rs. 1.50 (2015-2016: @ Rs. 4.50) per share	(1,735,732)	(5,207,195)
Second interim dividend for the fiscal year 2016-2017 @ Rs. 1.50 (2015-2016: @ Rs. nil) per share	(1,735,732)	-
	(6,942,927)	(11,571,544)
Balance at the end of the period	<u>20,321,981</u>	<u>20,116,136</u>
Attributable to owners of the holding company	<u>31,893,525</u>	<u>31,687,680</u>
Non-controlling interest		
Balance at the beginning of the period	2,038,687	1,910,156
Total comprehensive income for the period	435,820	332,578
Dividend paid	(331,191)	(302,130)
Balance at the end of the period	<u>2,143,316</u>	<u>1,940,604</u>
Total equity	<u>34,036,841</u>	<u>33,628,284</u>

The annexed notes from 1 to 19 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 THIRD QUARTER ENDED MARCH 31, 2017

1. STATUS AND NATURE OF BUSINESS

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

Narowal Demerger

The Board of Directors approved the Scheme of Demerger of Narowal plant (Scheme) along with related assets, liabilities, retained earnings, commitments 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.

After obtaining necessary approvals from Private Power & Infrastructure Board (PPIB), lenders, creditors, and other relevant authorities, the holding company filed a petition with the Honorable Sindh High Court (SHC) for the approval of the Scheme. On March 29, 2017 the petition was approved by SHC. The certified copy of the court order, sanctioning the Scheme, was filed with the Registrar of Companies on March 31, 2017 making the scheme effective from April 1, 2017. The demerger of Narowal Undertaking 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 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 National Electric Power Regulatory Authority (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 (IA), Power Purchase Agreement (PPA) and Water Use Agreement (WUA) 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 signed the Engineering, Procurement and Construction (EPC) contract on December 29, 2016 and then subsequently entered into an Early Works Contract (EWC) on March 9, 2017 for the construction of the power plant. On January 25, 2017, the IA, PPA and WUA have been initialled.

During the period, on March 15, 2017, the holding company has announced that it will divest 40% of its shares in TEL in future and will bring in Fauji Fertilizer Company Limited (FFCL) with 30% shareholding as strategic shareholder and China Machinery Engineering Corporation (CMEC), the EPC contractor, with 10% shareholding.

In relation with issuance of LOS to TEL, the holding company has entered into a facility agreement with Habib Bank Limited on November 09, 2016 for issuance of guarantee in favour of the PPIB amounting to USD 1.650 million. The facility is valid for a period of two years from the Effective Date (Defined in Facility Agreement) or up to 3 months post financial close of the TEL project. The facility is secured against 3rd ranking charge over all present and future plant and machinery of the Hub Plant with 25% margin.

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 third quarter ended March 31, 2017 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.



	Note	3 months ended Mar 2017 (Rs. '000s)	3 months ended Mar 2016 (Rs. '000s)	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s)
4. OPERATING COSTS					
Fuel cost		19,131,841	12,813,398	53,507,217	49,299,132
Water use charges		27,064	18,627	158,608	62,142
Salaries, benefits and other allowances		332,838	212,127	901,802	588,967
Stores and spares		312,616	286,708	1,372,461	681,453
Operation and maintenance		88,713	178,798	253,346	812,931
Insurance		215,727	239,122	647,136	697,369
Depreciation		951,194	936,565	2,835,077	2,819,128
Amortisation		6,867	3,654	15,872	13,473
Repairs, maintenance and other costs		581,165	306,714	2,017,030	1,530,892
		<u>21,648,025</u>	<u>14,995,713</u>	<u>61,708,549</u>	<u>56,505,487</u>
5. OTHER OPERATING EXPENSES					
Write-off of fixed assets		-	-	-	26,830
Workers' Welfare Fund		-	1,595	-	4,058
Workers' profit participation fund	5.1	58,547	45,201	58,547	45,201
Termination compensation		-	-	-	339,118
		<u>58,547</u>	<u>46,796</u>	<u>58,547</u>	<u>415,207</u>
5.1 Workers' profit participation fund					
Provision for Workers' profit participation fund		178,500	193,557	388,396	419,705
Workers' profit participation fund recoverable from WAPDA / NTDC		(119,953)	(148,356)	(329,849)	(374,504)
		<u>58,547</u>	<u>45,201</u>	<u>58,547</u>	<u>45,201</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 12.3).

	3 months ended Mar 2017 (Rs. '000s)	3 months ended Mar 2016 (Rs. '000s)	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s)
6. FINANCE COSTS				
Interest / mark-up on long term loans	513,503	616,499	1,642,675	1,991,514
Interest on finance lease	39,557	43,172	123,335	128,495
Mark-up on short term borrowings	406,765	265,083	1,114,779	781,921
Amortisation of transaction costs	29,991	34,830	96,994	108,113
Other finance costs	31,475	43,203	105,217	137,533
	<u>1,021,291</u>	<u>1,002,787</u>	<u>3,083,000</u>	<u>3,147,576</u>

	Note	Mar 2017 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
7. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment		52,883,508	55,134,158
Transferred to non-current asset classified as held for sale	12.2	(3,665)	-
		<u>52,879,843</u>	<u>55,134,158</u>
Capital work-in-progress			
Hub plant		210,599	124,271
Narowal plant		31,973	9,500
Thar project		122,286	6,114
		<u>364,858</u>	<u>139,885</u>
	7.1	<u>53,244,701</u>	<u>55,274,043</u>

7.1 Additions to property, plant and equipment during the current period were Rs. 868.039 million and disposals / write-off therefrom at net book value were Rs. 13.714 million.



	Note	Mar 2017 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
8. INVESTMENT IN ASSOCIATES			
Associates - unquoted			
Investment in Sindh Engro Coal Mining Company Limited	8.1	606,564	575,206
Investment in China Power Hub Generation Company (Private) Limited	8.2	533,233	414,199
		<u>1,139,797</u>	<u>989,405</u>

8.1 Investment in Sindh Engro Coal Mining Company Limited (SECMC)

Opening balance	575,206	244,234
Investment made during the period / year	31,929	332,905
Share of loss from associate	(1,762)	(1,822)
Gain / (loss) on dilution of interest	1,191	(111)
Closing balance	<u>606,564</u>	<u>575,206</u>

8.2 Investment in China Power Hub Generation Company (Private) Limited (CPHGC)

Opening balance	414,199	-
Investment made during the period / year	273,000	520,000
Share of loss from associate	(150,001)	(167,788)
Share of transaction costs	(3,965)	-
Gain on dilution of interest	-	61,987
Closing balance	<u>533,233</u>	<u>414,199</u>

8.2.1 During the current period, HPHL 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 CPHGC from 26% up to a minimum of 43% and a maximum of 49%. During the period, 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 (CPIPI) and Government of Baluchistan (GoB). In accordance with the MoU, HPHL and CPIPI agreed to transfer 3% equity shareholding (1.5% each) in CPHGC to GoB, no later than the Commercial Operation Date (COD) of CPHGC and consequently shareholding of HPHL and 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 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 granted extension to achieve the Financial Closing by June 07, 2017. The related performance guarantee was also extended accordingly until December 31, 2017. On January 25, 2017, the IA and PPA have been signed.

	Note	Mar 2017 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
9. TRADE DEBTS - Secured			
Considered good	9.1	<u>84,643,108</u>	<u>79,542,544</u>

9.1 These receivables include an overdue amount of Rs. 64,829 million (June 2016: Rs. 65,296 million) from WAPDA and Rs. 6,359 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

This include a sum of Rs. 64,022 million (June 2016: Rs. 62,072 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 56,970 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

	Mar 2017 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
Finances under mark-up arrangements	11.1 to 11.4 <u>23,239,593</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 May 31, 2017 to January 19, 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 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. 1,271 million (June 2016: Rs. 1,353 million) payable to associated undertakings. The available facilities amounted to Rs. 2,525 million (June 2016: Rs. 2,525 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 Musharaka agreements amounting to Rs. 1,135 million (June 2016: Rs. 1,135 million) mark-up of these facilities are from 0.60% to 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 December 31, 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 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 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 Commitments in respect of capital and revenue expenditures amount to Rs. 31,193.157 million (June 2016: Rs. 1,168.672 million). This includes commitments of Rs. 118.842 million (June 2016: Rs. 429.716 million) to associated undertakings.



- 12.2 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.

- 12.3 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 March 31, 2017, the total financial exposure relating to the above case is Rs. 24,236 million (Rs. 3,136 million being the 5% of the profit and Rs. 21,100 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.

- 12.4 The holding company has received letters from the Power Purchasers stating that the holding company did not maintain the requisite fuel stocks at both Hub and Narowal plants as required under the PPAs and has therefore incurred lower interest on working capital and therefore Power Purchasers are earmarking an estimated amount of Rs. 1,801 million for Hub Plant and Rs. 857 million for Narowal Plant out of the Late Payment Interest invoices owed by the Power Purchasers. The holding company has contested these claims.



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 Larabi 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 Mar 2017						Total	
	Hub plant	Power Generation Narowal plant	Larabi plant	Operations and Maintenance Hub plant	Narowal plant	Unallocated		Eliminations
Turnover	19,978,023	4,777,548	1,157,211	394,644	90,680	-	(485,623)	25,912,483
Operating costs	(17,683,576)	(3,694,000)	(378,453)	(306,942)	(60,774)	-	475,720	(21,648,025)
GROSS PROFIT	2,294,447	1,083,548	778,758	87,702	29,906	-	(9,903)	4,264,458
General and administration expenses	(153,629)	(30,821)	(30,471)	(52,348)	(12,032)	(60,846)	-	(340,147)
Other income	1,175,335	410	14,339	3,080	1,189	5,647	(1,170,913)	29,087
Other operating expenses	(58,547)	-	-	-	-	-	-	(58,547)
PROFIT FROM OPERATIONS	3,257,606	1,053,137	762,626	38,434	19,063	(55,199)	(1,180,816)	3,894,851
Finance costs	(426,158)	(340,404)	(219,913)	(1)	(2)	(34,813)	-	(1,021,291)
Share of loss from associates	-	-	-	-	-	(52,731)	-	(52,731)
Gain on dilution of interest in associates	-	-	-	-	-	-	-	-
PROFIT BEFORE TAXATION	2,831,448	712,733	542,713	38,433	19,061	(142,743)	(1,180,816)	2,820,829
Taxation	(74,320)	(129)	(4,301)	(34,393)	(8,748)	(5,040)	-	(126,931)
PROFIT FOR THE YEAR	2,757,128	712,604	538,412	4,040	10,313	(147,783)	(1,180,816)	2,693,898



		9 months ended Mar 2016					
		Power Generation		Operations and Maintenance		Total	
Hub plant	Narrowal plant	Laraiab plant	Hub plant	Narrowal plant	Unallocated	Eliminations	Total
(Rs. '000s)							
Turnover	55,552,431	10,913,830	3,285,496	902,588	-	(902,588)	69,751,757
Operating costs	(47,738,018)	(7,863,190)	(1,150,736)	(626,422)	-	872,879	(56,505,487)
GROSS PROFIT	7,814,413	3,050,640	2,134,760	276,166	-	(29,709)	13,246,270
General and administration expenses	(551,656)	(120,413)	(124,377)	(74,958)	-	(3,874)	(875,278)
Other income	934,715	5,733	89,831	2,852	-	2,059	131,175
Other operating expenses	(384,319)	(26,830)	-	(4,058)	-	-	(415,207)
PROFIT FROM OPERATIONS	7,813,153	2,909,130	2,100,214	200,002	(1,815)	(933,724)	12,086,960
Finance costs	(811,222)	(1,335,441)	(772,589)	(1,623)	(226,731)	-	(3,147,576)
Share of profit of an associate	-	-	-	-	(110,516)	-	(110,516)
Loss on dilution of interest in associate	-	-	-	-	(111)	-	(111)
PROFIT BEFORE TAXATION	7,001,931	1,573,689	1,327,655	198,379	(339,173)	(933,724)	8,828,757
Taxation	(67,801)	(912)	-	(83,883)	(659)	-	(153,255)
PROFIT FOR THE YEAR	6,934,130	1,572,777	1,327,655	114,496	(339,832)	(933,724)	8,675,502

13.2 SEGMENT ASSETS & LIABILITIES

		As at Mar 31, 2017						
		Power Generation		Operations and Maintenance		Total		
Hub plant	Narrowal plant	Laraiab plant	Hub plant	Narrowal plant	Unallocated	Eliminations	Total	
(Rs. '000s)								
Assets	106,467,321	29,544,705	20,018,281	220,714	82,486	5,900,940	(4,166,455)	158,067,992
Liabilities	93,354,329	17,177,163	11,462,131	235,831	38,774	2,140,531	(377,608)	124,031,151
As at Jun 30, 2016								
		Power Generation		Operations and Maintenance		Total		
Hub plant	Narrowal plant	Laraiab plant	Hub plant	Narrowal plant	Unallocated	Eliminations	Total	
(Rs. '000s)								
Assets	101,251,101	28,080,321	22,876,939	306,530	86,869	5,276,234	(4,029,858)	153,848,136
Liabilities	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	9 months ended Mar 2017 (Rs. '000s)	9 months ended Mar 2016 (Rs. '000s)
Associate			
Reimbursable expenses incurred on behalf of CPHGC by HPHL		116,397	416,605
Services rendered to CPHGC by HPSL		43,290	-
Associated Undertakings due to common directorship			
Amounts paid for services rendered		614	2,314
Procurement of stores, spares and consumables		2,856	1,965
Donation		500	1,500
Repayment of long term loans		289,449	166,466
Mark-up on short term borrowings		93,258	78,754
Interest / mark-up on long term loans		301,537	168,418
Other finance costs		2,516	1,519
Other related parties			
Proceeds from disposal of assets	14.1.1	1,589	6,625
Payments made on behalf of fund		-	67,471
Remuneration to key management personnel			
Salaries, benefits and other allowances		356,628	173,787
Retirement benefits		17,566	10,183
	14.1.2 & 14.1.5	374,194	183,970
Directors' fee	14.1.3	16,800	20,000
Contribution to staff retirement benefit plans		123,890	69,830

14.1.1 This represents proceeds from disposal of assets having written down value of Rs. 1.350 million (Mar 2016: 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. 22.175 million (Mar 2016: 16.187 million).

14.2 Details of Outstanding Balances

	Mar 2017 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
Associate		
Receivable from CPHGC	201,314	68,271



Associated Undertakings due to common directorship

	Mar 2017 (Rs. '000s) (Unaudited)	Jun 2016 (Rs. '000s) (Audited)
Outstanding balance of long term loans	5,422,503	5,634,546
Outstanding balance of short term borrowings	1,271,332	1,353,153
Accrued markup on long term loans	69,703	67,828
Accrued markup on short term borrowings	21,660	25,451
Payable against purchase of consumables	-	617
Other related parties		
Payable to staff retirement funds - net	42,296	74,764

Mar 2017 (Rs. '000s)	Mar 2016 (Rs. '000s)
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15. CASH AND CASH EQUIVALENTS

Cash and bank balances	2,122,425	2,478,012
Finances under mark-up arrangements	(23,239,593)	(12,019,500)
	(21,117,168)	(9,541,488)

16. DIVIDEND

The Board of Directors of the holding company declared an interim dividend for the third quarter ended March 31, 2017 of Rs. 2.00 per share, amounting to Rs. 2,314.309 million, at their meeting held on April 27, 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. RECLASSIFICATION

Certain prior period'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.

18. DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on April 27, 2017 in accordance with the resolution of the Board of Directors of the holding company.

19. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Khalid Mansoor
Chief Executive

Iqbal Ahmed
Director