GROWTH THROUGH ENERGY

HUBCO

Annual Report 2015

GROWTH THROUGH ENERGY

Energy plays an indispensable role in our economy, and will remain critical to Pakistan's continued economic growth and development. Taking cognizance of our increasing energy needs, we have ensconced our business basis on the philosophy of creating a better and brighter tomorrow for our future generations.

As Pakistan's partners in progress, Hubco stands at a distinctive position where the Company's growth initiatives contribute to the development of the country. We see this as an opportunity for us to drive ***growth through energy*** by exploring the unexplored, utilizing human ingenuity, strategic investments, innovation and technology to unlock the potential of becoming a self-sufficient country.

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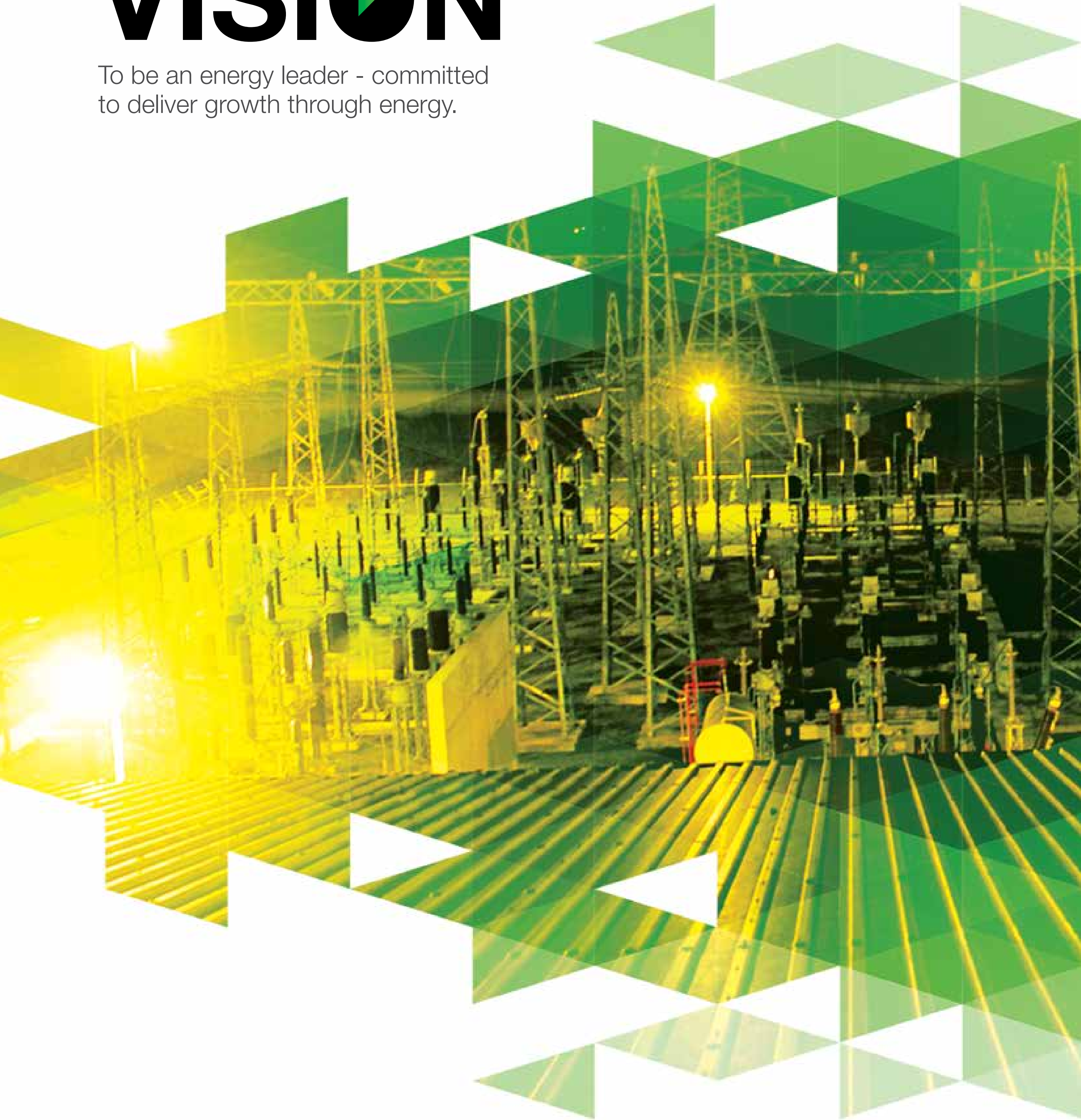
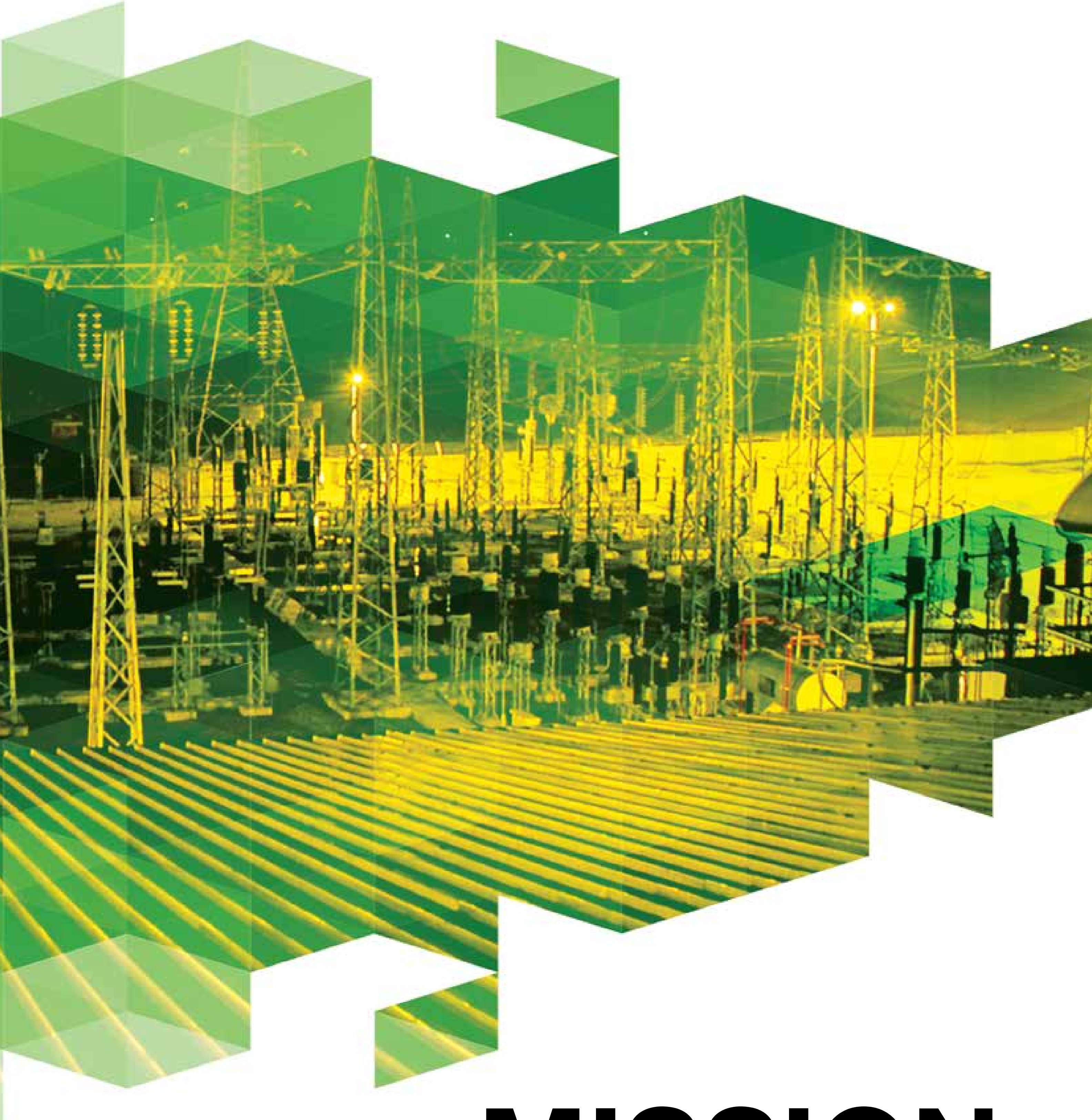
VISION

To be an energy leader - committed to deliver growth through energy.





MISSION

To be a growth oriented energy company that achieves the highest international standards in its operations and delivers a fair return to its shareholders, while serving the community as a caring corporate citizen.

BUSINESS STRATEGY

With an aggressive growth plan and a focus on increasing the shareholder value, the Company is committed to promote long-term development of the Country. The strategy is not just to aim for growth of the profits but also to ensure that the local communities, our partners and other stakeholders also share our growth and prosperity.

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

- Increasing reliability and sustainability of our base business
- Increasing power generation and improving the energy mix by utilizing alternative and indigenous sources
- Aligning our HSE systems with the best of the international practices
- Strengthening our team by attracting, hiring and retaining competent and experienced professionals
- Investing 1% of PAT on projects of socio-economic development, with complete involvement and engagement of the local communities to create ownership of the development
- Continuing with our resolve to end the long prevalent energy crisis

SWOT ANALYSIS

Strengths (S)

1. Growing demand
2. Strategic coastal location
3. Proven track record
4. Pioneer & largest IPP

Weaknesses (W)

1. Cashflow constraints
2. Expensive fuel

Opportunities (O)

1. Growth synergies
2. Plant efficiency improvements
3. To be the “Hub of Power”
4. Government focus on solving power crisis

Threats (T)

1. Circular debt
2. Political risks
3. Delays in projects

COMPANY INFORMATION

BOARD OF DIRECTORS
Mr. Hussain Dawood (Chairman)
Mr. Khalid Mansoor (Chief Executive)
Syed Muhammad Ali
Mr. Iqbal Alimohamed
Syed Ahmed Iqbal Ashraf (NBP Nominee)
Mr. Abdul Fatah Bhangar (GOB Nominee)
Mr. Abdul Samad Dawood
Mr. Shabbir H. Hashmi
Mr. Qaiser Javed
Mr. Ajaz Ali Khan
Mr. Ruhail Mohammed
Mr. Ali Munir
Mr. Shahid Hamid Pracha
Mr. Inam Ur Rahman
Mr. Khalid Siraj Subhani

AUDIT COMMITTEE
Mr. Iqbal Alimohamed (Chairman)
Mr. Shabbir H. Hashmi
Mr. Qaiser Javed
Mr. Ruhail Mohammad
Mr. Ali Munir

COMPANY SECRETARY
Mr. Shamsul Islam

MANAGEMENT COMMITTEE
Mr. Khalid Mansoor
Mr. Tahir Jawaid
Mr. Abdul Nasir
Mr. Nazoor Baig
Syed Hasnain Haider
Mr. Saleemullah Memon
Mr. Shamsul Islam
Mr. Mohammad Kaleem Khan
Mr. M. Inam Ur Rehman Siddiqui

REGISTERED & HEAD OFFICE
11th Floor, Ocean Tower, G-3,
Block 9, Main Clifton Road,
P.O. Box No. 13841, Karachi-75600.
Email: info@hubpower.com
Website: http://www.hubpower.com

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

INTER-CREDITOR AGENTS
National Bank of Pakistan
Habib Bank Limited
Allied Bank Limited
NIB Bank Limited

LEGAL ADVISOR
RIAA Barker Gillette

AUDITORS
Ernst & Young Ford Rhodes Sidat Hyder

REGISTRAR
Famco Associates (Pvt) Limited

WHOLLY-OWNED SUBSIDIARIES
Hub Power Holdings Limited
Hub Power Services Limited

HUB PLANT
Mouza Kund,
Post Office Gaddani,
District Lasbela, Balochistan

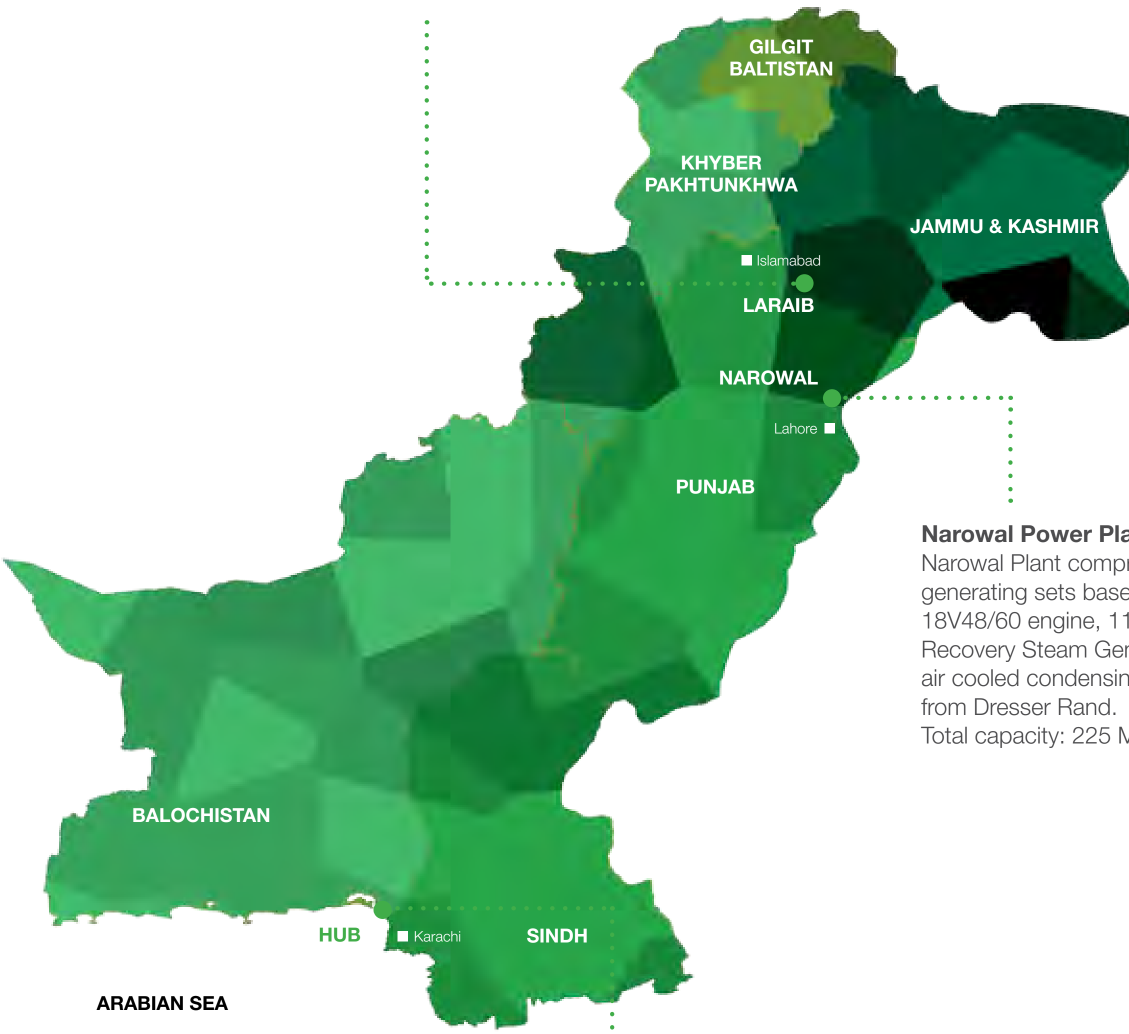
NAROWAL PLANT
Hubco Narowal Project, Mouza Poong,
5 Km from Luban Pulli Point On Mureedkay-Narowal
Road, District Narowal, Punjab

LARAIB ENERGY LTD (75% CONTROLLING INTEREST)
Head Office:
12-B/1, Multi Mansion Plaza, G-8, Markaz,
Islamabad

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

GEOGRAPHICAL PRESENCE

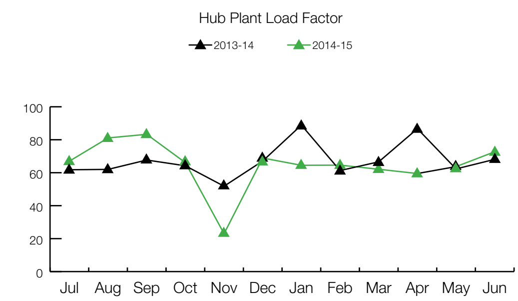
Laraib Energy Ltd.
Laraib Energy Limited has set up a run of the river hydro power plant, comprising 4 Kaplan Bulb turbines of 21 MW each.
Total capacity: 84 MW



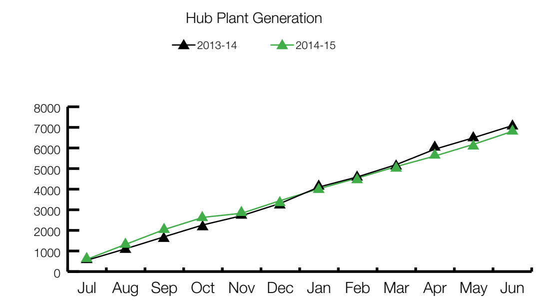
Narowal Power Plant
Narowal Plant comprises of 11 generating sets based on MAN 18V48/60 engine, 11 Alborg Heat Recovery Steam Generators and one air cooled condensing Steam Turbine from Dresser Rand.
Total capacity: 225 MW

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

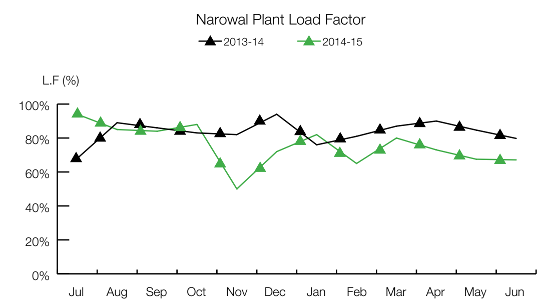
OPERATIONAL HIGHLIGHTS



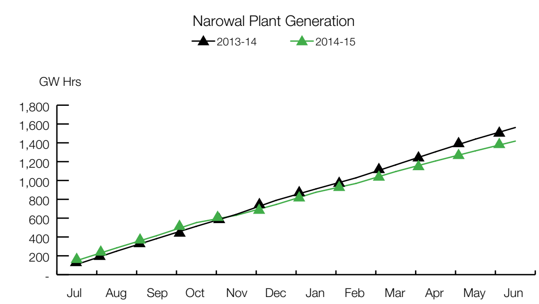
67.0%	81.1%	83.3%	66.1%	23.0%	68.9%	64.5%	64.6%	62.1%	59.5%	63.7%	72.7%
61.8%	62.0%	67.7%	64.2%	51.8%	67.1%	88.9%	61.3%	66.6%	86.7%	62.3%	68.1%



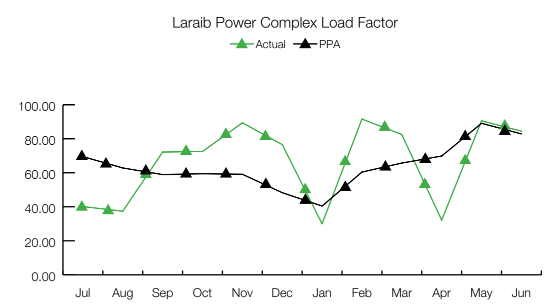
598	1,322	2,042	2,632	2,831	3,446	4,022	4,543	5,098	5,612	6,180	6,808
552	1,106	1,691	2,265	2,712	3,311	4,105	4,599	5,194	5,943	6,499	7,087



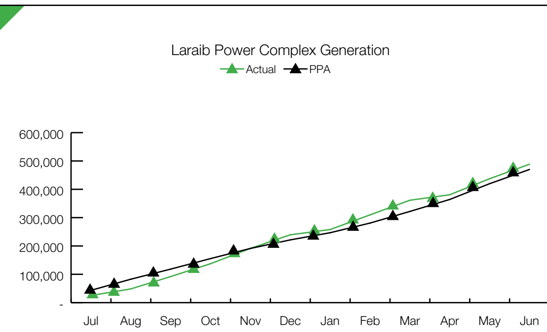
94%	85%	84%	88%	50%	72%	82%	65%	80%	73%	67.51%	67.12%
68%	89%	86%	83%	82%	94%	76%	81%	87%	90%	84.67%	79.77%



149.64	284.08	413.42	552.67	630.20	744.79	875.14	968.02	1,094.97	1,207.44	1,314.84	1,418.16
108.62	249.54	381.97	513.64	639.93	789.46	910.53	1,027.55	1,166.01	1,304.89	1,439.58	1,562.39

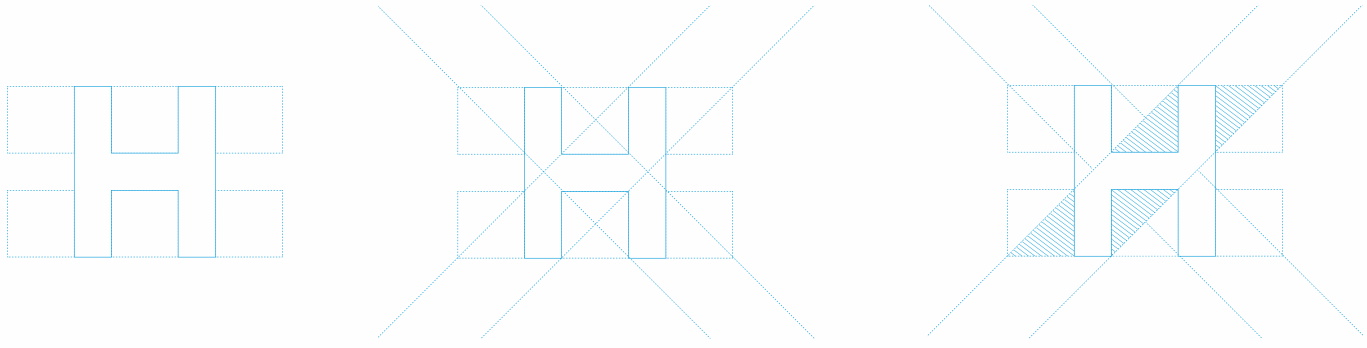


40.13	37.37	72.19	72.53	89.39	76.61	30.00	91.62	82.50	32.14	90.58	84.47
69.51	62.85	58.95	59.44	59.14	48.31	40.45	60.41	65.73	69.86	89.11	82.87



25,079	48,431	92,089	137,417	191,480	239,361	258,108	309,823	361,382	380,821	437,432	488,521
43,440	82,720	118,370	155,520	191,290	221,480	246,760	280,860	321,940	364,190	419,880	470,000

LOGO ARCHITECTURE



GROWTH THROUGH CHANGE

The year 2014-15 marks the change in our corporate identity. Our new logo has been designed to signify our revolutionary business practices. The new logo uses the power-structure inherent in a triangle to convey a trusted image of strength. By placing the triangles together, we reveal the letter 'H' both as a surprise and as a tribute.

Our new identity is built upon modern business practices, smart investment decisions, diversity in Human Resource and progressive approaches towards building our corporate image. It is our strong belief that the choices and investments we make today will shape the future of generations to come.

HUBCO

GROWTH THROUGH

LEADERSHIP

Our team is structured for success. With a diversified experience, futuristic vision, discipline and utmost integrity, our leadership provides a solid foundation and framework for excellence. Our leadership plays a key role in the development of strategic priorities and plans that align with the vision of the organization and best interests of the stakeholders.

BOARD OF DIRECTORS

Mr. Hussain Dawood (Chairman)
Mr. Khalid Mansoor (Chief Executive)
Syed Muhammad Ali*
Mr. Iqbal Alimohamed*
Syed Ahmed Iqbal Ashraf (NBP Nominee)
Mr. Abdul Fatah Bhangar (GOB Nominee)
Mr. Abdul Samad Dawood
Mr. Shabbir H. Hashmi
Mr. Qaiser Javed*
Mr. Ajaz Ali Khan
Mr. Ruhail Mohammed*
Mr. Ali Munir*
Mr. Shahid Hamid Pracha
Mr. Inam Ur Rahman
Mr. Khalid Siraj Subhani*

*Independent Directors

PROFILE OF BOARD OF DIRECTORS

HUSSAIN DAWOOD
CHAIRMAN

Mr. Hussain Dawood is the Chairman of the Company. He is a graduate in Metallurgy from Sheffield University, UK and MBA from the Kellogg School of Management, Northwestern University, USA.

In addition to being the Chairman of The Hub Power Company, Mr. Dawood is the Chairman of Dawood Hercules Corporation Limited, Engro Corporation Limited, Pakistan Poverty Alleviation Fund, The Dawood Foundation, Karachi Education Initiative and Karachi School for Business & Leadership.

Mr. Dawood also serves as an active member and Director of the Pakistan Business Council and Beaconhouse National University.

Mr. Dawood was also conferred the award "Ufficiale Ordine Al merito della Repubblica Italiana" by the Italian Government.

KHALID MANSOOR
CHIEF EXECUTIVE

Mr. Khalid Mansoor has been the Chief Executive Officer of the Company since May 20, 2013. He is also the Chairman of Laraib Energy Limited, Chairman and CEO of Hub Power Services Ltd and CEO of Hub Power Holdings Ltd – the Hubco subsidiaries. He also represents Hubco on the Board of Sindh Engro Coal Mining Company (SECMC).

Mr. Mansoor received his degree in Chemical Engineering with distinction and honours from the University of Punjab.

Mr. Mansoor has over 35 years of experience and expertise in Energy & Petrochemical sectors in leading roles for mega size Projects Development, Execution, Management and Operations. He has previously served as the Chief Executive Officer of Algeria Oman Fertilizer Company (AOA) which has constructed world's biggest Ammonia & Urea fertilizer Complex including around 120MW Captive Power Plant which is located in Industrial Zone of Arzew.

Prior to AOA, he held the position of the President and Chief Executive Officer of Engro Fertilizers Limited, Engro Powergen Qadirpur Limited (EPQL), Engro Powergen Limited (EPL) and Sindh Engro Coal Mining Company (SECMC).

He also held various key positions at Engro and with Esso Chemicals Canada including leading the development and execution of various major diversification and expansion Projects for Engro. He had been a Director on the Boards of Engro Corporation and its subsidiary businesses and Sui Northern Gas Pipeline Limited and has served as the Chairman of the Board of Engro Powergen Limited in the recent past.

SYED MUHAMMAD ALI

Syed Mohammed Ali is the Chief Executive Officer of Engro Powergen Qadirpur Limited since November 2011. Previously he has held various key assignments at Engro Corporation Limited. He joined Engro Fertilizers Limited in the year 2000 and has worked in various technical and managerial capacities. He was also involved in the EnVen Project of setting up the world's largest single-train fertilizer Plant in Dharki.

He is the Senior Vice President and is a director on the Board of Engro Powergen Qadirpur Limited, Engro Powergen Limited, Hubco & Laraib Energy Limited and GEL Utility. Prior to his joining Engro, he has also worked at Fauji Fertilizers Limited and ICI Pakistan Limited.

Ali has done his bachelor's in Electrical Engineering from UET Lahore in 1995.

He is also a certified Director from PICG.

IQBAL ALIMOHAMED

Mr. Iqbal Alimohamed is a Fellow of the Institute of Chartered Accountants (England & Wales) and the Institute of Chartered Accountants, Pakistan.

Mr. Alimohamed is on the Board of various companies in the power and textile sectors, which include being the Chairman and Chief Executive Officer of Gul Ahmed Energy Limited and Gul Ahmed Wind Power Limited.

He is a also Chairman of Metro Power Company Limited and a Director on the Board of National Foods Limited.

Previously, Mr. Alimohamed has been the Chief Executive Officer and Chairman of Gul Ahmed Textile Mills Limited. He was also the Chairman of Mybank Limited and Excel Insurance Company Limited. In the past, Mr. Alimohamed has also held Chairmanships of the All Pakistan Textile Mills Association (Sindh & Balochistan). Mr. Alimohamed has also been a Director on the Board of Faysal Asset Management Limited, Swift Textile Mills Limited and the Karachi Stock Exchange.

He is also a certified Director from PICG.

SYED AHMED IQBAL ASHRAF

Syed Ahmed Iqbal Ashraf has rich experience of over 34 years in domestic and international banking. Mr. Ashraf is a Fellow of Association of Chartered Certified Accountants (FCCA) from UK; from where he not only acquired his education but also started his career. His work experience spans three continents and he worked in the UK, USA and UAE for 19 years before he decided to return to Pakistan. Prior to becoming the President of NBP, he was MD/CEO of PAIR Investment Company Limited. Mr. Ashraf has also enjoyed commanding positions as Group Chief in NBP and managed and revamped Corporate & Investment Banking Group. He played a pivotal role in the establishment of a network of branches in the UK and USA for an International Bank.

Another high point in his career is the establishment of Investment Banking Group from scratch for Habib Bank Limited. He successfully established the largest DFI, a JV between GoP & China's largest Policy Bank CDB in Pakistan. During his tenure as the Deputy Managing Director Pak China Investment Company Ltd., he successfully appraised multiple projects. He restructured, reformed and repositioned The Bank of Khyber as the Managing Director/CEO. He has also served as Country Head Investment Banking & Head of Financial Institutions for Societe Generale (SG) - the French International Bank from 1996 to 2002.

ABDUL FATAH BHANGAR

Mr. Abdul Fatah Bhangar was appointed as a Director of the Company on June 16, 2015.

Mr. Bhangar did his Civil Engineering from NED University of Engineering and Technology.

Presently, Mr. Bhangar is Secretary Industries & Commerce Department, Government of Balochistan. He joined Provincial Civil Service as Assistant Commissioner and has served on various field posts. He has also served as the Commissioner Makran Division.

PROFILE OF BOARD OF DIRECTORS

ABDUL SAMAD DAWOOD

Mr. Abdul Samad Dawood received his degree in Economics from University College London, UK and is a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance.

Mr. Dawood is the Chief Executive Officer of Dawood Hercules Corporation Limited. He is also Director on the Boards of Dawood Corporation Private Limited, Dawood Industries Limited, Engro Corporation Limited, Engro Foods Limited, Engro Fertilizers Limited, Dawood Lawrencepur Limited, Tenaga Generasi Limited, Reon, The Hub Power Company Limited, Modern Industries Private Limited, National Mines Private Limited and Patek Private Limited. Mr. Dawood is also a member of the Young Presidents' Organization, Pakistan Chapter.

He is also the Chairman of Hub Power Holdings Limited.

He is also a certified Director from PICG.

SHABBIR H. HASHMI

Mr. Shabbir Hashmi has more than 30 years of project finance and private equity experience. At Actis Capital, one of the largest private equity investors in the emerging market, he had led the Pakistan operations. Prior to Actis, he was responsible for a large regional portfolio of CDC Group Plc for Pakistan and Bangladesh. He also had a long stint with USAID and later briefly with the World Bank in Pakistan, specializing in planning and development of energy sector of the country. Apart from holding more than 24 board directorships as a nominee of CDC/Actis in the past, he is currently serving as an independent director on several companies from manufacturing to financial services. Some of such companies are, Hub Power Company, UBL Fund Managers, Engro Fertilizer, Engro Powergen Qadirpur Limited and LMKR Inc. He is also on the Board of governors of The Help Care Society which is operating K-12 schools in Lahore for underprivileged children.

He is an engineer from Dawood College of Engineering & Technology, Pakistan and holds an MBA from J.F. Kennedy University, USA.

He is also a certified Director from PICG.

QAISER JAVED

Mr. Qaiser Javed is a Fellow of the Institute of Chartered Accountants, Pakistan.

Mr. Javed was first elected on the Company's Board of Directors in 2006 and has thirty years' work experience in the power sector. He is presently Director Finance of Fauji Foundation and a nominee Director on the Boards of several Fauji Foundation's associated companies and is Chairman of various audit committees of Fauji Foundation Group Companies.

He is the Chief Executive Officer of two Wind Power projects being set up by Fauji Foundation and also member on Board of Fauji Daharki Power Company, Fauji Kabirwala Power Company Limited, FFC Energy Limited, Laraib Energy Limited and Chief Executive Officer of an off shore company (Daharki Power Holding Company).

He is also a certified Director from PICG.

AJAZ ALI KHAN

Mr. Ajaz Ali Khan was appointed as Director on June 19, 2014.

Mr. Khan received his Master's in Public Administration from the Arkansas State University, Jonesboro, USA. Presently he is serving as Executive Director of State Life Insurance Corporation of Pakistan where he holds key portfolios of the Corporation such as Personal & General Services (P&GS), Finance & Accounts (F&A), Policy Holder Services (PHS) and Corporate Affairs Division (CAD). He is also a Director on the Board of Security Papers Ltd.

His varied experience includes assignments as Deputy Secretary & Deputy Commissioner, Director General for Road Sector Development Program, Member Board of Revenue, and Secretary to Govt. of Sindh. He has dealt with foreign funded programs of Asian Development Bank and World Bank.

He has served as Secretary to Govt. of Sindh, Services General Administration & Coordination Department, Food Department, Mines & Mineral Development, Implementation Wing of SGA&CD, Agriculture, and Coal & Energy Development. In the Federal Government as Additional Secretary, Federal Ombudsman Secretariat and as Additional Secretary, Ministry of Water & Power Department, Islamabad.

He is also a certified Director from PICG.

RUHAIL MOHAMMED

Mr. Ruhail Mohammed is currently the Chief Executive Officer of Engro Fertilizers Limited. Engro Fertilizers Limited is one of the largest urea producers in the country with a capacity of 2.3 MTons/annum and an asset base of Rs. 100 Billion.

Prior to his current position, he was the Chief Financial Officer of Engro Corporation Limited and also the Chief Executive Officer of Engro Powergen Limited (which owns a 217 MW IPP). He holds an MBA degree in Finance from the Institute of Business Administration Karachi, and is also a Chartered Financial Analyst (USA).

Mr. Ruhail has over 30 years of Financial & Commercial experience and prior to becoming CEO has worked in areas such as treasury, commodity & currency trading, derivatives, merger & acquisitions, risk management, strategy & financial planning. He has worked in these areas in Pakistan, UAE and Europe.

He is on the Board of various Engro companies. In addition, he is also on the Boards of Hub Power Company Limited, Sindh Board of Investment and Pakhtunkhwa Energy Development Organization and Hub Power Holdings Limited.

He is also a certified Director from PICG.

ALI MUNIR

Mr. Ali Munir received his LLB from the University of Punjab and is a Fellow of the Institute of Chartered Accountants, Pakistan. He is also a member of the Institute of Chartered Accountants in England and Wales.

He was elected on the Board of the Company in 2006. He has over thirty years of professional experience.

He was also a Director of Adamjee Insurance Company Limited. Previously, Mr. Munir has worked with Citibank, Saudi American Bank and Habib Bank limited.

PROFILE OF BOARD OF DIRECTORS

SHAHID HAMID PRACHA

Mr. Shahid Pracha has been associated with the Dawood Hercules Group since 2007 and served as its Chief Executive until his retirement in October 2014. He currently chairs the Board of Dawood Lawrencepur Limited, Tenaga Generasi Limited, Reon Limited and Sach International (Pvt) Limited. In addition to Hubco, he is a Director on the Engro Fertilizers Limited, Engro Powergen Limited, Engro Powergen Qadirpur Limited, and e2e Business Enterprises (Private) Limited. He also served as the CEO of The Dawood Foundation, the philanthropic arm of the Dawood Hercules Group. Whilst in that role, he was concurrently the first CEO of The Karachi Education Initiative, the sponsoring entity of the Karachi School for Business & Leadership.

Mr. Pracha is a graduate electrical engineer from the University of Salford, UK and prior to joining the Dawood Hercules Group, spent a major part of his career with ICI Plc's Pakistan operations in a variety of senior roles including a period of international secondment with the parent company in the UK. He joined the Board in 2012.

He is also a certified Director from PICG.

INAM UR RAHMAN

Mr. Inam ur Rahman received his Bachelor's degree in Electrical Engineering from the University of Engineering and Technology Lahore and his MBA from the Lahore University of Management Sciences (LUMS).

Mr. Rahman has more than twenty years of experience in the engineering and operations divisions of diversified businesses. He is presently the Chief Executive of Dawood Lawrencepur Limited, the renewable energy company of the DH Group. He also heads Tenaga Generasi Limited, a special purpose company which is setting up a 50 MW Wind Energy Project in Sindh. His personal areas of interest include change management, and taking the SME sector to scale. He has an avid interest in training and teaching and has been associated with LUMS as an adjunct faculty member between the years 2004 and 2009.

He is also a certified Director from PICG.

KHALID S. SUBHANI

Mr. Khalid S. Subhani is the President of Engro Corporation Limited since 2015.

He is the Chairman of the Board of Engro Fertilizers Limited., Engro Eximp (Private) Limited, Engro Eximp AgriProducts (Private) Limited, Engro Polymer & Chemicals Limited, Engro Polymer Trading (Private) Limited, Engro Powergen Limited, Engro Powergen Qadirpur Limited, Engro Vopak Terminal Limited, Engro Elengy Terminal (Private) Limited, Elengy Terminal Pakistan Limited. He has also served as Chairman of the Board of Avanceon in the past. Mr. Subhani is a Director on the Board of Engro Corporation Limited, Engro Foods Limited, Thar Power Company Ltd, Sindh Engro Coal Mining Company Limited. He is also a Director on the Board of Laraib Energy Limited.

He is a member of the Pakistan Engineering Council, Business Advisory Council of the Society for Human Resource Management (SHRM) Forum Pakistan, Academic Council of Institute of Business Administration – Sukkur, Faculty Selection Board of Institute of Business Administration – Sukkur, and Standing Committee on Environment of Federation of Pakistan Chambers of Commerce & Industry. He has recently been elected Vice President of the Overseas Investors Chamber of Commerce & Industry (OICCI).

He graduated from NED University of Engineering and Technology, Pakistan with a degree in Chemical Engineering and has completed programs on advance management from MIT and Hass School of Business Management, University of Berkeley, USA.

He is also a certified Director from PICG.

Hub Power Station

BOARD & FUNCTIONAL COMMITTEES

To ensure seamless operations of the Board and aid in sound decision making, the Board has established four Committees that are chaired by independent non-executive directors. These committees are as follows:

BOARD AUDIT COMMITTEE (BAC):

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

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

	Meetings attended
Mr. Iqbal Alimohamed (Chairman)	4/4
Mr. Shabbir H. Hashmi	4/4
Mr. Qaiser Javed	2/4
Mr. Ruhail Mohammed	4/4
Mr. Ali Munir	1/4

Secretary: Mr. Muhammad Irfan Iqbal

BOARD COMPENSATION COMMITTEE (BCC):

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

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

	Meetings attended
Mr. Hussain Dawood (Chairman)	3/3
Syed Ahmed Iqbal Ashraf	1/3
Mr. Ajaz Ali Khan	3/3
Mr. Shahid Hamid Pracha	3/3
Mr. Khalid Siraj Subhani	3/3
Mr. Masood Ahmed*	0/3

Secretary: Mr. Tahir Jawaid

*Mr. Masood Ahmed has been replaced by Mr. Abdul Fatah Bhangar as the nominee Director from GOB.

BOARD TECHNICAL COMMITTEE (BTC)*:

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

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

	Meetings attended
Mr. Khalid Siraj Subhani (Chairman)	6/6
Syed Muhammad Ali	5/6
Mr. Iqbal Alimohamed	3/6
Mr. Shahid Hamid Pracha	6/6
Mr. Inam Ur Rahman	6/6

Secretary: Mr. Abdul Vakil

** Formerly Board Operations Committee*

BOARD INVESTMENT COMMITTEE (BIC):

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

The committee met 2 times during the year and the attendance records is as follows:

	Meetings attended
Mr. Abdul Samad Dawood (Chairman)	2/2
Syed Muhammad Ali	2/2
Mr. Iqbal Alimohamed	1/2
Mr. Shabbir H. Hashmi	2/2
Mr. Ruhail Mohammed	2/2
Mr. Inam Ur Rahman	2/2

Secretary: Mr. Abdul Nasir

During the year, 2 joint BIC and BTC meetings were held. The attendance record is as follows:

	Meetings attended
Mr. Abdul Samad Dawood (Chairman BIC)	2/2
Mr. Khalid Siraj Subhani (Chairman BTC)	2/2
Syed Muhammad Ali	2/2
Mr. Iqbal Alimohamed	2/2
Mr. Shabbir H. Hashmi	1/2
Mr. Ruhail Mohammed	2/2
Mr. Shahid Hamid Pracha	2/2
Mr. Inam Ur Rahman	1/2

MANAGEMENT COMMITTEE

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

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

Secretary: Mr. Abou Saeed M. Shah

COMMITTEE FOR ORGANIZATION AND EMPLOYEE DEVELOPMENT (COED)

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

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

Secretary: Mr. Farrukh Rasheed

CORPORATE HSE COMMITTEE

The committee provides strategic guidance for overall HSE improvement initiatives, sets corporate level HSE targets, reviews company-wide HSE statistics, investigation reports of major accidents, and stewards compliance to HSE management system and relevant national regulations. The Committee members are as follows:

Mr. Khalid Mansoor	Chairman
Mr. Tahir Jawaid	Member
Mr. Abdul Nasir	Member
Mr. Nazoor Baig	Member
Syed Hasnain Haider	Member
Mr. Shamsul Islam	Member
Mr. M. Inam ur Rehman Siddiqui	Member
Mr. Abbas Shahani	Member
Mr. Amjad Raja	Member

Secretary: Mr. Kaleem Khan

Hubco Narowal Plant

MANAGEMENT COMMITTEE

KHALID MANSOOR
CEO

TAHIR JAWAID
SVP Corporate Services & New Ventures

ABDUL NASIR
CFO

NAZOOR BAIG
Director Project Development

SYED HASNAIN HAIDER
CEO Laraib Energy

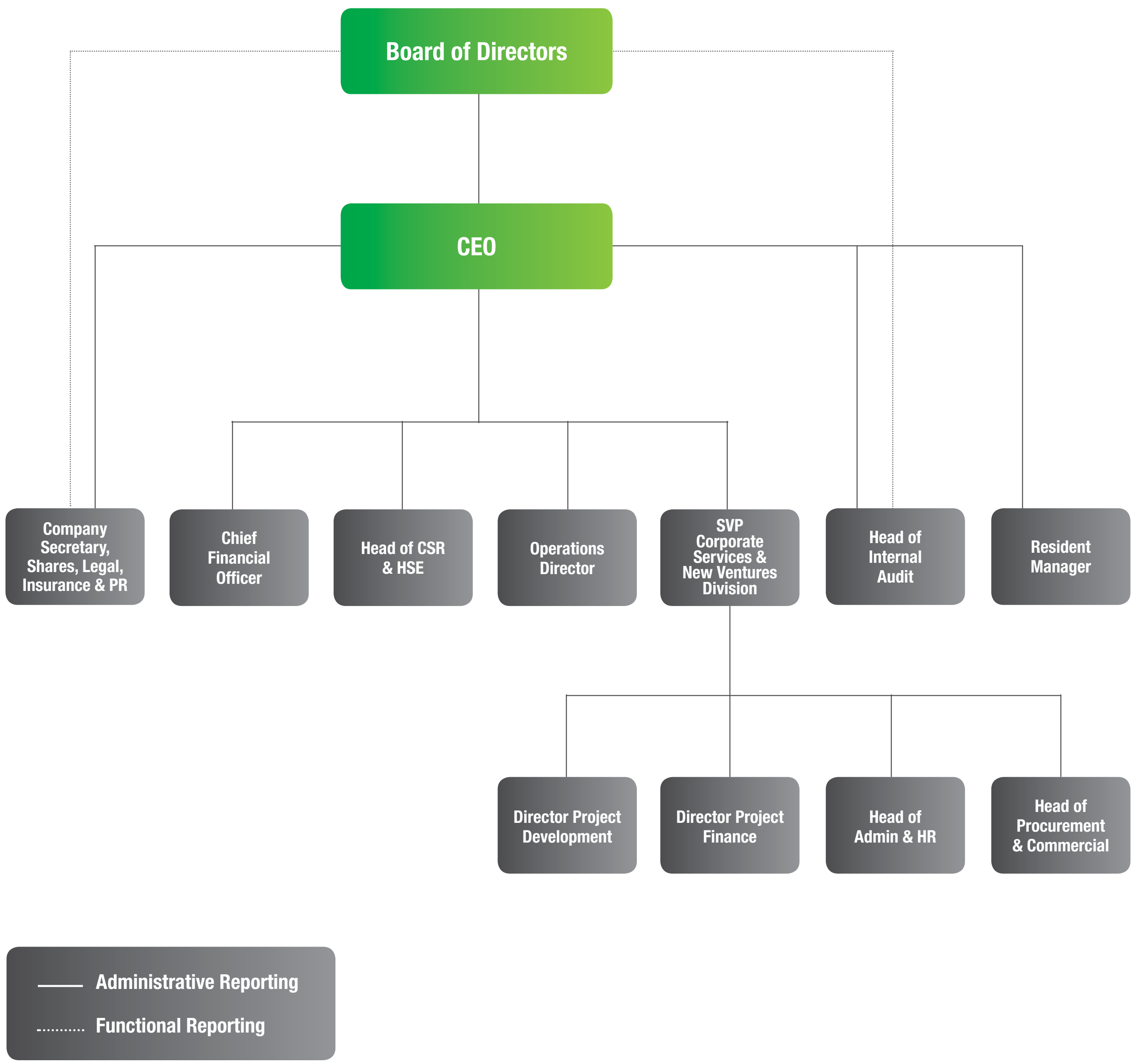
SALEEMULLAH MEMON
Director Project Finance

SHAMSUL ISLAM
Company Secretary

M. KALEEM KHAN
Head of CSR & HSE

INAM UR REHMAN
Resident Manager

ORGANIZATIONAL STRUCTURE



Laraib Energy
New Bong Escape Hydro Power Project

GROWTH THROUGH

GOVERNANCE

Our business is based on the principles of transparency, accountability, integrity and sustainability. With strong Corporate Governance, we are able to operate more efficiently, mitigate risk and safeguard against mismanagement, ensure quality decision-making and enhance the long-term prosperity of Company.

Being a value-driven organization, we have always worked towards building trust of the shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance.

CHAIRMAN'S REVIEW

It is my privilege to present to you the 2015 Annual Report. This year was an exciting one for our Company and we are a step closer to achieving our vision of propelling growth through increased generation capacity.

Our investments in our plant increased its sustainability, which was a crucial prerequisite for positioning our Company for a significant expansion program.

We have successfully established a joint venture with China Power International Holdings to co-develop 2 x 660 MW plants based on imported coal along with an ancillary coal jetty at the existing Hub plant site.

The development of the Thar coal deposits by Sindh Engro Caol Mining Company (SECMC) is a game-changing event of National magnitude. By becoming equity partners in SECMC we are contributing to harnessing the country's energy resources. This investment positions our Company in the establishment of mine-mouth power plants when the production output of the mine scales up.

Another accomplishment was the taking over of the Operation & Maintenance (O&M) of the Hub Power Plant through a wholly owned subsidiary. This also allows us to grow the O&M business within our country.

This year marks the end of the term of the current Board of Directors, and I would like to express my sincere gratitude to the Directors for their commitment and valuable contributions to the transformation of our Company.

I am grateful to the Shareholders for their trust in the Board of Directors, Management, Employees and all Stakeholders, who deserve due recognition for their contributions in the turn around of our Company. A testimony of the effectiveness of this collaboration and teamwork is in the value appreciation of the stock price of our Company by 124% and a total dividend payout of Rs. 24 since September 2012.

Hussain Dawood

CEO'S MESSAGE

The year 2014-15 has been a year of transformation and growth for Hubco. The Company generated one of the highest returns for the shareholders, revamped and turned around the base business and placed Hubco on the path of strong growth trajectory. Laraib, Pakistan and AJK's first hydel IPP, declared its first dividend thus becoming a successful model and paving way for other private sector investments in the hydro electricity generation.

Despite the circular debt's continuous challenge, the Company made substantial investments in enhancing the reliability of Hub Plant, improving efficiency of Narowal plant and streamlining the operations at Laraib Energy. Three out of four Boilers at the Hub Plant have been rehabilitated and the fourth Boiler will be rehabilitated during the current year. Normal maintenances were carried out at Narowal Plant and the plant subsequently achieved the highest ever efficiency. We also worked tirelessly in resolving the initial teething problems at Laraib Plant. Resultantly, all three plants are Masha Allah generating electricity as per the demands of our power purchasers and effectively contributing in addressing power crisis in the Country.

Our Company has signed a Joint Venture Agreement (JVA) with China Power International Holding Limited (CPIH) to jointly develop a 1,320 MW imported coal-based power plant, based on the upfront tariff announced by NEPRA, along with an ancillary coal jetty at our existing Site at Hub, Balochistan. This Project is being developed under China Pakistan Economic Corridor (CPEC) platform.

We have also agreed to invest USD 20 million in Sindh Engro Coal Mining Company (SECMC), a joint venture between Engro and the Government of Sindh, to develop the Thar coal mines which have the potential to become the energy capital of the country. Hubco has a Director on the Board of SECMC and has the first right of refusal for coal supply to construct a mine-mouth IPP as the mine scales up in the near future.

Following the execution of the Shareholders Agreement amongst Engro Powergen, Hubco, House of Habib, HBL and CMEC, after obtaining necessary approvals from Government of Sindh, we have made an initial subscription of Rs. 240 million in SECMC with a commitment to invest the balance amount when SECMC achieves financial close, expected before the end of 2015. On Project completion, SECMC would be able to initially mine about 3.8 million tons of coal per annum which would be scaled up to over 7 million tons per annum to meet demand of four 330MW mine mouth power plants. This Project will contribute significantly towards fuel security for our Country and opens up new avenues for sustainable and reliable power generation, aligned with our vision of achieving growth through energy.

To gain the expertise in self-operating a large scale power project, we have now taken over the Operations and Maintenance (O&M) of the Hub Power Station. We have established a wholly-owned subsidiary, Hub Power Services Limited (HPSL), to manage the O&M of our existing power assets, and our upcoming coal power plant in addition to exploring O&M business onshore and offshore in future.

Another important milestone of the year was the adoption of our new Corporate Logo and the entire Corporate Identity. This initiative was undertaken to better represent where the company is headed in the future. Today, more than ever before, it has become critically important that we present ourselves as a modern and vibrant organization.

During the year, we actively worked towards raising the living standards of the communities that surround us and the society as a whole. We continue to contribute towards developmental initiatives in the fields of education, health, community physical infrastructure, and livelihood interventions. The focus of our development initiatives remained around the areas near our plants.

Moving forward, we pledge to deploy all our efforts to ensure sustainability and reliability of our existing investments and to remain focused on pursuance of our growth initiatives while operating our base operations in a most reliable and profitable manner.

We remain grateful for the support and confidence of all our stakeholders including our shareholders, employees and their families.

Khalid Mansoor

REPORT OF THE DIRECTORS

The Directors of your Company are pleased to present the Annual Report 2015 along with the audited financial statements for the year ended June 30, 2015.

PRINCIPAL ACTIVITIES

The Hub Power Company Limited (Hubco) was incorporated in Pakistan on August 1, 1991 as a Public Limited Company under the Companies Ordinance, 1984 and commenced commercial operations of its Hub Plant in March 1997. It was the first and largest Independent Power Producer (IPP) in Pakistan to be financed by the private sector in Southern Asia and one of the largest private power projects.

The Hub Power Company is listed on the Karachi, Lahore and Islamabad Stock Exchanges and its Global Depository Receipts are listed on the Luxembourg Stock Exchange. The Company's principal activities are to develop, own, operate and maintain power stations.

Hub Plant having a capacity of 1,292 MW is the most efficient steam turbine plant in the country. Hubco is the only IPP to go into expansion and has set up at 225 MW plant at Narowal. We are also the proud majority shareholders of Laraib Energy Limited, which has developed the 84 MW run of the river New Bong Escape Hydropower Project (NBEHPP), which is Pakistan and AJK's first hydel IPP. With the combined production capacity of over 1,600 MW and a firm commitment to provide long-term solution to the energy challenges, Hubco and its subsidiaries are well positioned to emerge as the Hub of Power for Pakistan.

To continue pioneering our role in the power sector, the Company is actively pursuing the development of a 2x660 MW Imported Coal Based power plant and coal jetty.

The Company has taken over the operations and maintenance of the Hub Power Plant from August 1, 2015 and formed a 100% owned subsidiary company, Hub Power Services Limited (HPSL) which would be managing the O&M at Hub Plant and would also be operating the 2x660MW power plant when setup. Services of the existing staff at the Plant have been novated to HPSL.

As part of the ongoing evolution of the Company's brand image, we have launched the new logo and have revamped our Corporate Identity. The new logo uses the power-structure inherent in a triangle to convey a trusted image of strength. By placing the triangles together, we reveal the letter 'H' both as a surprise and as a tribute.

NATURE OF BUSINESS AND BUSINESS MODEL

The Company generates about 9% of the Country's electricity and plays a significant role in addressing the electricity crisis.

The Company supplies electricity to Water and Power Development Authority (WAPDA) and National Transmission and Despatch Company (NTDC) under long term Power Purchase Agreements (PPAs) for its Hub and Narowal plants respectively. Power Purchase Agreements (PPAs) with WAPDA and NTDC set out the terms of electricity off-take. The Company's operations, income and profitability are based on these long term agreements. All payments due to the Company by the Power Purchasers are guaranteed by the GOP through sovereign guarantee under the Implementation Agreement (IA).

Fuel for the Hub plant is purchased from Pakistan State Oil (PSO) whose obligation to supply fuel is guaranteed by the Government of Pakistan (GOP) under the IA, subject to certain conditions. Fuel for the Narowal plant is supplied by Bakri Trading Company Pakistan (Private) Limited (BTCPL), a private sector company which is a subsidiary of Bakri Trading Company Inc., Saudi Arabia, under the fuel supply agreement entered into by and between the Company and BTCPL.

During the period under review the Company incorporated Hub Power Holdings Limited (HPHL) with an aim to invest in the 2x660MW coal based power project with an ancillary coal jetty to be set up at Hub Site. HPHL will also explore other investment opportunities in energy sector.

OPERATIONAL HIGHLIGHTS OF OUR POWER PLANTS

HUB PLANT

The Hub Plant maintained an uninterrupted and reliable power supply to the national grid. This was due to conscious effort put in to ensure the reliability and sustainability of the project. Rehabilitation of three of the Boilers have been completed while the rehabilitation of the last Boiler will be carried out during this year.

During the year under review, the plant generated 6,810 GWh of electricity compared to 7,087 GWh in 2014. The plant operated at a load factor of 65% against the 67% load factor last year. The load factor remained comparatively low primarily due to rehabilitation work on three out of four boilers and lower demand by the Power Purchasers.

NAROWAL PLANT

Our Narowal Plant supplied 1,418 GWh of electricity to the national grid compared to 1,562 GWh last year. The plant operated at a load factor of 76% compared to 83% in 2014. Lower utilization of the plant is attributable to the higher curtailment by National Power Control Center (NPCC).

TNB REMACO Pakistan (Private) Limited (TNBRP), owned by Malaysia's Tenaga Nasional Berhard, through its subsidiary TNB Repair and Maintenance Berhard SDN BHD (Remaco), is the operator of the plant.

LARAIB ENERGY LIMITED (LEL)

Laraib Plant – known as the New Bong Escape Hydro Power Project (NBEHPP) – has completed two years of successful operations. During the year under review, the Plant generated 489 GWh of electricity compared to 470 GWh in 2014 and achieved a load factor of 66% as compared to 64 % in last fiscal year.

During the period under review, LEL also paid its first dividend of Rs. 4.30 per share to the shareholders after requisite approvals from the Lenders. The Company received Rs. 1,495 million as its share.

Tariff true-up is currently in process with the NEPRA.

FINANCIAL PERFORMANCE

PROFITABILITY

Turnover for the year under review was Rs. 131,484 million (2014: Rs. 161,807 million) and operating costs were Rs. 117,093 million (2014: Rs. 150,070 million). The Company earned a net profit of Rs. 9,853 million during the year, resulting in earnings per share of Rs. 8.51 compared to a net profit of Rs. 6,549 million and earnings per share of Rs. 5.66 last year. The increase in profit is mainly due to net effect of dividend income from Laraib Energy Limited, lower repair and maintenance expenditures, higher generation bonus, lower efficiency loss, lower liquidated damages (LDs) and write-off of damaged assets at Narowal Plant.

Consolidated earnings per share for the year under review was Rs. 9.57 compared to Rs. 6.47 last year. The increase in consolidated earnings is mainly due to net effect of lower repair and maintenance expenditures, higher generation bonus, lower efficiency loss, lower liquidated damages (LDs), write-off of damaged assets at Narowal Plant and recognition of O&M indexation and interim tariff relief after NEPRA's approval as part of Laraib's tariff true-up process.

LIQUIDITY AND FINANCING ARRANGEMENTS

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

CASH FLOW

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

Company is owed Rs. 70,016 million, out of which Rs. 62,834 million is for the Hub Plant and Rs. 7,182 million are owed to the Narowal Plant by the Power Purchasers. This resulted in the Company owing Rs. 54,792 million to PSO. Laraib, however, received timely payments from NTDC. Total amount invoiced to NTDC by Laraib during the period was Rs. 6,193 million, of which Rs. 619 million are overdue receivables.

TAX REFUND – SUPREME COURT DECISION

In 1998 the Federal Board of Revenue (FBR) made assessments under section 52/86 of the Income Tax

JVA Signing between Hubco and CPIH

REPORT OF THE DIRECTORS

Ordinance, 1979, amounting to Rs. 1,896 million, stating that the Company did not withhold tax at the time of issuance of shares to sponsors against project development costs incurred by them.

The Company deposited Rs. 297 million against the above assessments in accordance with the departmental procedures prevalent at that time to file the requisite appeals to challenge the decision.

Appeals filed by the Company before the Commissioner of the Income Tax and thereafter with the Income Tax Appellate Tribunal were decided against the Company. Against the decision of the Tribunal, the Company filed appeals before the High Court, which were also decided against it in March 2012.

Against the decision of the High Court, the Company filed further appeals before the Supreme Court, which finally gave the decision in Company's favor on April 17, 2014. FBR against the decision of the Supreme Court, filed a review petition, citing a number of reasons and justifications for the review. However, the review petition was rejected by the Supreme Court on June 19, 2015. The Company is now entitled to receive a refund of Rs. 1,912 million, which was paid to the FBR.

CAPITAL STRUCTURE

The Company's assets are financed by debt and equity in the ratio of 42:58 and our interest cover is 3.21 times.

RISK MANAGEMENT & STRATEGY FOR MITIGATING RISKS

Every business has elements of risk and uncertainty, which may affect its interests. By following and implementing a circumspect and cautious rationale, the Company focuses on identifying all long-term and short-term risks, how to overcome and eliminate them.

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

1. OPERATIONAL RISK

   The Company has devised necessary strategies to mitigate the operational risks, and substantial investments are being made to ensure Plant reliability. The Company is carrying out requisite rehabilitation and refurbishments at the Hub Plant and is carrying out the requisite maintenance required at the Narowal Plant and Laraib Plant.

2. FINANCIAL RISK

   During the year the Company was able to operate without any interruption, however, the financial difficulties faced by the Power Purchasers could potentially jeopardize the Company's ability to continue plant operations and pursue growth initiatives.

   WAPDA for the past few years has not provided the stand-by letter of credit it was required to provide under the PPA for the Hub Plant and has also consistently delayed payment due to the Company.

   The Company has been persistently pursuing GOP to have the Circular Debt issue resolved which has created a severe liquidity crunch for the power industry. The Company is also working with the Independent Power Producers Advisory Committee (IPPAC) for the resolution of the Circular Debt and for creation of a smooth operating environment for the power sector.

   A. CREDIT RISK

      Delays in payments by NTDC for our Narowal Plant are mainly managed by us through bank borrowings whereas delay in payments by WAPDA for our Hub Plant are mainly offset by delaying payments to the fuel supplier.

   B. MARKET RISK

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

   C. LIQUIDITY RISK

      The Company has arranged working capital lines with various financial institutions to cater to the delay in receipt of payments from our power purchasers, meet its obligations and ensure normal business operations.

CREDIT RATING

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

HEALTH, SAFETY & ENVIRONMENT

The Company continued with its practice of upholding the highest standards for Health, Safety, Security and Environment at the Head Office and at the Plants.

As a testament to Company's strong environmental performance, the Company is proud to be the first power Plant in Pakistan to be certified with ISO 14001: 2004.

Our Environmental initiatives have also been recognized by various prestigious awarding bodies. The Company is proud to have received the highest honor Section Award in Electricity Industry Sector by ROSPA. All of our Plants have been certified in Environmental Management System (ISO-14001) and Safety Management System (OHSAS 18001).

The Company has launched world renowned DuPont Safety Management System Alignment Program and carried out Safety Perception Survey and Gap Analysis of systems at all sites.

Based on the Gap Analysis report, action plans have been developed for all sites. Roadmap for DuPont alignment for all sites has been developed and rolled out. Corporate and site level DuPont Alignment committees have been formed and made functional. Trainings on DuPont Safety Management elements are in progress.

Further details of our HSE initiatives is mentioned in **Growth through Sustainability** section of the report.

HUMAN RESOURCES

Employee development is fundamental to Hubco's long-term growth and success. During the year, the Company focused on strengthening its team by hiring competent and experienced professionals to work on growth projects and improve sustainability of its base business. The Company worked towards enhancing employee engagement through market competitive benefits and increased gender diversity. In addition, created a friendly and professional work environment to enable personal and professional development of the employees.

During the year, substantial investment was made in technical and behavioral skill trainings for employees at all levels.

A detailed description of our HR performance is discussed in the **Growth through People** section of the report.

SOCIAL INVESTMENTS – CSR

The Company and its subsidiary actively participated in contributing towards the welfare of the society at large and remained focused on their ethical values of improving the living standards of the local communities. During the period under review, the Company contributed 1% and its subsidiary Laraib Energy Limited contributed 0.78% of their PAT on various key initiatives in the communities near the plants.

Company's area of social investment are:

- Education
- Health
- Community Physical Infrastructure
- Livelihood Interventions

Further details of our CSR initiatives is discussed in **Growth through Empowerment** section of the report.

FUTURE OUTLOOK

The Company is working on an aggressive growth plan and is all set to seek medium to long-term growth through expansion and investments. We are working to constantly improve our standards and explore sustainable ways of producing affordable energy.

Our upcoming coal project and investment in Thar coal will further strengthen our position in the power sector and will be a critical step in addressing the cost of power generation by producing inexpensive electricity for domestic, commercial and industrial use.

Below is a summary of the initiatives we are undertaking to augment our growth plan

(A) 2X660 MW IMPORTED COAL-BASED POWER PLANTS

To continue with its pioneering role in the power sector, the Company plans to develop a 2x660 MW (with an aspiration of 6x660 MW) imported coal-based power Plant and coal jetty at the existing Hub site, in partnership with China Power International Holding (CPIH) under China Pakistan Economic Corridor.

The 2x660MW project would be setup through an SPV - China Power Hub Generation Company (Private) Limited (CPHGC). A Joint Venture Agreement (JVA) was signed in April 2015 amid the presence of honorable Prime Minister of Pakistan Mian Muhammad Nawaz Sharif and the honorable President of People's Republic of China His Excellency Xi Jinping. Shareholders Agreement for establishment of CPHGC was executed on June 12, 2015.

NOC from NTDC for power evacuation from Hub site and LOI from PPIB for 2x660 MW power Plant have been obtained. Feasibility of setting up a jetty to handle 3.6 mtpa of coal required for the power project is being carried out. Financial, tax and insurance advisors for the coal project have also been appointed.

REPORT OF THE DIRECTORS

The cost of the project is estimated to be USD 2,400 million. Hubco and CPIH have already initiated the dialogue with the potential financing institutions through the advisor, and are in the process of mapping out the strategy to approach Sinosure for insurance.

(B) INVESTMENT IN SINDH ENGRO COAL MINING CO. (SECMC)

The Company has agreed to invest USD 20 million in Sindh Engro Coal Mining Company (SECMC, a joint venture between Engro and the Government of Sindh). The Company has a Director on the Board of SECMC and has the first right of refusal for coal supply to construct mine-mouth IPP as the mine scales up.

Following the execution of the Shareholders Agreement with Engro Powergen and House of Habib, and after obtaining necessary approvals from Government of Sindh, the Company has made a subscription of Rs. 240 million in SECMC and has committed to invest the balance amount when SECMC achieves financial close, expected by end of 2015. SECMC would be able to mine initially about 3.8 million tons of coal per annum some three and half years after the financial close.

(C) NAROWAL DEMERGER

The Company is working to demerge its Narowal Plant into a separate entity. Work on scheme of arrangement, valuation of assets and approvals from the relevant stakeholders are in progress.

MARKET SHARE INFORMATION

Pakistan's installed power generation capacity is around 24,375 MW of which hydel power is 29.19%, thermal power is 67.14%, wind is 0.43% and nuclear power is 3.23%. Actual power generation varies between 18,000 MW and 24,000 MW, depending mainly on discharge of water in the rivers and watercourses for hydel generation and availability of fuel for thermal Plants.

RELATED PARTY TRANSACTIONS

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

FINANCIAL STATEMENTS

The Company's Unconsolidated and Consolidated financial statements have been audited without any qualification by the Company's auditors Messrs Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants.

CORPORATE & FINANCIAL REPORTING FRAMEWORK

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

(a) The financial statements, prepared by the management of the Company, fairly portray its state of affairs, the result of its operations, cash flows and changes in its equity.
(b) Proper books of account of the Company have been maintained.
(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
(d) IFRS as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.

OVERVIEW OF THE COMPANY'S POWER GENERATION FOR THE LAST SIX YEARS IS AS FOLLOWS:

Fiscal Year	Electricity Generation (GWh)	Company's share (GWh)	% age
2009 – 10	99,766	8,337	8.4%
2010 – 11	100, 582	8,352	8.3%
2011 – 12	98,822	9,091	9.2%
2012 – 13	98,842	8,643	8.7%
2013 – 14	105,996	9,119	8.6%
2014 – 15 (est.)	101,323	8,717	8.6%

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

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

KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS IS AS FOLLOWS:

Fiscal year ending June		2015	2014	2013	2012	2011	2010
Turnover	Rs. In million	131,484	161,807	165,862	174,712	123,310	99,694
Profit	"	9,853	6,549	9,388	8,190	5,425	5,556
Assets	"	125,949	135,432	99,313	207,817	146,240	122,696
Dividend	"	9,257	8,100	7,522	6,943	5,786	5,207
Generation	(GWh)	8,717	9,119	8,643	9,091	8,352	8,337

Value of investments of provident fund and gratuity scheme based on their respective audited accounts as at June 30, 2014 are as follow:

	Rs. in million
Provident Fund	97.501
Gratuity Fund	79.441

INFORMATION IN RELATION TO LUXEMBOURG STOCK EXCHANGE

The Directors, in compliance with the requirements of the "Commission De Surveillance Du Secteur Financier, Societe de Bourse de Luxembourg SA", are pleased to confirm that to the best of their knowledge, the consolidated and unconsolidated financial statements for the year ended June 30, 2015 give a true and fair view of the assets, liabilities, financial position and financial results of the Company and are in conformity with approved accounting standards as applicable in Pakistan. Further, the aforementioned management report includes a fair review of the development and performance of the Company together with the potential risks and uncertainties faced, if any.

BOARD OF DIRECTORS

The current members of the Board are listed on Page No. 14.

During the year 6 meetings of the Board of Directors were held. Attendance by the Directors was as follows:

Mr. Hussain Dawood	5/6
Mr. Masood Ahmed*	2/6
Syed Muhammad Ali	6/6
Mr. Iqbal Alimohamed	4/6
Syed Ahmed Iqbal Ashraf	3/6
Mr. Abdul Samad Dawood	5/6
Mr. Shabbir H. Hashmi	6/6
Mr. Qaiser Javed	4/6
Mr. Ajaz Ali Khan	5/6
Mr. Ruhail Mohammed	5/6
Mr. Ali Munir	1/6
Mr. Shahid Hamid Pracha	6/6
Mr. Inam Ur Rahman	6/6
Mr. Khalid Siraj Subhani	6/6

* Effective June 16, 2015, the Government of Balochistan (GOB) nominated Mr. Abdul Fattah Bhangar as Director in replacement of Mr. Masood Ahmed.

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

DIRECTORS' TRAINING

During this year two Director completed the Corporate Governance Leadership Skills Program conducted by the Pakistan Institute of Corporate Governance (PICG).

APPROPRIATION

The Board of Directors take pleasure in recommending a final dividend of Rs. 5.5 per share. This will be paid to the shareholders whose names appear in the Company's Register on September 21, 2015. An Interim dividend of Rs.4 per share that was declared on February 16, 2015 was paid on April 7, 2015. The total dividend to be approved by the shareholders at the Annual General Meeting to be held on October 5, 2015 will be Rs. 9.5 per share.

REPORT OF THE DIRECTORS

Movement in un-appropriated profit is as follows:

	Rs. in million
Net Profit for the Year	
Un-appropriated profit at the beginning of the year	19,473
Profit available for appropriation	9,848
	29,321
Appropriations	
Final dividend for the fiscal year 2013-2014 @ Rs. 4	(4,629)
Interim dividend for the fiscal year 2014-2015 @ Rs. 4	(4,629)
Un-appropriated profit at the end of the year	20,063
Basic and diluted earnings per share	8.51

Auditors

The retiring auditors Messrs Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, being eligible, offer themselves for reappointment.

The Company is thankful to its shareholders for the trust and confidence they have shown in the Company.

The Company acknowledges and appreciates the efforts and dedication of its employees and operators enabling the Company to achieve its results.

By Order of the Board

Khalid Mansoor
Chief Executive

Karachi – August 20, 2015

CODE OF BUSINESS ETHICS

Our Code of Business Ethics applies to all business units and employees of The Hub Power Company Limited and its subsidiaries. The Code outlines the behaviors Hubco expects of its employees and what the employees can expect from the Company.

Compliance with our Code contributes to the long-term value creation for our stakeholders and helps us sustain the good reputation of the Company. Unethical practices of any sort are not allowed to find its way into the business.

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

We believe that the Code of Business Ethics has been fundamental to how we have conducted our business and ourselves with respect to the environment in which we operate.

ANTI-CORRUPTION MEASURES

Hubco strictly discourages corrupt business practices and does not give or receive bribes in order to retain or bestow business or financial advantages. All employees of the Company are directed that any demand for or offer of such bribe must be immediately rejected and reported to the management.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
eyfrsh.khi@pk.ey.com
ey.com/pk

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **The Hub Power Company Limited** (the Company) for the year ended **30 June 2015** to comply with the requirements of Listing Regulation No. 35 Chapter XI of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended **30 June 2015**.

Further, we draw your attention to clause 26 of the Statement of Compliance which explains the status of formulation of a mechanism for an annual evaluation of the Board's own performance. Our conclusion is not qualified in respect of this matter.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Date: August 20, 2015
Place: Karachi

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

This statement is being presented in compliance with the Code of Corporate Governance (the "Code") contained in the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

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

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

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

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

Category	Names
Independent Directors	Syed Muhammad Ali Mr. Iqbal Alimohamed Mr. Qaiser Javed Mr. Ruhail Mohammed Mr. Ali Munir Mr. Khalid Siraj Subhani
Executive Director	Mr. Khalid Mansoor
Non-Executive Directors	Mr. Hussain Dawood Mr. Abdul Fattah Bhangar Syed Muhammad Ali Mr. Iqbal Alimohamed Syed Ahmed Iqbal Ashraf Mr. Abdul Samad Dawood Mr. Shabbir H. Hashmi Mr. Qaiser Javed Mr. Ajaz Ali Khan Mr. Ruhail Mohammed Mr. Ali Munir Mr. Shahid Hamid Pracha Mr. Inam ur Rahman Mr. Khalid Siraj Subhani

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

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

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

6. No casual vacancies occurred on the Board during the year ended June 30, 2015.

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

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

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

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

11. Two of the directors also acquired certification of "Corporate Governance Leadership Skills Programme" conducted by the Pakistan Institute of Corporate Governance ("PICG").

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

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

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

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

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

17. The Board has formed an Audit Committee. It comprises five members, four of them including the Chairman are independent and all of them are non-executive directors including the Chairman.

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

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

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

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

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

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

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

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

26. We confirm that all principles enshrined in the Code have been complied with, except that a mechanism for an annual evaluation of the Board's own performance, though drafted, has yet to be formalized, which is expected to be completed in due course.

By order of the Board

Khalid Mansoor

Karachi
August 20, 2015

Khalid Mansoor
Chief Executive

REPORT OF THE BOARD AUDIT COMMITTEE

The terms of the Audit Committee's mandate are governed by the Board of Directors and the Code of Corporate Governance. The Committee scrutinizes and advises on the financial governance issues. The Committee members are a mix of individuals with expertise and qualifications required to carry out its duties under the terms of reference of the Committee. The Committee comprises five directors, all of which are Non-Executive. Four of the Committee members, including the Chairman are independent Directors. No person has been elected or nominated as the member of committee who is a Director of more than seven listed companies. All members have expert knowledge of Finance and Accounting. The Committee monitors the integrity of financial information and provides comfort to the Board that the Company's internal controls and risk management systems are appropriate and are reviewed regularly. As the external environment continued to be challenging during the year, the Committee focused on ensuring that the Company's systems and controls were operating effectively, were responsive to the external environment and are evolving in line with the Company's growth.

The Audit Committee uses information drawn from a number of different sources to carry out this responsibility including:

- Objective assurance provided by Internal Audit through its annual work plan, which is approved by the Audit Committee focusing on the principal risks identified in the risk assessment and key internal controls;

- Regular reports to the Audit Committee from executive management and key Company support functions detailing their risk management and compliance approaches and highlighting any significant issues or irregularity;

- Further objective assurance provided by external auditors;

- Reviewing the systems in place to enable those who work for Hubco to raise concerns about possible improprieties in financial reporting and / or other issues, and the investigation of those matters.

Where matters relate to the financial statements, the Committee reviews the major judgmental areas, significant adjustments resulting from audit, going concern assumption, changes in accounting policies, compliance with applicable accounting standards and compliance with statutory and regulatory requirements Further committee also reviews half yearly and quarterly financial information of the Company, prior to their approval by the Board of Directors.

Based on the reviews and discussions, reliance on management and external audit, and subject to the limitations of our role, we recommended to the Board, and the Board has approved, the inclusion of the audited financial statements in the Annual Report for the year ended June 30, 2015.

Related Party Transactions involving a significant shareholders, Director, a nominee for Director, or the key management personnel and/or their close family members are referred to the BAC for review and approval or ratification. The BAC reviews all Related Party Transactions, including the terms of the transactions, the business purpose of the transactions, their benefits to the Company and to the Related Party and any other relevant matters.

The terms of reference of the Audit Committee includes instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with CEO and considering remittance of a matter to any external firm.

The Audit Committee met four times during the year, in compliance with the requirement to meet at least once in a quarter. These meetings were held prior to the approval of interim results by the Board and before and after the completion of external audit. All written notices, including agenda of meetings were circulated at least seven days prior to meetings. Regular attendees at the Committee meetings include the Chief Financial Officer and the Head of Internal Audit. The heads of departments were also present for the appropriate items of the agenda, as and when required. The Committee also at least once in the year met with:

- The external auditors in absence of the CFO and Head of Internal Audit; and

- The Head of Internal Audit and other members of Internal Audit function without the CFO and external auditors being present.

There is a mechanism for identifying, assessing, evaluating and mitigating the risks faced by the Company. The CFO retains overall responsibility, on behalf of the Board, for ensuring that the systems for identifying and assessing significant risks are adequate, that appropriate control systems and other mitigating actions are in place, and that residual exposures are consistent with the strategy and objectives. In addition a process of periodic audit reviews is in place which involves identification of major financial, commercial and operating risk.

INTERNAL AUDITORS

The internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board. The system of internal controls is designed to manage the risk of not achieving business objectives, and to provide reasonable assurance against any material misstatement. This covers all material controls including financial, operational, compliance and risk management systems.

The Head of Internal Audit has direct access to the Chairman of the Committee and the Committee has ensured that the function has all necessary access to management and the right to seek information and explanations. The Internal Audit function has carried out its duties under the Charter approved by the Committee. During the year, the Internal Audit function worked to ensure greater transparency and accountability across the Company. The Audit Committee monitored the effectiveness of the Internal Audit function through discussions with the Head of Internal Audit and reviewing matters arising from the Internal Audit reports, management's responses and action taken thereon. Accordingly, as and when necessary, the Committee escalated matters to the Board for their review and action.

Further, the Committee examined and assessed the appropriateness of mechanism in place for the resolution of complaints to the Internal Audit function received via the Company's whistleblower function. This function has been designed to encourage employees and other stakeholders to report concerns about accounting controls, auditing matters or any other practices which may appear to be questionable.

EXTERNAL AUDITORS

The Audit Committee regularly assesses the performance of external auditor taking into consideration a number of factors such as follows:

- The firm of external auditors has satisfactory rating under ICAP's quality control review program.
- Safeguards put in place by the incumbent auditor against independence threats are sufficient and comprehensive.
- Quality and transparency of audit firm communications are timely, clear, concise and relevant and that any suggestions for improvements or changes are constructive.
- Quality of the engagement team is sufficient and appropriate – including the continuity of appropriate industry, sector and technical expertise and whether it has exercised sufficient objectivity to mitigate any independence and familiarity threats.

Based on the results of the evaluation, the Committee has recommended reappointment of the current external auditors to the Board. On the recommendation of the Audit Committee, the Directors will be proposing the reappointment of Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants at the Annual General Meeting on October 05, 2015.

The Committee has a constructive and open relationship with the management and we thank them for their assistance during the year.

Iqbal Alimohamed
Chairman, Board Audit Committee

BUSINESS CONTINUITY PLANNING (BCP)

Hubco engages in rigorous crisis management planning for all its plants and site facilities in light of our growing operations and the complexity of risk that accompanies business expansion. The BCP refers to an action plan formulated in advance with the aim of preventing the stoppage of important and crucial company operations or restoring and restarting them in as little time as possible if they are interrupted by the occurrence of an unexpected event such as a natural disaster or an incident. To mitigate the risks associated with such an event or occurrence we have formulated BCPs for different types of crisis such as natural disasters, plant breakdown, political problems, etc. Hubco will immediately initiate its BCP protocols based on these categories and work to ensure the continuity of important operations at the very least and in the shortest time possible.

CEO'S PERFORMANCE REVIEW

Chief Executive Officer (CEO) is appointed by the Board of Directors for a tenure of three years. Each year, the Board reviews performance of the CEO against pre-determined operational and strategic goals. CEO is to manage the Company, implement strategic decisions and policies of the Board and align the Company's direction with the vision and objectives set by the Board

ROLE OF CHAIRMAN

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

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

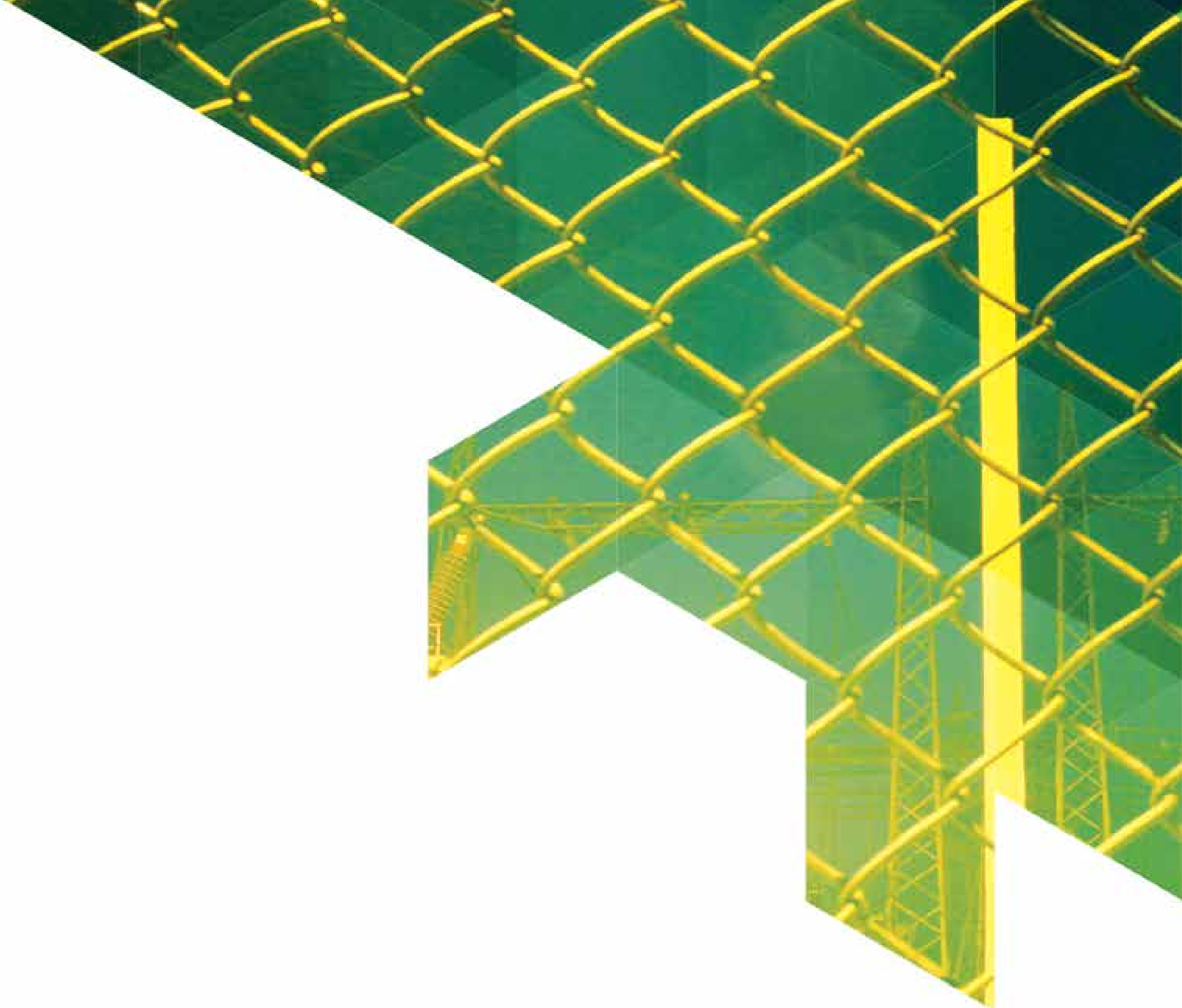
The Chairman also plays an integral role in promoting effective relationships and communications between non-executive directors.

ROLE OF CHIEF EXECUTIVE

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

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

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



GROWTH THROUGH

EMPOWERMENT

Our prime focus has always been to help and empower the communities that surround us. Our CSR program is a magnification of our outreach to a multitude of individuals and households. We are firm in our commitment to operate within ethical framework and contribute to the socio-economic development and improve the quality of life of the local communities and the society.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

We are working on various projects of social development that are focused on Education, Health, Community Physical Infrastructure and Livelihood interventions. Hubco's social investments are primarily centered on areas near its plant sites with full involvement, contribution and engagement of the community.

The Company contributes 1% and subsidiary Laraib Energy contributes 0.5% of its profit after tax on CSR activities.

EDUCATION

TCF SCHOOL

A fully funded TCF School in Hub has been established for the local community. The school currently enrolls 475 students from surrounding communities, Hub and Gadani areas.

Hubco also provides free-of-cost transportation to the students within 25 km radius of the school, through a transportation fleet of 7 buses and 4 coasters. In addition free school bags, uniforms and books are also provided to all the students.

Hubco has also converted the entire school on solar panels to provide continuous power supply to the school.

SUPPORTING LOCAL GOVERNMENT SCHOOLS

Hubco provides support to 18 local government primary schools in the District of Lasbella by providing free books, school bags and furniture besides some repair and maintenance work in these schools.

We also provide clean drinking water to 8 schools in our Hub plant neighbourhood.

Apart from these, two-year Apprentice training is also provided to 14 boys belonging to the province of Balochistan.

During the year, a school at Village Poong was adopted through Public-Private Partnership with Education Department of Punjab. Hubco renovated the school building and constructed one classroom and 2 washrooms. Two teachers were also hired for the school.

A fully functional Computer Lab with 5 desktop PCs was also established. The Company also installed a new water cooler for provision of clean drinking water. During the year, periodic training seminars for teachers were conducted and teacher's support material such as diaries, daily journals, attendance registers, etc. were also provided by Hubco. 50 chairs of various colors with 5 tables and formica boards have been provided to the school.

The Company also conducted various co-curricular activities for the students.

LEL has constructed a washroom facility for local schools in Village Chechiya and Lehri.

SCHOLARSHIPS AND SPONSORSHIPS

Scholarships to 40 female students belonging to Province of Balochistan, studying at the Sardar Bahadur Khan Women University (SBKWU) Quetta, have been awarded. The scholarship covers stipend and semester fees.

Regular assistance is also provided to the students of government schools and colleges for their study tours.
Laraib Energy has initiated an Institute scholarship

TCF School Hubco Campus


School Cleanliness Drive

program which covers 100% tuition fee, uniform and syllabus for deserving students.

HEALTH

Hubco organizes annual eye camp at Hub. Apart from this, free eye screening of approximately 1200 students of TCF and government primary schools is carried out every year.

This year 1,102 OPD cases were treated and 106 surgeries were performed.

Essential medicines are distributed to Government hospital in Hub and Government dispensaries in surrounding areas.

Number of health centers are being managed in 3 neighboring villages of Hub by trained LHVs.

This year, Hubco, in collaboration with The Health Foundation, administered Hepatitis-C vaccination at the surrounding villages of Hub site.

Hubco also has a mobile medical unit that covers 25 nearby villages of Hub consisting a lady doctor and a dispenser to provide free medical advice and medicines

General medical and skin camps are arranged regularly in Lasbella District.

Hubco, in collaboration with Ansaar Management Company (AMC), has established a dispensary in Narowal to provide appropriate medical facilities to the local residents. The facility is also providing benefits to numerous neighboring villages.

Treated at Dispensary	**Treated Free of Cost**
4,000	550

Laraib Energy has upgraded the labor room and mother child care center, where there are monthly 40-45 delivery cases and around 150 OPD patients are treated and has upgraded the Lab testing equipment at Rural Health Centre (RHC) in Village Pindi Samarwal.

RECREATION

Hubco sponsors a number of local football and cricket clubs by providing sports gear, to support and promote healthy activities among the communities.

LIVELIHOOD INTERVENTIONS

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

HUBCO APPRENTICESHIP TRAINING SCHEME

Apprenticeship scheme of Hubco is carried out at Hub only for “Young Balochi Boys” from the Province of Balochistan. This is a 100% local populace scheme where only local boys of the province are inducted.

Apprentices are hired on merit, after thorough assessments. The Company provides free technical training for a period of 2 years and also provides all necessary support including boarding and lodging, housing onsite and transportation. Stipend is also paid to these boys. During the course of apprenticeship, the apprentices receive training in various technical (electrical, mechanical, instrumentation, plant operations and HVAC) and social skills.

So far 12 batches comprising 144 local boys have graduated from the program of which 86% are working in the industry in Pakistan and Middle East. (14% in Middle East/GCC countries; 29% in other industries

Seminar for Engineering Students

Hubco Eye Camp

CORPORATE SOCIAL RESPONSIBILITY (CSR)

including government organizations; 43% are working at Hub Plant either directly or with various services contractors onsite).

VOCATIONAL TRAINING PROGRAM

Hubco signed an MOU with Hunar Foundation for providing vocational training to bright students passing out from TCF School at Hub. The Company provides scholarship to the students to cover the fee and accomodation expenses.

COMMUNITY PHYSICAL INFRASTRUCTURE

Hubco has installed Solar Street Lights in 3 neighboring villages at Hub.

Installation of RO Plant in 3 neighboring villages at Hub is under study to provide pure drinking water for the community.

Hubco has initiated an Underground Sewerage Pipeline project at village Poong, Narowal, a 11,286 RFT pipeline has been laid. A sewerage treatment system is also being installed under this project. The sewerage water from village will be directed to Wetland being constructed and is bio-remedially treated in order to make it useful for irrigation.

Laraib Energy has also initiated a program to upgrade the sewage network in the nearby village. First phase of the project has been completed and a 965 meter length network has been laid for about 200 households of the largest village of the area, Lehri.

A water filtration plant has also been installed in Lehri that has an installed capacity of 1000 ltrs per hour. It caters to 200 households and various commuters.

OTHER INTERVENTIONS

- Donation is provided to the Kidney Centre Karachi each year for patients belonging to Balochistan Province
- Provision of ambulances to Edhi Foundation
- Donation for disaster / natural calamity during heat wave in Karachi
- Laraib Energy organized a seminar on latest technology in hydro power sector for Mirpur University of Science and Technology (MUST) students
- A traffic safety program was also organized in a community school by Laraib Energy
- A bus stand on Lehri Jatlan road has also been constructed by Laraib
- Company also donated to IDPs fund
- Community Awareness Campaign for flood awareness was conducted by Laraib. The campaign targeted 14 downstream villages with a cumulative population around 18-20 thousand people living on the banks of the Jhelum river and within the reach of spillway releases from Mangla, furthermore the company has also installed 4 remote sirens for forewarning of these communities

Hubco Eye Camp

Hubco Apprenticeship Program


Internship MOU Signing with MUST University


Provision of School Bags to the Students


Distribution of Medicines


Construction of the underground Sewarage Pipeline


Free Medical Camp


Renovated Government School Building

GROWTH THROUGH

SUSTAINABILITY

Sustainability is a powerful path towards achieving growth. We strongly believe that through a comprehensive management system for Occupational Health, Safety and Environment we can achieve sustainability.

We have taken numerous initiatives towards providing safe workplace for our employees, saving energy, reduction in paper consumption and Waste reduction and reutilization.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

Plant Managers are primarily accountable for executing corporate HSE policies at plants. We believe that it is our duty to protect the health, safety and welfare of our employees and other people who might be affected by our business. This means we make sure that all stakeholders are protected from anything that may cause harm due to our operations and that we effectively control any risks to injury or health that could arise at the workplace.

We achieve a cummulative Total Recordable Injury Rate (TRIR) of 0.14 for the year against the target of 0.14.

The scope of our HSE policy is not limited to just our employees. We ensure that all our stakeholders are protected from any potential hazards. We take every measure to ensure protection of health and safety of our employees, contractors, our business partners and the communities in which we operate.

Our Environmental initiatives have also been recognized by various prestigious awarding bodies. The Company is proud to have received the highest honor Section Award in Electricity Industry Sector by ROSPA. All of our Plants have been certified in Environmental Management System (ISO-14001) and Safety Management System (OHSAS 18001).

We take pride in the fact that we operate the first power station in Pakistan, which is recognized by ROSPA (Royal Society for the Prevention of Accident) for its excellent performance in the management of Occupational Health and Safety. Our Hub Plant has received various awards from the ROSPA consecutively since 1998. The plant has also received ROSPA SECTOR AWARD in the years 2008, 2011 and 2013.

DUPONT SAFETY MANAGEMENT SYSTEM

During the year, we launched world renowned DuPont Safety Management System Alignment Program and carried out Safety Perception Survey and Gap Analysis of systems at all sites.

Based on the Gap Analysis report, action plans have been developed for all sites. Roadmap for DuPont alignment for all sites has been developed and rolled out. Corporate and Site DuPont Alignment committees have been formed and made functional. Trainings on DuPont safety management elements are in progress.

REDUCTION IN CARBON FOOTPRINT

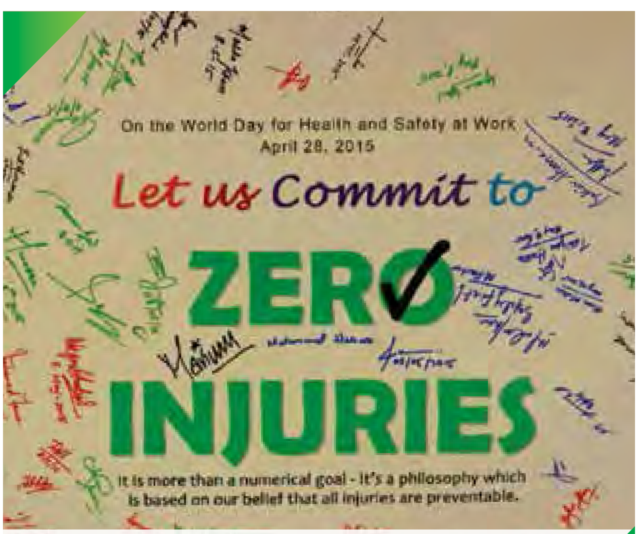
Hubco is an environmentally aware company. Our 84 MW New Bong Escape Hydropower Project, Laraib Energy, is registered under Clean Development Mechanism (CDM) project under the United Nations Framework Convention on Climate Change (UNFCCC).

WASTE WATER EFFLUENT AND AIR EMISSIONS MANAGEMENT

Waste Water Effluent and Air Emissions from our sites strictly conform to National Environmental Quality Standards (NEQS). We regularly report our effluent and emission results to Provincial Government on Self Monitoring And Reporting Technique (SMART).

WORKPLACE SAFETY AND SECURITY

Hubco provides information to employees about workplace safety and health issues at all sites. The



Commitment to Best HSE practices

Tree Plantation at a Local School

employees are informed about best HSE practices through regular internal communication channels such as transformation forums and internal safety workshops. Each employee is also trained to follow safety rules and to exercise caution in all work activities.

We conduct risk assessments that address all the hazards that might cause harm in workplace. We train all our employees about the risks in the workplace and instruct them on how to deal with those risks.

REDUCTION IN PAPER CONSUMPTION AND RECYCLING

Waste paper, after segregation, is collected and recycled. Common multi-function printers have been installed at various points and employees are encouraged to re-use the paper.

WASTE HANDLING AND AWARENESS

The Company regularly conducts on site awareness sessions on environmental best practices and effective management of waste for all permanent and visiting contractors. We have also procured Lamp Compactor and Mercury Recovery System for safe and effective disposal of fluorescent tube lights and lamps.

For effective management of waste, tool boxes have been installed for all the contractors. Our team at the plant site maintains a Waste Reuse Register and conducts a Waste Audit to evaluate the waste generation from different divisions and to identify areas of improvement.

Site Waste segregated and collected through Waste Skips are collected at the scrap yard and is annually disposed to generate revenue, as well as to ensure proper recycling and reuse of the waste. Other site generated waste that can be reused and is of no value to site is deposed through the scrap disposal process.

HSE INITIATIVES FOR THE NEW COAL PROJECT

Our new coal-based plant will be established with state-of-the-art technology to ensure that the standards set by National Environmental Quality Standards are stringently followed. The plant will be equipped with state-of-the-art Flue Gas Desulfurizer (FGD) in order to reduce SOx emissions, Low NOx Burners to reduce NOx and Electrostatic Precipitator (ESP) to reduce Particulate Matter.

The plant will not only meet the limits set out by National Environmental Quality Standards (NEQS) but also the World Bank's emission standards. Liquid effluent treatment plants will also be installed at the Project to ensure that industrial effluents discharged from the Project does not go beyond the limits set out by the NEQS.

Reduction in paper consumption	i. Recycling of most of the paper waste through waste segregation and collection system ii. Common multi-function printers as compared to printers for each department iii. Meetings employing multimedia instead of hard copies of documents
Waste reduction and reutilization	i. Waste handling awareness sessions for all contractors coming on site ii. Waste record register to monitor waste reuse iii. Waste audit processes to evaluate individual sections waste generation and to develop reduction plans iv. Segregated site waste are collected in scrap yard, the waste of some value is recycled and reused while some is annually disposed off v. Site generated waste which is of no value and cannot be recycled is disposed through the scrap disposal process
Energy Conservation	i. Phase wise replacement of lights with energy savers and LED bulbs

GROWTH THROUGH PEOPLE

As we continue to translate our strengths into our business success, Human Resource development is becoming fundamental to our long-term growth and progress. We believe that the coming years will pave the way for a new performance driven culture at Hubco, which will be geared towards enhancing our human resource capacity at par with global standards, embarking on a corporate management training plan to develop future leadership from within the organization, and achieving excellence at every level.


THOR
THOR
THUNDERBIRD

HUMAN RESOURCES

During the year, we focused on strengthening our team by hiring competent and experienced professionals to work on growth projects and improve sustainability of our base business.

Substantial investment was made in technical and behavioral skill trainings for employees at all levels. 96% of the employee population was exposed to at least 1 training intervention and logged a total of 230 man days of training.

LIFE AT HUBCO

Our success can be credited to the reason that we consistently attract, hire and retain some of the most talented people in Pakistan and abroad to create high performance teams in a culture of inclusiveness, professionalism and excellence.

Today, our team is emerging as one of the best in the corporate sector, with a culture driven on performance and merit. We follow a rigorous process to find and develop the best talent to prepare them to effectively meet and exceed business expectations.

We constantly work towards enhancing employee satisfaction through market competitive benefits, increased gender diversity, a friendly and professional work environment to enable personal and professional development of the employees.

Moving forward, our focus remains on strengthening our team by hiring competent and experienced professionals to work on growth projects and improve sustainability of our base business. We have reviewed and aligned our HR systems with best practices to promote performance based culture in the organization.

DIVERSITY

We are an equal opportunity employer. We provide ample opportunities to all our employees –irrespective of their gender, cast and creed – and freedom to work and pursue their career aspirations.

MENTORSHIPS & CAMARADERIE

Our Senior Management are not just the excellent leaders, they are our camaraderie and are our trusted mentors who guide and coach us along the way.

SPOT RECOGNITION

We have created a culture of positive reinforcement where the team recognizes the contributions made by all team members.

RECRUITMENT DRIVES

Hubco conducts recruitment drives in institutions to select the most talented individuals. The basis for selection considers their GPA, an online aptitude test, assessment center and a panel interview with senior executives. Individuals can register prior to the

Hubco Spot Recognition Program

Hub Power Station Team

recruitment drive to ensure they get a fair chance to be considered.

MANAGEMENT TRAINEE PROGRAM

For our MT program, we look for young and talented individuals to offer a head start to their career. Graduating students with stellar academic records are selected and put through a rigorous recruitment process. The program offers a focused learning experience, where each trainee is attached to a function best suited to their academic background, and involved in live projects as well general management of the business.

The MT program involves:

- An initial screening process
- Assessment center
- Panel interview
- Medical fitness test

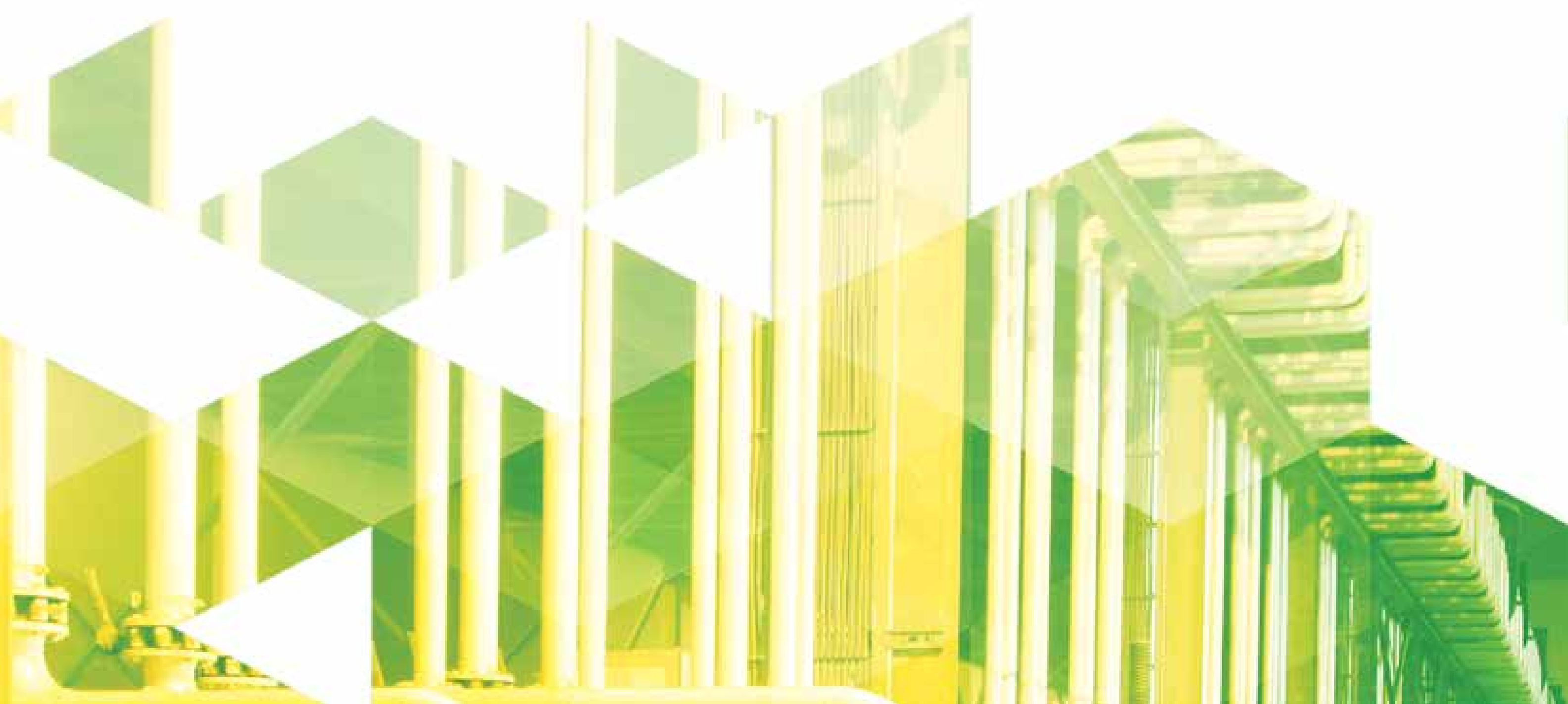
INTERNSHIP OPPORTUNITIES

Depending on business need, Hubco offers placements for young individuals in the midst of their academic life to give them the relevant exposure to the corporate world. The initial screening is done on the basis of their GPA and an interview conducted by the HR department. Over a period of 4-6 weeks; candidates are given the opportunity to work with a specific department of their interest and gain relevant exposure.

Hubco Head Office Team

SPEAK UP POLICY

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. The Company is committed to developing a culture where it is safe for all employees, customers and vendors to raise concerns about any poor or unacceptable practice and any event of misconduct. The purpose of the policy is to provide a framework to promote responsible and secure manner to speak up. It protects employees, customers and vendors wishing to raise any concern they have regarding business ethics, safety, environmental performance, harassment and other possible breaches of compliance. The policy neither releases employees from their duty of confidentiality in the course of their work, nor is it a route for taking up a grievance about a personal situation. The policy is available on the Company's website.



IT POLICY

Our IT policy defines the responsibilities of all the users at the Hub Power Company. The policy ensures the security of information when it is stored and transmitted, and protects the data from unauthorized or accidental modification or destruction, and disclosure. The purpose of our IT Governance Policy is to ensure continuity of IT operations and electronic communication, keep the IT infrastructure up to date with relevant updates and system upgrades and to enhance system security to minimize risk of malicious attacks. The policy also provides a framework for effective and efficient data and infrastructure backup system as part of Disaster Recovery Management.

HR POLICY AND SUCCESSION PLANNING

A comprehensive HR policy is part of terms of employment and is applicable to all the permanent employees. The key objectives of the HR policy is to develop a high performance culture providing a critical link between an employee's performance and company's goals. The policy also supports in maintaining the desired organizational culture.

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

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

GROWTH THROUGH

PERFORMANCE

Over the years, Hubco has evolved into an influential corporate player known for commitment to highest standards and consistently delivering excellence in every business aspect.

We have maintained our position in the industry and have posted impressive growth, to which our performance and position in the industry are a testimony.

HUBCO FINANCIAL RATIOS

		2015	2014	2013 Restated	2012	2011	2010
Profitability Ratios							
Gross Profit margin	%	10.94	7.25	9.84	8.96	7.47	7.71
Net Profit margin	%	7.49	4.05	5.66	4.69	4.40	5.57
Operating cost to turnover	%	89.06	92.75	90.16	91.04	92.53	92.29
Fuel cost to turnover	%	81.97	86.60	85.03	86.80	87.70	86.51
EBITDA Margin to Sales	%	13.16	8.57	11.24	10.28	8.73	9.10
Operating Leverage Ratio	Times	(1.63)	12.28	(0.86)	1.76	0.84	1.23
Return on Equity	%	31.44	20.58	29.63	27.17	18.27	18.70
Return on Capital Employed	%	26.76	19.72	27.71	25.99	15.49	15.18
Liquidity Ratios							
Current Ratio	Times	1.08	1.06	1.18	1.04	1.04	1.01
Quick / Acid Test Ratio	Times	1.01	1.01	1.05	1.02	0.99	0.98
Cash to Current Liabilities	Times	0.006	0.032	0.396	0.003	0.018	0.012
Cash Flow from Operations to Sales	%	10.24	(9.83)	25.06	(0.18)	0.51	3.93
Working capital	Rs. in million	6,296	5,086	7,902	5,824	3,152	509
Activity / Turnover Ratios							
No. of Days in Inventory	Days	9	8	7	6	9	8
Inventory Turnover	Times	39.98	45.22	49.67	57.34	42.78	44.87
No. of Days in Receivables	Days	212	118	194	248	226	207
Receivables Turnover	Times	1.72	3.09	1.89	1.47	1.62	1.76
No. of Days in Payables	Days	196	122	200	239	209	209
Payables Turnover	Times	1.86	3.00	1.82	1.53	1.75	1.75
Operating Cycle	Days	25	4	1	15	26	6
Total Asset Turnover	Times	1.04	1.19	1.67	0.84	0.84	0.81
Fixed Assets Turnover	Times	3.39	3.93	3.82	3.79	2.52	2.01
Working Capital Turnover	Times	20.88	31.81	20.99	30.00	39.12	195.86
Investment / Market Ratios							
Earnings Per Share	Rs.	8.51	5.66	8.11	7.08	4.69	4.80
Price Earning Ratio	Times	11.00	10.28	7.60	5.92	8.00	6.66
Dividend Yield	%	10.15	11.18	12.98	14.32	14.67	15.64
Dividend Payout Ratio	Times	1.12	1.15	0.99	0.85	1.17	1.04
Dividend Cover Ratio	Times	0.90	0.87	1.01	1.18	0.85	0.96
Cash Dividend Per Share - Interim	Rs.	4.00	2.50	3.50	3.00	2.50	2.50
Cash Dividend per share - Final	Rs.	5.50	4.00	4.50	3.00	3.00	2.50
Cash Dividend per share - Total	Rs.	9.50	6.50	8.00	6.00	5.50	5.00
Market Value Per Share							
Year end	Rs.	93.57	58.74	61.65	41.89	37.50	31.96
High	Rs.	97.84	68.60	65.65	40.87	42.24	38.10
Low	Rs.	57.60	51.50	44.01	30.14	35.90	30.50
Breakup Value /(Net assets/share)	Rs.	27.34	26.83	28.18	26.59	25.52	25.83
Capital Structure Ratios							
Financial Leverage Ratio	Times	0.71	0.76	0.79	0.91	0.99	0.84
Weighted Average Cost of Debt	%	11.77	12.50	16.31	15.44	15.21	16.14
Debt to Equity Ratio	Ratio	42:58	43:57	44:56	48:52	50:50	46:54
Interest Cover Ratio	Times	3.21	2.42	2.43	2.16	2.60	4.10
No. of Ordinary Shares	No. in million	1,157	1,157	1,157	1,157	1,157	1,157

DuPont Analysis

Ratios	2015	2014	Comments
Tax Burden/Efficiency (Net Income/PBT)	98.4	99.9	Declined mainly due to one time super tax and tax on dividend income.
Interest Burden/Efficiency (PBT/EBIT)	68.8	58.7	Improved mainly due to increase in income from main operations and decrease in finance cost due to lower interest rates.
Operating Income Margin (EBIT/Sales)	11.1	6.9	Improved mainly due to dividend income from subsidiary and reduced repair and maintenance.
Asset Turnover (Sales/Assets)	1.0	1.2	Declined mainly due to decrease in turnover due to lower RFO price and NEO.
Leverage Ratio (Assets/Equity)	4.0	4.4	Declined mainly due to decrease in assets due to better recoveries from Power Purchaser.
Return on Equity (ROE)	31.4	20.6	Improved mainly due to increase in net profit after tax.

HORIZONTAL AND VERTICAL ANALYSIS OF PROFIT AND LOSS ACCOUNT

Horizontal Analysis

	2015 (Rs. Million)	15 Vs. 14 %	2014 (Rs. Million)	14 Vs. 13 %	2013 (Rs. Million)	13 Vs. 12 %
Turnover	131,484	(18.74)	161,807	(2.44)	165,862	(5.07)
Operating costs	(117,093)	(21.97)	(150,071)	0.35	(149,544)	(5.98)
Gross Profit	14,391	22.61	11,736	(28.08)	16,318	4.26
General and administration expenses	(921)	39.33	(661)	59.28	(415)	0.48
Other income	1,532	1,745.78	83	144.12	34	(2.86)
Other operating expenses	(451)	-	-	-	-	-
Profit from Operations	14,551	30.41	11,158	(29.99)	15,937	4.35
Finance costs	(4,538)	(1.46)	(4,605)	(29.66)	(6,547)	(7.57)
Profit before taxation	10,013	52.80	6,553	(30.21)	9,390	14.65
Taxation	(160)	3,900.00	(4)	100.00	(2)	(100.00)
Profit for the year	9,853	50.45	6,549	(30.24)	9,388	14.63

Vertical Analysis

	2015		2014		2013	
	(Rs. Million)	% of turnover	(Rs. Million)	% of turnover	(Rs. Million)	% of turnover
Turnover	131,484	100.00	161,807	100.00	165,862	100.00
Operating costs	(117,093)	(89.05)	(150,071)	(92.75)	(149,544)	(90.16)
Gross Profit	14,391	10.95	11,736	7.25	16,318	9.84
General and administration expenses	(921)	(0.70)	(661)	(0.41)	(415)	(0.25)
Other income	1,532	1.17	83	0.05	34	0.02
Other operating expenses	(451)	(0.34)	-	-	-	-
Profit from Operations	14,551	11.07	11,158	6.90	15,937	9.61
Finance costs	(4,538)	(3.45)	(4,605)	(2.85)	(6,547)	(3.95)
Profit before taxation	10,013	7.62	6,553	4.05	9,390	5.66
Taxation	(160)	(0.12)	(4)	(0.00)	(2)	(0.00)
Profit for the year	9,853	7.49	6,549	4.05	9,388	5.66

2012	12 Vs. 11	2011	11 Vs. 10	2010	10 Vs. 09	2009
(Rs. Million)	%	(Rs. Million)	%	(Rs. Million)	%	(Rs. Million)
174,712	41.69	123,310	23.69	99,694	20.43	82,784
(159,061)	39.41	(114,093)	24.01	(92,006)	19.98	(76,687)
15,651	69.81	9,217	19.89	7,688	26.09	6,097
(413)	(5.49)	(437)	11.76	(391)	8.61	(360)
35	29.63	27	(49.06)	53	(61.59)	138
-	-	-	-	-	-	-
15,273	73.42	8,807	19.82	7,350	25.11	5,875
(7,083)	109.43	(3,382)	88.52	(1,794)	(14.33)	(2,094)
8,190	50.97	5,425	(2.36)	5,556	46.95	3,781
-	-	-	-	-	-	-
8,190	50.97	5,425	(2.36)	5,556	46.95	3,781

2012		2011		2010		2009
(Rs. Million)	% of turnover	(Rs. Million)	% of turnover	(Rs. Million)	% of turnover	(Rs. Million)
174,712	100.00	123,310	100.00	99,694	100.00	82,784
(159,061)	(91.04)	(114,093)	(92.53)	(92,006)	(92.29)	(76,687)
15,651	8.96	9,217	7.47	7,688	7.71	6,097
(413)	(0.24)	(437)	(0.35)	(391)	(0.39)	(360)
35	0.02	27	0.02	53	0.05	138
-	-	-	-	-	-	-
15,273	8.74	8,807	7.14	7,350	7.37	5,875
(7,083)	(4.05)	(3,382)	(2.74)	(1,794)	(1.80)	(2,094)
8,190	4.69	5,425	4.40	5,556	5.57	3,781
-	-	-	-	-	-	-
8,190	4.69	5,425	4.40	5,556	5.57	3,781

BALANCE SHEET HORIZONTAL ANALYSIS

	2015 (Rs.Million)	15 Vs. 14 %	2014 (Rs. Million)	14 Vs. 13 %	2013 (Rs. Million) Restated	13 Vs. 12 %
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, Plant and equipments	38,818	(5.83)	41,223	(5.15)	43,463	(5.59)
Intangibles	3	(75.00)	12	(55.56)	27	8.00
Stores and spares	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Long term investments	4,918	5.22	4,674	-	4,674	-
Long term loan	-	(100.00)	63	(27.59)	87	171.88
Long term deposits and prepayments	19	(9.52)	21	162.50	8	-
	43,758	(4.86)	45,993	(4.70)	48,259	(4.96)
CURRENT ASSETS						
Stores, spares and consumables	2,111	32.02	1,599	1.59	1,574	45.07
Stock-in-trade	3,470	45.25	2,389	(43.76)	4,248	139.46
Trade debts	72,683	(9.01)	79,879	222.11	24,799	(83.59)
Loan and advances	108	38.46	78	(27.78)	108	332.00
Prepayments and other receivables	3,335	18.35	2,818	(13.45)	3,256	30.34
Cash and bank balances	484	(81.91)	2,676	(84.32)	17,069	3334.41
	82,191	(8.10)	89,439	75.19	51,054	(67.49)
TOTAL ASSETS	125,949	(7.00)	135,432	36.37	99,313	(52.21)
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVE						
Share Capital						
Authorised	12,000	-	12,000	-	12,000	-
Issued, subscribed and paid-up	11,572	-	11,572	-	11,572	-
Revenue Reserve						
Unappropriated profit	20,063	3.03	19,473	(7.44)	21,038	9.60
	31,635	1.90	31,045	(4.80)	32,610	5.99
NON-CURRENT LIABILITIES						
Long term loans	18,419	(8.06)	20,034	(14.93)	23,551	(8.84)
Share premium payable	-	-	-	-	-	-
Deferred liability - Gratuity	-	-	-	-	-	-
CURRENT LIABILITIES						
Trade and other payables	60,053	(4.37)	62,794	80.25	34,838	(72.72)
Interest/mark-up accrued	763	(34.11)	1,158	(18.57)	1,422	(13.24)
Short term borrowings	10,963	(35.05)	16,878	272.83	4,527	(77.01)
Current maturity of long term loans	4,116	16.83	3,523	48.96	2,365	9.19
	75,895	(10.03)	84,353	95.48	43,152	(71.46)
TOTAL EQUITY AND LIABILITIES	125,949	(7.00)	135,432	36.37	99,313	(52.21)

2012 (Rs. Million)	12 Vs. 11 %	2011 (Rs. Million)	11 Vs. 10 %	2010 (Rs. Million)	10 Vs. 09 %	2009 (Rs. Million)
46,038	(5.83)	48,890	(1.46)	49,615	30.92	37,896
25	257.14	7	(12.50)	8	300.00	2
-	(100.00)	637	-	637	(0.16)	638
-	-	-	-	-	(100)	4
4,674	15.87	4,034	54.56	2,610	297.87	656
32	(28.89)	45	100.00	-	-	-
8	33.33	6	50.00	4	100	-
50,777	(5.30)	53,619	1.41	52,874	34.90	39,196
1,085	202.23	359	100.00	-	-	-
1,774	(52.99)	3,774	141.92	1,560	(38.61)	2,541
151,161	76.17	85,806	28.62	66,712	43.07	46,629
25	(37.50)	40	700.00	5	(76.19)	21
2,498	143.23	1,027	39.54	736	(3.79)	765
497	(69.23)	1,615	99.63	809	(21.76)	1,034
157,040	69.55	92,621	32.65	69,822	36.93	50,990
207,817	42.11	146,240	19.19	122,696	36.05	90,186
12,000	-	12,000	-	12,000	-	12,000
11,572	-	11,572	-	11,572	-	11,572
19,195	6.94	17,949	(1.97)	18,310	1.94	17,961
30,767	4.22	29,521	(1.21)	29,882	1.18	29,533
25,834	(5.13)	27,231	16.15	23,445	106.73	11,341
-	-	-	(100.00)	41	100.00	-
-	(100.00)	19	26.67	15	-	15
127,723	72.19	74,177	24.47	59,595	35.54	43,970
1,639	2.63	1,597	21.17	1,318	72.06	766
19,688	68.53	11,682	73.22	6,744	88.27	3,582
2,166	7.60	2,013	21.56	1,656	69.15	979
151,216	69.01	89,469	29.08	69,313	40.60	49,297
207,817	42.11	146,240	19.19	122,696	36.05	90,186

BALANCE SHEET VERTICAL ANALYSIS

	2015 (Rs. Million)	%	2014 (Rs. Million)	%	2013 (Rs. Million) Restated	%
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, Plant and equipments	38,818	30.82	41,223	30.44	43,463	43.76
Intangibles	3	0.00	12	0.01	27	0.03
Stores and spares	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Long term investments	4,918	3.90	4,674	3.45	4,674	4.71
Long term loan	-	-	63	0.05	87	0.09
Long term deposits and prepayments	19	0.02	21	0.02	8	0.01
	43,758	34.74	45,993	33.96	48,259	48.59
CURRENT ASSETS						
Stores, spares and consumables	2,111	1.68	1,599	1.18	1,574	1.58
Stock-in-trade	3,470	2.76	2,389	1.76	4,248	4.28
Trade debts	72,683	57.71	79,879	58.98	24,799	24.97
Loan and advances	108	0.09	78	0.06	108	0.11
Prepayments and other receivables	3,335	2.65	2,818	2.08	3,256	3.28
Cash and bank balances	484	0.38	2,676	1.98	17,069	17.19
	82,191	65.26	89,439	66.04	51,054	51.41
TOTAL ASSETS	125,949	100.00	135,432	100.00	99,313	100.00
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVE						
Share Capital						
Authorised	12,000	-	12,000	-	12,000	-
Issued, subscribed and paid-up	11,572	9.19	11,572	8.54	11,572	11.65
Revenue Reserve						
Unappropriated profit	20,063	15.93	19,473	14.38	21,038	21.18
	31,635	25.12	31,045	22.92	32,610	32.84
NON-CURRENT LIABILITIES						
Long term loans	18,419	14.62	20,034	14.79	23,551	23.71
Share premium payable	-	-	-	-	-	-
Deferred liability - Gratuity	-	-	-	-	-	-
CURRENT LIABILITIES						
Trade and other payables	60,053	47.68	62,794	46.37	34,838	35.08
Interest/mark-up accrued	763	0.61	1,158	0.86	1,422	1.43
Short term borrowings	10,963	8.70	16,878	12.46	4,527	4.56
Current maturity of long term loans	4,116	3.27	3,523	2.60	2,365	2.38
	75,895	60.26	84,353	62.28	43,152	43.45
TOTAL EQUITY AND LIABILITIES	125,949	100.00	135,432	100.00	99,313	100.00

2012 (Rs. Million)	%	2011 (Rs. Million)	%	2010 (Rs. Million)	%
46,038	22.15	48,890	33.43	49,615	40.44
25	0.01	7	0.00	8	0.01
-	-	637	0.44	637	0.52
-	-	-	-	-	-
4,674	2.25	4,034	2.76	2,610	2.13
32	0.02	45	0.03	-	-
8	0.00	6	0.00	4	0.00
50,777	24.43	53,619	36.67	52,874	43.09
1,085	0.52	359	0.25	-	-
1,774	0.85	3,774	2.58	1,560	1.27
151,161	72.74	85,806	58.67	66,712	54.37
25	0.01	40	0.03	5	0.00
2,498	1.20	1,027	0.70	736	0.60
497	0.24	1,615	1.10	809	0.66
157,040	75.57	92,621	63.33	69,822	56.91
207,817	100.00	146,240	100.00	122,696	100.00
12,000	-	12,000	-	12,000	-
11,572	5.57	11,572	7.91	11,572	9.43
19,195	9.24	17,949	12.27	18,310	14.92
30,767	14.80	29,521	20.19	29,882	24.35
25,834	12.43	27,231	18.62	23,445	19.11
-	-	-	-	41	0.03
-	-	19	0.01	15	0.01
127,723	61.46	74,177	50.72	59,595	48.57
1,639	0.79	1,597	1.09	1,318	1.07
19,688	9.47	11,682	7.99	6,744	5.50
2,166	1.04	2,013	1.38	1,656	1.35
151,216	72.76	89,469	61.18	69,313	56.49
207,817	100.00	146,240	100.00	122,696	100.00

SIX YEARS PROFIT & LOSS ACCOUNT AT A GLANCE

	2015	2014	2013	2012	2011	2010
	(Rs. Million)					
Turnover	131,484	161,807	165,862	174,712	123,310	99,694
Operating costs	(117,093)	(150,071)	(149,544)	(159,061)	(114,093)	(92,006)
GROSS PROFIT	14,391	11,736	16,318	15,651	9,217	7,688
General and administration expenses	(921)	(661)	(415)	(413)	(437)	(391)
Other income	1,532	83	34	35	27	53
Other operating expenses	(451)	-	-	-	-	-
PROFIT FROM OPERATIONS	14,551	11,158	15,937	15,273	8,807	7,350
Finance costs	(4,538)	(4,605)	(6,547)	(7,083)	(3,382)	(1,794)
PROFIT BEFORE TAXATION	10,013	6,553	9,390	8,190	5,425	5,556
Taxation	(160)	(4)	(2)	-	-	-
PROFIT FOR THE YEAR	9,853	6,549	9,388	8,190	5,425	5,556
Basic and diluted earnings per share (Rupees)	8.51	5.66	8.11	7.08	4.69	4.80

EBITDA

	2015	2014	2013	2012	2011	2010
Profit for the year	9,853	6,549	9,388	8,190	5,425	5,556
Finance costs	4,538	4,605	6,547	7,083	3,382	1,794
Taxation	160	4	2	-	-	-
Depreciation	2,741	2,694	2,684	2,673	1,954	1,719
Amortisation	8	15	15	16	4	2
EBITDA	17,300	13,867	18,636	17,962	10,765	9,071

EBIT

	2015	2014	2013	2012	2011	2010
Profit for the year	9,853	6,549	9,388	8,190	5,425	5,556
Finance costs	4,538	4,605	6,547	7,083	3,382	1,794
Taxation	160	4	2	-	-	-
EBIT	14,551	11,158	15,937	15,273	8,807	7,350

SIX YEARS BALANCE SHEET AT A GLANCE

	2015	2014	2013 Restated	2012	2011	2010
	------------------------------- (Rs. Million) -------------------------------					
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, Plant and equipments	38,818	41,223	43,463	46,038	48,890	49,615
Intangibles	3	12	27	25	7	8
Stores and spares	-	-	-	-	637	637
Long term investments	4,918	4,674	4,674	4,674	4,034	2,610
Long term loan	-	63	87	32	45	-
Long term deposits and prepayments	19	21	8	8	6	4
	43,758	45,993	48,259	50,777	53,619	52,874
CURRENT ASSETS						
Stores, spares and consumables	2,111	1,599	1,574	1,085	359	-
Stock-in-trade	3,470	2,389	4,248	1,774	3,774	1,560
Trade debts	72,683	79,879	24,799	151,161	85,806	66,712
Loan and advances	108	78	108	25	40	5
Prepayments and other receivables	3,335	2,818	3,256	2,498	1,027	736
Cash and bank balances	484	2,676	17,069	497	1,615	809
	82,191	89,439	51,054	157,040	92,621	69,822
TOTAL ASSETS	125,949	135,432	99,313	207,817	146,240	122,696
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVE						
Share Capital						
Authorised	12,000	12,000	12,000	12,000	12,000	12,000
Issued, subscribed and paid-up	11,572	11,572	11,572	11,572	11,572	11,572
Revenue Reserve						
Unappropriated profit	20,063	19,473	21,038	19,195	17,949	18,310
	31,635	31,045	32,610	30,767	29,521	29,882
NON-CURRENT LIABILITIES						
Long term loans	18,419	20,034	23,551	25,834	27,231	23,445
Share premium payable	-	-	-	-	-	41
Deferred liability - Gratuity	-	-	-	-	19	15
CURRENT LIABILITIES						
Trade and other payables	60,053	62,794	34,838	127,723	74,177	59,595
Interest/mark-up accrued	763	1,158	1,422	1,639	1,597	1,318
Short term borrowings	10,963	16,878	4,527	19,688	11,682	6,744
Current maturity of long term loans	4,116	3,523	2,365	2,166	2,013	1,656
	75,895	84,353	43,152	151,216	89,469	69,313
TOTAL EQUITY AND LIABILITIES	125,949	135,432	99,313	207,817	146,240	122,696

SUMMARY OF SIX YEARS CASH FLOW AT A GLANCE

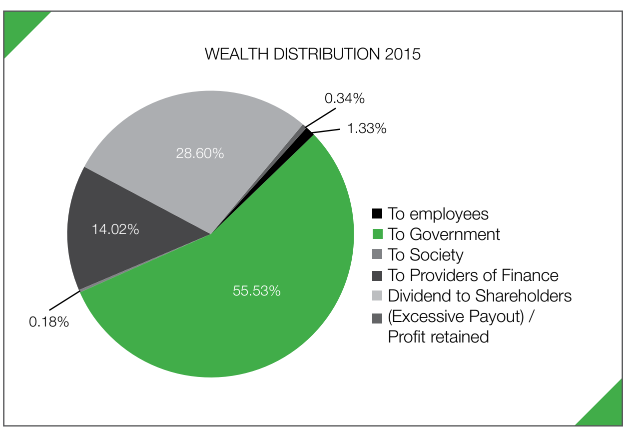
	2015	2014	2013	2012	2011	2010
	------------------------------ (Rs. Million) ------------------------------					
Opening	(14,202)	12,542	(19,191)	(10,067)	(5,934)	(1,400)
Net Cashflow from operating activities	13,463	(15,908)	41,572	(309)	635	3,913
Net Cashflow from investing activities	607	(330)	(190)	(579)	(3,123)	(14,885)
Net Cashflow from financing activities	(10,347)	(10,506)	(9,649)	(8,236)	(1,645)	6,438
Closing Balance	(10,479)	(14,202)	12,542	(19,191)	(10,067)	(5,934)

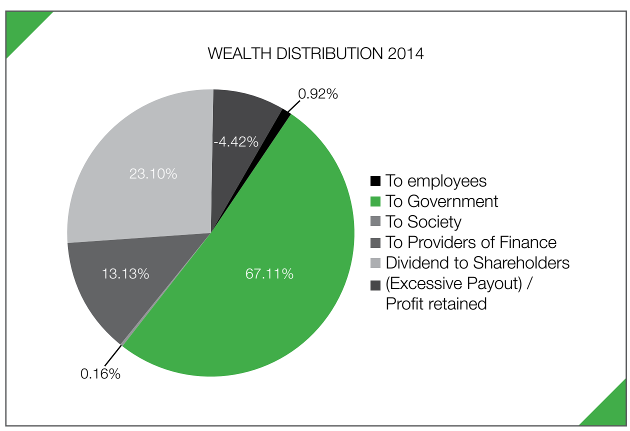
Comments on Analysis

- The decrease in turnover by 18.74% compared to last year is mainly due to the lower RFO prices, lower Net Electrical Output (NEO) and lower liquidated damages.
- The decrease in operating cost by 21.97% compared to last year is mainly due to lower NEO, lower RFO prices, lower repairs and maintenance expenditure and lower efficiency loss.
- The increase in other income was mainly due to recognition of dividend income received from Laraib Energy Limited – Subsidiary Company.
- The increase in other expenses was mainly due to write off of damaged assets at Narowal plant. The incidents are covered under the insurance policies.
- The current year net profit increased by 50.45% compare to last year resulting in an increase in earnings per share from Rs. 5.66 to Rs. 8.51. The increase in profit is mainly due to the net effect of dividend income from Laraib Energy Limited, lower repair and maintenance expenditures, higher generation bonus, lower efficiency loss, lower liquidated damages (LDs) and write-off of damaged assets at Narowal Plant.
- Because of increased in earnings this year, the dividend per share was also higher from previous year.
- Despite problems in recovering trade debts, Company was able to maintain current ratio and quick ratio and its was also able to increase working capital in terms of absolute amount from Rs. 5,086 million to Rs. 6,296 million although no of days in trade debtors have increased from 118 days to 212 days.

STATEMENT OF VALUE ADDITION

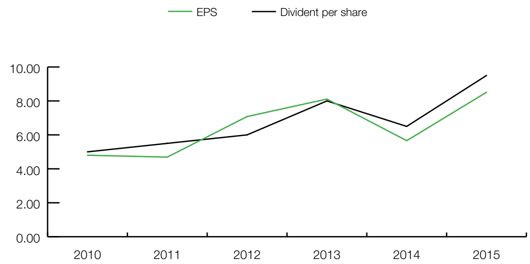
	2015 (Rs. Million)	%	2014 (Rs.Million)	%
Wealth Created				
Total Revenue inclusive sales tax and other income	150,831	466.02	185,416	528.81
Less: Operating cost & other general expenses	(118,465)	(366.02)	(150,353)	(428.81)
	32,366	100.00	35,063	100.00
Wealth distributed				
To employees				
Salaries, wages and other benefits	429	1.33	321	0.92
To Government				
Sales tax	17,815	55.04	23,527	67.10
Income tax	160	0.49	4	0.01
To society				
Donation	58	0.18	57	0.16
To providers of finance as financial charges	4,538	14.02	4,605	13.13
Dividend to Shareholders	9,257	28.60	8,100	23.10
(Payout from) / Retained in the Company	109	0.34	(1,551)	(4.42)
	32,366	100.00	35,063	100.00





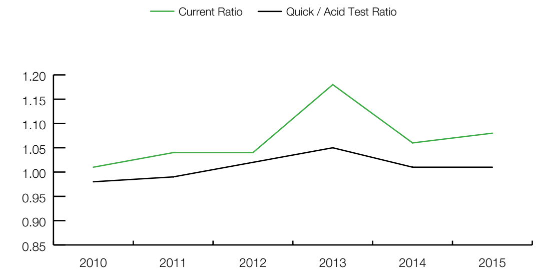
GRAPHICAL PRESENTATION

EPS VS DIVIDEND PER SHARE



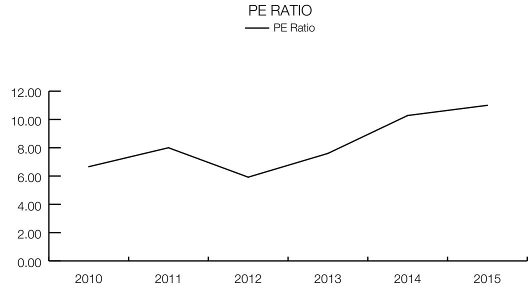
2010	2011	2012	2013	2014	2015
4.80	4.69	7.08	8.11	5.66	8.51
5	5.5	6	8	6.5	9.5

CURRENT RATIO VS QUICK / ACID TEST RATIO



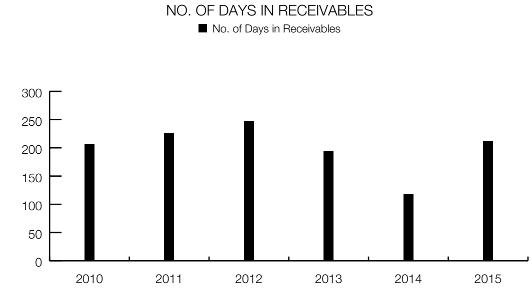
2010	2011	2012	2013	2014	2015
1.01	1.04	1.04	1.18	1.06	1.08
0.98	0.99	1.02	1.05	1.01	1.01

PE RATIO



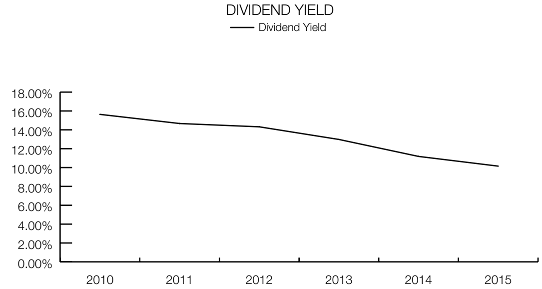
2010	2011	2012	2013	2014	2015
6.66	8.00	5.92	7.60	10.28	11.00

NO. OF DAYS IN RECEIVABLES



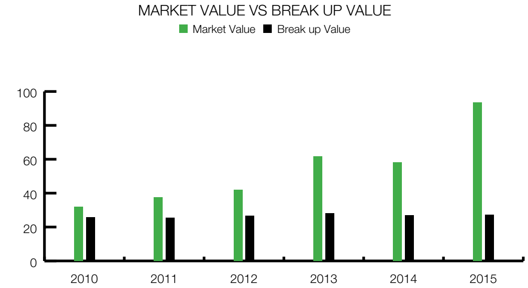
2010	2011	2012	2013	2014	2015
207	226	248	194	118	212

DIVIDEND YIELD



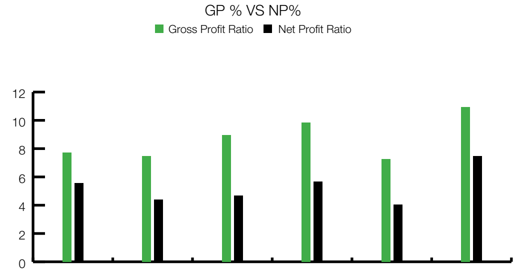
2010	2011	2012	2013	2014	2015
15.64%	14.67%	14.32%	12.98%	11.18%	10.15%

MARKET VALUE VS BREAK UP VALUE



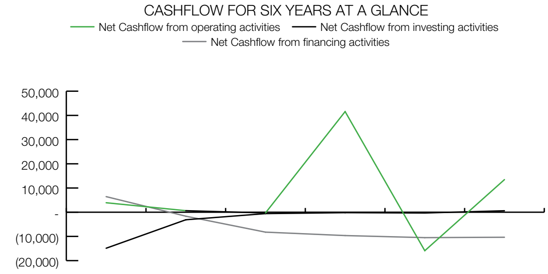
2010	2011	2012	2013	2014	2015
31.96	37.50	41.89	61.65	58.16	93.57
25.83	25.52	26.59	28.21	26.83	27.34

GP % VS NP%



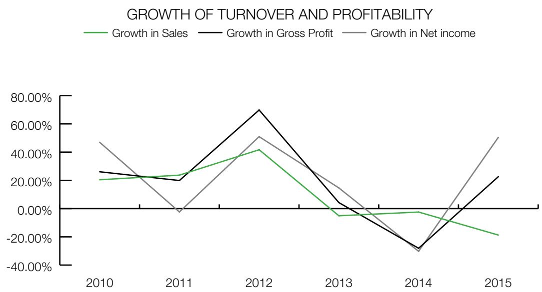
2010	2011	2012	2013	2014	2015
7.71	7.47	8.96	9.84	7.25	10.94
5.57	4.40	4.69	5.66	4.05	7.49

CASHFLOW FOR SIX YEARS AT A GLANCE

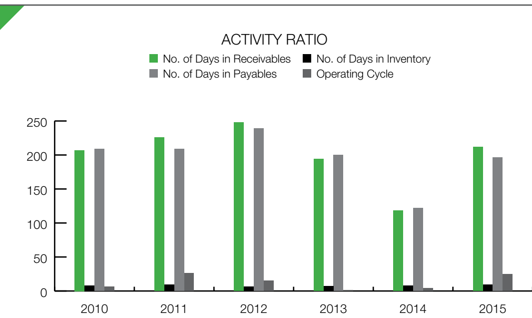


2010	2011	2012	2013	2014	2015
3,913	635	(309)	41,572	(15,908)	13,463
(14,885)	(3,123)	(579)	(190)	(330)	607
6,438	(1,645)	(8,236)	(9,649)	(10,506)	(10,347)

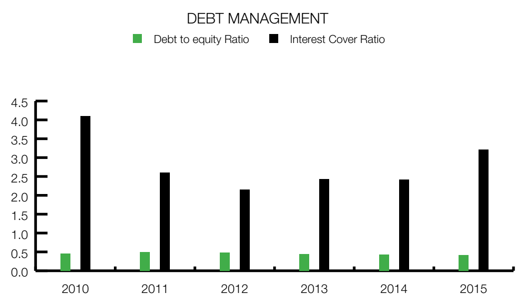
GRAPHICAL PRESENTATION



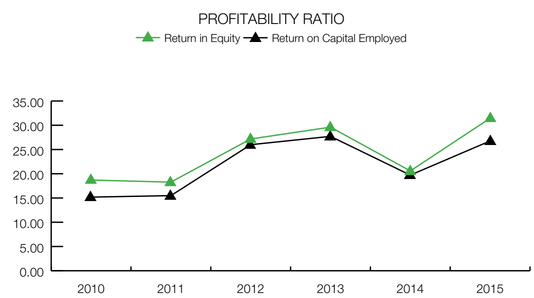
20.43%	23.69%	41.69%	-5.07%	-2.44%	-18.74%
26.09%	19.89%	69.81%	4.26%	-28.08%	22.61%
46.95%	-2.36%	50.97%	14.63%	-30.24%	50.45%



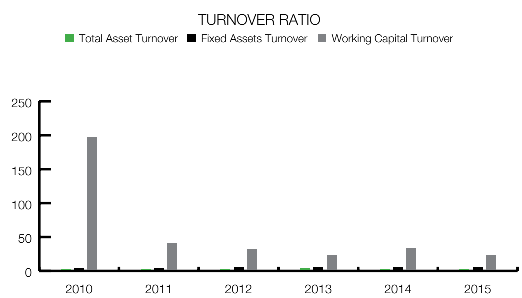
207	226	248	194	118	212
8	9	6	7	8	9
209	209	239	200	122	196
6	26	15	1	4	25



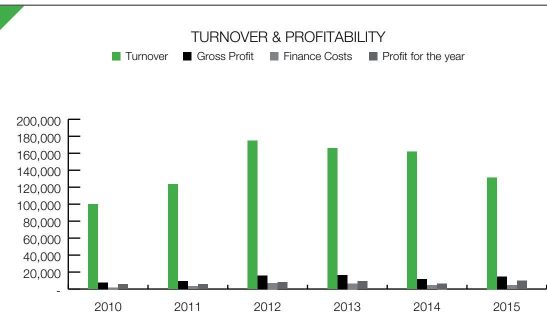
0.46	0.50	0.48	0.44	0.43	0.42
4.10	2.60	2.16	2.43	2.42	3.21



18.70	18.27	27.17	29.61	20.58	31.44
15.18	15.49	25.99	27.71	19.72	26.76

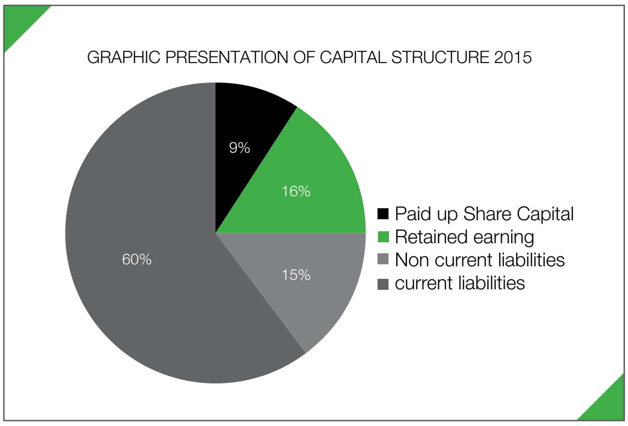


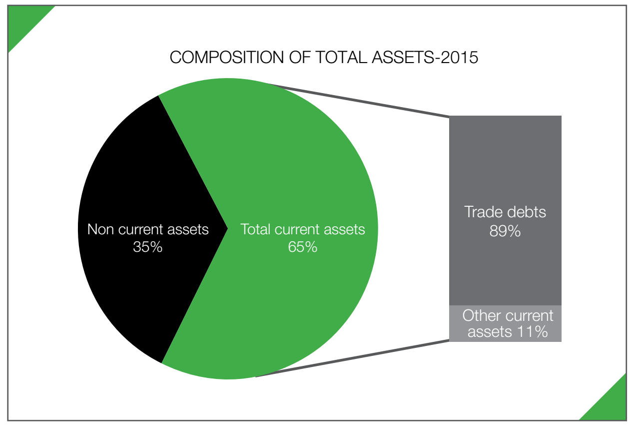
0.81	0.84	0.84	1.67	1.19	1.04
2.01	2.52	3.79	3.82	3.93	3.39
195.86	39.12	30.00	20.99	31.81	20.88

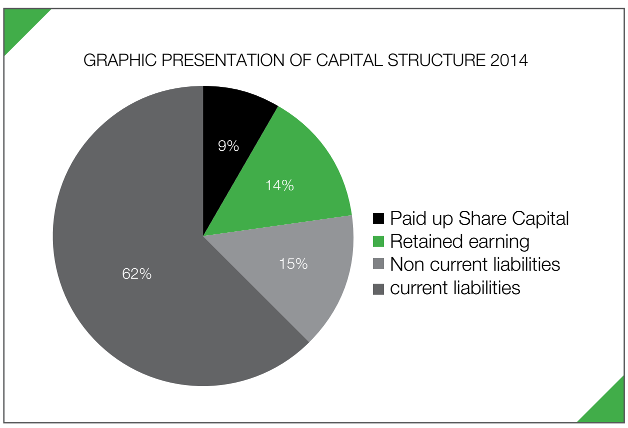


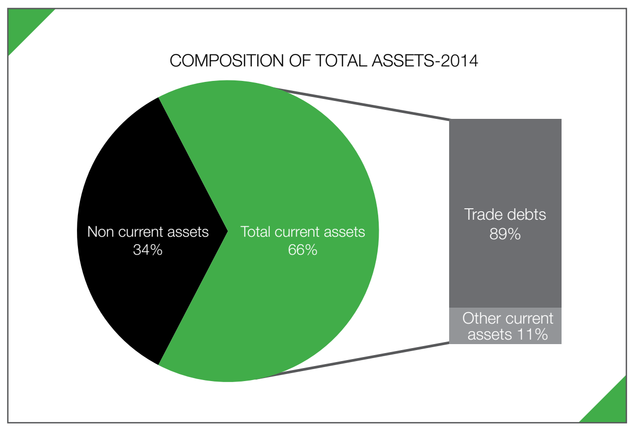
99,694	123,310	174,712	165,862	161,807	131,484
7,688	9,217	15,651	16,318	11,737	14,391
1,794	3,382	7,083	6,548	4,605	4,538
5,556	5,425	8,190	9,389	6,549	9,853

GRAPHICAL PRESENTATION









FINANCIAL STATEMENTS

EY
Building a better working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
eyfrsh.khi@pk.ey.com
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of The Hub Power Company Limited as at 30 June 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

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Ernst & Young Ford Rhodes Sidat Hyder
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Fax: +9221 3568 1965
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c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

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

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Engagement Partner: Riaz A. Rehman Chamdia
Date: 20 August 2015
Place: Karachi

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
Turnover	3	131,483,801	161,806,794
Operating costs	4	(117,093,140)	(150,070,180)
GROSS PROFIT		14,390,661	11,736,614
General and administration expenses	5	(920,516)	(661,097)
Other income	6	1,532,077	82,895
Other operating expenses	7	(450,813)	-
PROFIT FROM OPERATIONS		14,551,409	11,158,412
Finance costs	8	(4,538,184)	(4,605,194)
PROFIT BEFORE TAXATION		10,013,225	6,553,218
Taxation	9	(160,089)	(4,039)
PROFIT FOR THE YEAR		9,853,136	6,549,179
Basic and diluted earnings per share (Rupees)	33	8.51	5.66

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
Profit for the year		9,853,136	6,549,179
Other comprehensive income for the year			
Items that will not be reclassified to Profit or Loss in subsequent periods			
Loss on remeasurements of post employment benefit obligation	23.3	(5,761)	(14,449)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,847,375	6,534,730

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

UNCONSOLIDATED BALANCE SHEET

As at June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	10	38,818,196	41,223,196
Intangibles	11	3,395	11,857
Long term investments	12	4,917,976	4,674,189
Long term loan	13	-	62,529
Long term deposits and prepayments	14	18,593	21,303
CURRENT ASSETS			
Stores, spares and consumables	15	2,110,612	1,599,161
Stock-in-trade	16	3,469,528	2,388,435
Trade debts	17	72,683,318	79,879,236
Loans and advances	18	108,516	78,201
Prepayments and other receivables	19	3,335,174	2,817,541
Cash and bank balances	20	483,767	2,676,177
		82,190,915	89,438,751
TOTAL ASSETS		125,949,075	135,431,825
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised	21	12,000,000	12,000,000
Issued, subscribed and paid-up	21	11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		20,063,357	19,473,218
		31,634,901	31,044,762
NON-CURRENT LIABILITIES			
Long term loans	22	18,418,942	20,033,860
CURRENT LIABILITIES			
Trade and other payables	23	60,053,365	62,794,145
Interest / mark-up accrued	24	762,679	1,157,756
Short term borrowings	25	10,963,045	16,878,118
Current maturity of long term loans	22	4,116,143	3,523,184
		75,895,232	84,353,203
COMMITMENTS AND CONTINGENCIES	26		
TOTAL EQUITY AND LIABILITIES		125,949,075	135,431,825

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		10,013,225	6,553,218
Adjustments for:			
Depreciation		2,741,228	2,694,302
Amortisation		8,462	15,337
Dividend income from LEL		(1,495,102)	-
Gain on disposal of fixed assets		(2,654)	(82)
Write-off of damaged assets		376,058	-
Staff gratuity		20,734	18,011
Interest income		(32,268)	(80,370)
Interest / mark-up		4,351,852	4,428,770
Amortisation of transaction costs		85,820	66,693
Operating profit before working capital changes		16,067,355	13,695,879
Working capital changes	31	2,265,264	(24,969,867)
Cash generated from / (used in) operations		18,332,619	(11,273,988)
Interest received		50,584	79,495
Interest / mark-up paid		(4,746,929)	(4,693,148)
Staff gratuity paid		(13,247)	(16,245)
Taxes paid		(160,089)	(4,039)
Net cash generated from / (used in) operating activities		13,462,938	(15,907,925)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from LEL		1,495,102	-
Fixed capital expenditure		(720,712)	(345,991)
Proceeds from disposal of fixed assets		11,080	4,362
Long term investments		(243,787)	-
Long term loan and advance		62,529	24,813
Long term deposits and prepayments		2,710	(13,036)
Net cash generated from / (used in) investing activities		606,922	(329,852)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(9,239,418)	(8,080,478)
Proceeds from long term loans - Musharaka finance facility		2,500,000	-
Repayment of long term loans - Hub plant		(979,062)	(979,062)
Repayment of long term loans - Narowal plant		(1,682,155)	(1,446,674)
Repayment of long term loans - Laraib's investment		(946,562)	-
Net cash used in financing activities		(10,347,197)	(10,506,214)
Net increase / (decrease) in cash and cash equivalents		3,722,663	(26,743,991)
Cash and cash equivalents at the beginning of the year		(14,201,941)	12,542,050
Cash and cash equivalents at the end of the year	32	(10,479,278)	(14,201,941)

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
Issued capital			
Balance at the beginning of the year		11,571,544	11,571,544
Balance at the end of the year	21	11,571,544	11,571,544
Unappropriated profit			
Balance at the beginning of the year		19,473,218	21,038,569
Total comprehensive income for the year		9,847,375	6,534,730
Transactions with owners in their capacity as owners			
Final dividend for the fiscal year 2013-2014 @ Rs. 4.00 (2012-2013 @ Rs. 4.50) per share		(4,628,618)	(5,207,195)
Interim dividend for the fiscal year 2014-2015 @ Rs. 4.00 (2013-2014 @ Rs. 2.50) per share		(4,628,618)	(2,892,886)
		(9,257,236)	(8,100,081)
Balance at the end of the year		20,063,357	19,473,218
Total equity		31,634,901	31,044,762

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2015

1. THE COMPANY AND ITS OPERATIONS

The Hub Power Company Limited (the "Company") was incorporated in Pakistan on August 1, 1991 as a public limited company under the Companies Ordinance, 1984 (the "Ordinance"). The shares of the Company are listed on the Karachi, Lahore and Islamabad Stock Exchanges and its Global Depository Receipts are listed on the Luxembourg Stock Exchange. The principal activities of the Company are to 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 also has a 75% controlling interest in Laraib Energy Limited (LEL) - subsidiary. LEL owns a hydel power station of 84 MW which commenced operations on March 23, 2013.

During the year, the Company has incorporated two wholly owned subsidiaries, Hub Power Services Limited (HPSL) and Hub Power Holdings Limited (HPHL). HPSL will manage the operation & maintenance of the power plants and HPHL will invest in new business opportunities in the power sector.

Proposed Demerger of Narowal

Under the tax laws of Pakistan, if Narowal were demerged into a separate legal entity, it would have lost its tax exempt status from taxation on the income from power generation. The Company requested the Private Power and Infrastructure Board (PPIB) for the appropriate changes in the tax laws so that Narowal could be demerged into a separate legal entity. During the year, the Company received the Economic Coordination Committee's (ECC) approval for the changes in tax laws enabling the Company to demerge Narowal into a separate legal entity having the same tax exempt status, after demerger, as it enjoys now. The Company has started the process to demerge Narowal into a separate legal entity and it is expected that this process will be completed by December 2015.

Hub plant O&M Takeover

In January 2015, the Company gave notice to the Operator of its Hub Plant for the termination of the Operations & Maintenance (O&M) Agreement. As per the O&M Agreement, the Company was required to serve 12 months prior written notice, however, the parties mutually decided to reduce the notice period and terminate the agreement on July 31, 2015. Effective August 1, 2015, the Company is managing the Operations & Maintenance of the Hub Plant through a 100% owned subsidiary, HPSL. Pursuant to the terms of Termination Agreement with the Operator, the Company is required to pay an amount of USD 3.257 million as termination compensation. In addition, the Company will also be purchasing certain spares and assets approximately amounting to USD 7.301 million from the Operator after mutually carrying out a physical count. As per the termination agreement, employees of the former Operator have been novated to HPSL.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.2 Accounting convention

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

2.3 Property, plant and equipment

(a) Operating property, plant, equipment and depreciation

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

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

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

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

(b) Capital work-in-progress

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

2.4 Capital spares

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

2.5 Intangible assets and amortisation

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

2.6 Impairment of non-current assets

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

2.7 Investment in subsidiaries and an associate

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

2.8 Stores, spares and consumables

Stores and spares of Hub plant are stated at cost. The Operation and Maintenance Contractor of the Hub plant is responsible to maintain and replenish stores and spares as they are used.

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

2.9 Stock-in-trade

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

2.10 Cash and cash equivalents

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

2.11 Provisions

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

2.12 Staff retirement benefits

The Company operates a funded defined benefit gratuity plan covering eligible employees whose period of service with the Company is at least five years. The liabilities relating to defined benefit plans are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 23.3 to these unconsolidated financial statements.

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

2.13 Revenue recognition

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

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

2.14 Interest income

Interest income is recorded on accrual basis.

2.15 Dividend income

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

2.16 Foreign currency transactions and translation

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

2.17 Taxation

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

2.18 Dividend distribution

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

2.19 Financial instruments

(a) Trade debts and other receivables

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

(b) Borrowings

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

(c) Trade and other payables

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

2.20 Borrowing costs

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

2.21 Long term loans

Long term loans are non-derivatives financial assets with fixed or determinable payments that are not quoted in active market. They are included in non-current assets for having maturities greater than twelve months after the balance sheet date. Initially they are recognised at fair value and subsequently stated at amortised cost.

2.22 Off-setting

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

2.23 Use of estimates and judgements

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

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

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

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

	Note	2015	2014
		(Rupees in '000)	
3. TURNOVER			
Turnover		149,299,199	185,333,445
Less: Sales tax		(17,815,398)	(23,526,651)
		131,483,801	161,806,794
4. OPERATING COSTS			
Fuel cost		107,771,532	140,130,945
Stores and spares		249,925	458,661
Operation and Maintenance		3,910,400	3,962,653
Insurance		830,473	968,794
Depreciation	10.3	2,704,973	2,669,794
Amortisation	11.1	8,160	14,795
Repairs, maintenance and other costs		1,617,677	1,864,538
		117,093,140	150,070,180

5. GENERAL AND ADMINISTRATION EXPENSES

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
Salaries, benefits and other allowances	5.1 & 5.2	429,110	321,286
Travel and transportation		68,184	37,957
Fuel and power		7,866	7,092
Property, vehicles and equipment rentals		26,264	15,239
Office running cost		29,509	17,541
Repairs and maintenance		15,800	12,208
Legal and professional charges		141,542	92,015
Insurance		12,428	10,485
Auditors' remuneration	5.3	16,757	10,995
Donations	5.4	58,335	56,949
Technical and feasibility studies		27,049	10,245
Printing and stationary		10,407	9,735
Depreciation	10.3	36,255	24,508
Amortisation	11.1	302	542
Miscellaneous		40,708	34,300
		920,516	661,097

5.1 These include Rs. 33.002 million (2014: Rs. 26.499 million) in respect of staff retirement benefits.

5.2 Number of persons employed as at year end were 104 (2014: 57) and the average number of persons employed during the year were 72 (2014: 54).

5.3 Auditors' remuneration	2015 (Rupees in '000)	2014 (Rupees in '000)
Statutory audit	2,389	2,251
Half yearly review	780	702
Tax and other services	12,984	7,651
Out-of-pocket expenses	604	391
	16,757	10,995

5.4 Donations include the following in which a director or his spouse is interested:

Name of Director	*Name of Donee*	*Interest in Donee*	2015 (Rupees in '000)	2014 (Rupees in '000)
Mr. Hussain Dawood	Karachi Education Initiative	Chairman	5,000	15,000

6. OTHER INCOME

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
Interest income	6.1	32,268	80,370
Gain on disposal of fixed assets		2,654	82
Dividend income from LEL		1,495,102	-
Exchange gain		1,726	2,443
Others		327	-
		1,532,077	82,895

6.1 This includes Rs. 13.345 million (2014: Rs. 12.493 million) relating to a subordinated loan to LEL.

	Note	2015	2014
		(Rupees in '000)	
7. OTHER OPERATING EXPENSES			
Write-off of damaged assets	7.1	376,058	-
Workers' profit participation fund	7.2	74,755	-
		450,813	-

7.1 This represents write-off of four damaged assets at Narowal plant. The incidents took place during the year and consequently resulted in shut down of four engines. These incidents are covered under the Company's insurance policies and are subject to the final assessments and approval by the insurers. Efforts were made to bring the engines back to the service in the shortest possible time and three engines are back in service whereas one is expected to be back in service by October 2015.

	Note	2015	2014
		(Rupees in '000)	
7.2 Workers' profit participation fund			
Provision for Workers' profit participation fund	23	500,661	327,661
Workers' profit participation fund recoverable from WAPDA / NTDC	19	(425,906)	(327,661)
		74,755	-

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 Water and Power Development Authority (WAPDA) / National Transmission and Despatch Company Limited (NTDC) as a pass through item.

	Note	2015	2014
		(Rupees in '000)	
8. FINANCE COSTS			
Interest / mark-up on long term loans		2,787,376	3,091,771
Mark-up on short term borrowings		1,564,476	1,336,999
Amortisation of transaction costs		85,820	66,693
Other finance costs		100,512	109,731
		4,538,184	4,605,194
9. TAXATION			
Current			
- For the year	9.1	160,089	4,039

9.1 No tax reconciliation is required as the Company's major income is from power generation which is exempt from taxation.

	Note	2015	2014
		(Rupees in '000)	
10. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	10.1	38,732,105	41,095,800
Capital work-in-progress			
Hub plant	10.4	42,561	90,611
Narowal plant	10.5	43,530	36,785
		86,091	127,396
		38,818,196	41,223,196

10.1 Operating property, plant and equipment

	Freehold land	Building on freehold land	Leasehold property	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Total
	(Rs. '000s)							
Cost:								
As at July 1, 2013	68,624	849,077	862	71,704,544	41,344	100,775	8,659	72,773,885
Additions / Transfers	-	117,842	-	221,580	-	59,559	-	398,981
Disposals	-	-	-	(1,448)	-	(16,877)	(1,094)	(19,419)
As at June 30, 2014	68,624	966,919	862	71,924,676	41,344	143,457	7,565	73,153,447
Additions / Transfers	906	42,812	-	607,412	68,558	35,418	6,911	762,017
Disposals	-	-	-	(455,951)	-	(18,599)	(328)	(474,878)
As at June 30, 2015	69,530	1,009,731	862	72,076,137	109,902	160,276	14,148	73,440,586
Depreciation:								
Depreciation rate % per annum	-	3.33 to 20	3.33	3.33 to 33.33	20	25	20	-
As at July 1, 2013	-	166,490	538	29,099,120	31,117	74,100	7,119	29,378,484
Charge for the year	-	40,072	29	2,628,588	2,762	22,228	623	2,694,302
Disposals	-	-	-	(1,388)	-	(12,699)	(1,052)	(15,139)
As at June 30, 2014	-	206,562	567	31,726,320	33,879	83,629	6,690	32,057,647
Charge for the year	-	53,329	29	2,653,968	9,122	23,564	1,216	2,741,228
Disposals	-	-	-	(79,560)	-	(10,506)	(328)	(90,394)
As at June 30, 2015	-	259,891	596	34,300,728	43,001	96,687	7,578	34,708,481
Net book value as at June 30, 2015	69,530	749,840	266	37,775,409	66,901	63,589	6,570	38,732,105
Net book value as at June 30, 2014	68,624	760,357	295	40,198,356	7,465	59,828	875	41,095,800
Cost of fully depreciated assets as at June 30, 2015	-	21,010	-	337,440	27,535	58,877	5,917	450,779
Cost of fully depreciated assets as at June 30, 2014	-	19,148	-	334,728	27,535	54,283	4,388	440,082

10.2 Disposal of operating property, plant and equipment

Assets	Cost	Accumulated depreciation	Net book value	Sale price	Mode of disposal	Particulars of buyer
	(Rs. '000s)					
Computer	102	8	94	103	Insurance Claim	Adamjee Insurance Company Limited
Computer	58	5	53	53	Insurance Claim	Adamjee Insurance Company Limited
Plant & machinery	15,320	2,502	12,818	-	Write-off	N/A
Plant & machinery	110,747	17,350	93,397	-	Write-off	N/A
Plant & machinery	282,260	42,339	239,921	-	Write-off	N/A
Plant & machinery	35,202	5,280	29,922	-	Write-off	N/A
Vehicle	1,593	365	1,228	1,238	Company policy	Imran Abid Rao - Ex-employee
Vehicle	1,838	459	1,379	1,389	Company policy	Hassan Shahid Hashmi - Ex-employee
Vehicle	2,087	261	1,826	1,836	Company policy	Omair Abid Rao - Ex-employee
Vehicle	2,088	565	1,523	1,533	Company policy	Norez Abdullah - Ex-employee
Vehicle	1,689	774	915	925	Company policy	Danish Zafar Malik - Ex-employee
Vehicle	1,543	321	1,222	1,390	Tender	Ms. Ambreen Haider
Items having a net book value not exceeding Rs. 50,000 each						
Vehicles	7,761	7,761	-	790	Various	Various
Plant & machinery	972	972	-	876	Tender	Shahid Pervez
Office equipments	328	328	-	13	Tender	M/s Meson Computer Services
Computers	11,290	11,104	186	934	Various	Various
Total - June 30, 2015	474,878	90,394	384,484	11,080		
Total - June 30, 2014	19,419	15,139	4,280	4,362		

	Note	2015	2014
		(Rupees in '000)	
10.3 Depreciation charge for the year has been allocated as follows:			
Operating costs	4	2,704,973	2,669,794
General and administration expenses	5	36,255	24,508
		2,741,228	2,694,302
10.4 Capital work-in-progress - Hub plant			
Opening balance		90,611	53,708
Additions during the year		345,589	182,881
Transfers during the year		(393,639)	(145,978)
		42,561	90,611
10.5 Capital work-in-progress - Narowal plant			
Opening balance		36,785	13,561
Additions during the year		316,655	55,644
Transfers during the year		(309,910)	(32,420)
		43,530	36,785

	Note	2015	2014
		(Rupees in '000)	
11. INTANGIBLES - Computer softwares			
Cost			
Opening balance		90,203	90,203
Disposals / write-off		(1,090)	-
		89,113	90,203
Amortisation			
Opening balance		(78,346)	(63,009)
Charge for the year	11.1	(8,462)	(15,337)
Disposals / write-off		1,090	-
		(85,718)	(78,346)
Net book value		3,395	11,857
Amortisation rate % per annum		33.33%	33.33%
11.1 Amortisation charge for the year has been allocated as follows:			
Operating costs	4	8,160	14,795
General and administration expenses	5	302	542
		8,462	15,337
12. LONG TERM INVESTMENTS			
Investment in subsidiaries	12.1 to 12.3	4,674,889	4,674,189
Investment in an associate	12.4	243,087	-
		4,917,976	4,674,189

12.1 Laraib Energy Limited

Investment in LEL is Rs. 4,674.189 million which represents 74.95% controlling interest. This investment is recognised at cost less impairment losses, if any. LEL was incorporated in Pakistan on August 9, 1995 as a public limited company under the Ordinance. The subsidiary owns a 84 MW hydropower generating complex near the New Bong Escape, which is 8 KM downstream of the Mangla Dam in Azad Jammu & Kashmir. The plant commenced operations on March 23, 2013.

12.2 Hub Power Services Limited

Investment in HPSL is Rs. 30 (represents 3 nominee shares at face value of Rs. 10 per share). This investment in wholly owned subsidiary is recognised at cost. HPSL was incorporated in Pakistan on March 26, 2015 as a public limited company under the Ordinance. The principal activities of the Company are to manage operation & maintenance of the power plants.

12.3 Hub Power Holdings Limited

Investment in HPHL is Rs. 0.700 million. This investment in wholly owned subsidiary is recognised at cost. HPHL was incorporated in Pakistan on March 10, 2015 as a public limited company under the Ordinance. The principal activities of the Company are to invest in new business opportunities in the power sector.

12.4 Sindh Engro Coal Mining Company Limited

During the year, the Company entered into a Shareholders' Agreement with Engro Powergen Limited (EPL) and Thal Limited (TL) for Joint Investment in Sindh Engro Coal Mining Company Limited (SECMC). The Company invested Rs. 240 million to acquire 16,194,332 Ordinary shares having face value of Rs. 10 each at a price of Rs. 14.82 per share representing shareholding of 6.26%. Subsequently, the arrangement was revised to include Habib Bank Limited (HBL). Consequently, the Company, EPL and TL renounced their rights to subscribe further shares of SECMC in favor of HBL thus resulting in the reduction of effective shareholding to 5.76%.

The Company's total investment commitment in SECMC is USD 20 million and the remaining amount will be invested at or soon after SECMC achieving financial close which is expected to be achieved by December 2015. The investment in an associate is recognised at cost less impairment losses, if any.

Although the Company has less than 20% equity interest in SECMC, the management believes that the significant influence over the associate exists due to the Company's representation on the Board of Directors of SECMC and participation in policy making process by virtue of Shareholders' Agreement hence classified as an Associate.

	Note	2015	2014
		(Rupees in '000)	
13. LONG TERM LOAN			
Considered good - unsecured			
Subordinated loan to LEL		-	80,395
Less : Current portion	18	-	(17,866)
		-	62,529
14. LONG TERM DEPOSITS AND PREPAYMENTS			
Deposits		16,429	19,092
Prepayments		2,164	2,211
		18,593	21,303
15. STORES, SPARES AND CONSUMABLES			
In hand		2,110,612	1,569,330
In-transit		-	29,831
	15.1 & 15.2	2,110,612	1,599,161

15.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

15.2 This includes material purchased for boiler rehabilitation works at Hub plant amounting to Rs. 406.994 million (2014: Rs. Nil) which will be charged to profit and loss account when consumed.

	2015	2014
	(Rupees in '000)	
16. STOCK-IN-TRADE		
Furnace oil	3,423,080	2,344,904
Diesel	14,625	27,075
Lubricating oil	19,917	9,665
Light diesel oil	11,906	6,791
	3,469,528	2,388,435

	Note	2015	2014
		(Rupees in '000)	
17. TRADE DEBTS - Secured			
Considered good	17.1 & 17.2	72,683,318	79,879,236

17.1 This includes an amount of Rs. 56,898 million (2014: Rs. 61,540 million) receivable from WAPDA and Rs. 5,586 million (2014: Rs. 4,631 million) receivable from NTDC which are overdue but not impaired because the trade debts are secured by a guarantee from the GOP under Implementation Agreements.

The delay in payments from WAPDA carries mark-up at SBP discount rate plus 2% per annum compounded semi-annually and the delay in payment from NTDC carries mark-up at a rate of 3 month KIBOR plus 4.5% per annum compounded semi-annually.

The aging of these receivables are as follows:

	2015	2014
	(Rupees in '000)	
Not yet due	10,199,505	13,708,562
Up to 3 months	23,075,789	39,346,292
3 to 6 months	19,226,235	10,735,963
Over 6 months	20,181,789	16,088,419
	72,683,318	79,879,236

17.2 This includes Rs. 373 million (2014: Rs. 373 million) relating to a tax matter (Refer note 26.8).

	Note	2015	2014
		(Rupees in '000)	
18. LOANS AND ADVANCES			
Considered good - unsecured			
Current portion of subordinated loan to LEL	13	-	17,866
Advances			
Executives		11,025	1,069
Employees		157	214
Suppliers		97,334	59,052
		108,516	60,335
		108,516	78,201
19. PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments			
LC commission and other loan related costs		22,350	21,277
Miscellaneous		19,976	19,595
		42,326	40,872
Other receivables			
Interest accrued	19.1	158	18,474
Income tax	26.7	1,912,347	1,912,347
Sales tax		325,011	116,300
Receivable from LEL against reimbursement of expenses		123,375	103,263
Receivable from HPHL against reimbursement of expenses		2,401	-
Receivable from Coal Joint Venture (JV Company)	19.2	157,123	-
Workers' profit participation fund recoverable from WAPDA / NTDC	7.2	425,906	327,661
Miscellaneous		346,527	298,624
		3,292,848	2,776,669
		3,335,174	2,817,541

19.1 This includes Rs. Nil (2014: Rs. 16.837 million) relating to subordinated loan to LEL.

19.2 The Company and China Power International Holdings Limited ("Sponsors") entered into a Joint Development Framework (JDF) on November 28, 2014 for development of power project with ancillary Jetty. Pursuant to the terms of JDF, Joint Venture Agreement (JVA) and Shareholders' Agreement (SHA), Sponsors are required to incur certain initial project development expenditures including technical and feasibility studies, legal, financial, insurance and technical advisory expenditures, regulatory fee and site & land surveys etc., from the signing date of JDF till the incorporation of JV Company or financial close. All these expenditures must be pre-approved by the Sponsors jointly and will be reimbursed to each party / Sponsors after the incorporation of JV Company.

The Company has incurred Rs. 157.123 million for the development of Coal project and Jetty. These expenditures are receivable from the JV Company which is yet to be incorporated.

20. CASH AND BANK BALANCES

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
Savings accounts	20.1	287,487	30,871
In hand			
Cash		305	125
Payorders / Cheques		195,975	2,645,181
		196,280	2,645,306
		483,767	2,676,177

20.1 Savings and deposits accounts carry mark-up rates up to 4.50% (2014: 7.00%) per annum.

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

2015 (No. of Shares)	2014 (No. of Shares)		2015 (Rupees in '000)	2014 (Rupees in '000)
		Authorised :		
1,200,000,000	1,200,000,000	Ordinary shares of Rs.10/- each	12,000,000	12,000,000
		Issued, subscribed and paid-up : Ordinary shares of Rs.10/- each		
818,773,317	818,773,317	For cash	8,187,733	8,187,733
		For consideration other than cash		
338,022,463	338,022,463	- against project development cost	3,380,225	3,380,225
358,607	358,607	- against land	3,586	3,586
338,381,070	338,381,070		3,383,811	3,383,811
1,157,154,387	1,157,154,387		11,571,544	11,571,544

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

21.2 Associated undertakings held 309,039,482 (2014: 277,452,000) shares in the Company as at year end.

22. LONG TERM LOANS - Secured

From Banks / Financial Institutions	Note	As at July 01, 2014	Drawn	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2015
		(Rs. '000s)					
Hub plant							
Under the Private Sector Energy Development Fund's (PSEDF I) Facility	22.1 & 22.1.1	1,767,754	-	(722,107)	(722,107)	-	323,540
Under the Private Sector Energy Development Fund's (PSEDF II) Facility	22.1 & 22.1.2	629,037	-	(256,955)	(256,954)	-	115,128
Musharaka finance facility	22.4	-	2,500,000	-	(312,500)	-	2,187,500
Sub Total		2,396,791	2,500,000	(979,062)	(1,291,561)	-	2,626,168
Narowal plant							
Commercial Facility	22.2.1	5,052,516	-	(528,771)	(601,961)	-	3,921,784
Expansion Facility	22.2.2	12,187,701	-	(1,153,384)	(1,354,436)	-	9,679,881
Transaction costs		(272,431)	-	-	58,882	60,223	(153,326)
Sub Total		16,967,786	-	(1,682,155)	(1,897,515)	60,223	13,448,339
Laraib's investment							
Syndicated term finance facility	22.3.1	3,500,532	-	(777,896)	(777,896)	-	1,944,740
Islamic finance facility	22.3.2	759,000	-	(168,666)	(168,667)	-	421,667
Transaction costs		(67,065)	-	-	19,496	25,597	(21,972)
Sub Total		4,192,467	-	(946,562)	(927,067)	25,597	2,344,435
Total		23,557,044	2,500,000	(3,607,779)	(4,116,143)	85,820	18,418,942

From Banks / Financial Institutions	Note	As at July 01, 2013	Drawn	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2014
		(Rs. '000s)					
Hub plant							
Under the Private Sector Energy Development Fund's (PSEDF I) Facility	22.1 & 22.1.1	2,489,861	-	(722,107)	(722,107)	-	1,045,647
Under the Private Sector Energy Development Fund's (PSEDF II) Facility	22.1 & 22.1.2	885,992	-	(256,955)	(256,954)	-	372,083
Sub Total		3,375,853	-	(979,062)	(979,061)	-	1,417,730
Narowal plant							
Commercial Facility	22.2.1	5,517,001	-	(464,485)	(528,771)	-	4,523,745
Expansion Facility	22.2.2	13,169,890	-	(982,189)	(1,153,384)	-	11,034,317
Transaction costs		(333,109)	-	-	59,879	60,678	(212,552)
Sub Total		18,353,782	-	(1,446,674)	(1,622,276)	60,678	15,345,510
Laraib's investment							
Syndicated term finance facility	22.3.1	3,500,532	-	-	(777,896)	-	2,722,636
Islamic finance facility	22.3.2	759,000	-	-	(168,667)	-	590,333
Transaction costs		(73,080)	-	-	24,716	6,015	(42,349)
Sub Total		4,186,452	-	-	(921,847)	6,015	3,270,620
Total		25,916,087	-	(2,425,736)	(3,523,184)	66,693	20,033,860

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

(a) a fixed charge over each of the following, namely:

(i) the Tangible Moveable Property of the Company;
(ii) the Intellectual Property of the Company; and
(iii) all goodwill belonging to the Company.

excluding (i) those relating or pertaining to the Narowal plant; (ii) the Commercial Facility Disbursement Account; and (iii) present and future shares acquired in LEL including bonus shares and right shares.

(b) a floating charge on the whole of the Company's undertaking and assets, present and future, other than:

(i) any assets for the time being effectively charged by way of fixed charge; (ii) any undertaking and assets, present and future, relating or pertaining to the Narowal plant; (iii) any shares in Demerged Company (special purpose vehicle that the Company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal plant); (iv) the Commercial Facility Disbursement Account; and (v) present and future shares acquired in LEL including bonus shares and right shares.

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

(d) mortgages over the Company's real property situated in Lasbella, Islamabad and Karachi, together with all rights of easements, privileges and licences appurtenant thereto.

22.1.1 Interest is payable @ 14% per annum.

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

22.2 In connection with Narowal plant:

22.2.1 The loan is repayable in 40 installments on quarterly basis starting from January 16, 2011 and then on each mark-up payment date at a mark-up rate of three month KIBOR plus 0.25% per annum. The mark-up is payable on quarterly basis in arrear. The loan is secured pari passu by way of same securities as mentioned in note 22.1 and a first ranking floating charge over the Commercial Facility Disbursement Account and all credit balances held therein from time to time and all rights, property and benefits arising therefrom at any time and from time to time.

22.2.2 The loan is repayable in 40 installments on quarterly basis starting from January 16, 2011 and then on each mark-up payment date at a mark-up rate of three month KIBOR plus 3.47% per annum. The mark-up is payable on quarterly basis in arrear.

The loan is secured pari passu by way of:

(a) mortgage by Deposit of Title Deeds over the immovable properties of the Company situated at Narowal and acquired for the purposes of Narowal plant;

(b) a first ranking floating charge over the Project Company's undertaking and assets (both present and future), fixed and current [other than those referred in note 25.1.2(a)], tangible and intangible, wherever situated and all present and future trade deposits, trade debts, loans and advances, bills and other receivables in relation to the Narowal plant;

(c) by way of hypothecation, the creation of a first fixed charge over the present and future properties purchased for the purposes of Narowal plant;

(d) mortgage and assignment of the Company's rights, titles and interests, present and future, actual and contingent under and in connection with the Narowal Project Documents and all rights of the Company to make recovery under the Narowal Project Documents and all proceeds of whatsoever nature receivable by the Company under the Narowal Project Documents; and

(e) by way of first priority security, the Company has assigned, charged and granted a security interest on all and each of the Project Company's rights, title, interest and benefit, present and future, under and in connection with the GOP Guarantee (for Narowal plant) and all rights of the Project Company to make recovery under the GOP Guarantee and any proceeds thereof receivable by the Project Company under the GOP Guarantee.

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

The outstanding balance of long term loans include Rs. 961 million (2014: Rs. 1,065 million) repayable to Askari Bank Limited (an associated undertaking).

22.3 In order to meet its investment obligation in LEL:

22.3.1 The Company has entered into a long term financing arrangement with various banks / financial institution for an amount of Rs. 3,741 million. The loan is repayable in 9 equal installments on semi-annual basis following the six months after the end of availability period which is 42 months from the facility effective date at a mark-up rate of six month KIBOR plus 2.20% per annum. The facility became effective on October 01, 2010. The mark-up is payable on semi-annual basis in arrear starting from the availability period. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of second ranking / subordinated charge over all present and future undertaking and assets excluding land and buildings of the Company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the Company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal plant); and (iv) present and future shares acquired in LEL including bonus shares and right shares.

22.3.2 The Company has also entered into a long term Islamic financing arrangement with a bank for an amount of Rs. 759 million. The loan is repayable in 9 equal installments on semi-annual basis following the six months after the end of availability period which is 42 months from the facility effective date at a mark-up rate of six month KIBOR plus 2.20% per annum. The facility became effective on November 24, 2010. The mark-up is payable on semi-annual basis in arrear starting from the availability period. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of securities mentioned in note 22.3.1.

The outstanding balance of long term loans also include Rs. 156 million (2014: Rs. 200 million) repayable to Askari Bank Limited (an associated undertaking).

22.4 During the year, the Company entered into a long term Musharaka arrangement with a bank for an amount of Rs. 2,500 million to finance boiler rehabilitation works at Hub Plant. The facility is repayable in sixteen equal installments on quarterly basis starting from March 30, 2016 at a mark-up rate of 3 month KIBOR plus 1.10% per annum. The mark-up is payable on quarterly basis in arrear. Any late payment by the Company is subject to a markup of 14% per annum. This loan is secured by way of second ranking / subordinated charge over all present and future assets (excluding land and buildings) pertaining to Hub River Project of the Company other than: (i) assets relating to the Narowal power plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the Company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal project); and (iv) present and future shares acquired in LEL including bonus shares and right shares.

	Note	2015	2014
		(Rupees in '000)	
23. TRADE AND OTHER PAYABLES			
Creditors			
Trade	23.1	56,979,908	59,959,385
Other		48,585	24,699
		57,028,493	59,984,084
Accrued liabilities			
Operation & Maintenance fee and services		222,241	270,393
Project cost - Narowal plant		-	19,559
Finance costs		9,229	10,513
Miscellaneous		863,764	800,385
		1,095,234	1,100,850
Unearned income	23.2	1,184,323	1,169,944
Unclaimed dividend		157,635	139,817
Other payables			
Provision for Workers' profit participation fund	7.2	500,661	327,661
Staff gratuity	23.3	54,682	41,434
Retention money		31,499	28,278
Withholding tax		838	2,077
		587,680	399,450
		60,053,365	62,794,145

23.1 This includes Rs. 55,595 million (2014: Rs. 57,680 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 49,563 million (2014: Rs. 52,608 million).

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

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

	2015	2014
	(Rupees in '000)	
23.3 STAFF GRATUITY		
Staff gratuity	54,682	41,434

Actuarial valuation was carried out as on June 30, 2015. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost method.

	2015	2014
	(Rupees in '000)	
Reconciliation of the net liability recognised in the balance sheet		
Present value of defined benefit obligation	178,847	142,975
Fair value of plan assets	(124,165)	(101,541)
Net liability recognised in the balance sheet	54,682	41,434
Reconciliation of the movements during the year in the net liability recognised in the balance sheet		
Opening net liability	41,434	25,219
Expense recognised	20,734	18,011
Remeasurement loss recognised in Other Comprehensive Income (OCI)	5,761	14,449
Contributions to the fund made during the year	(13,247)	(16,245)
Closing net liability	54,682	41,434
Expense recognised		
Current service cost	15,244	15,111
Net Interest	5,490	2,900
Expense recognised	20,734	18,011

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

	2015	2014
- Valuation discount rate per annum	9.00%	13.25%
- Expected return on plan assets per annum	9.00%	13.25%
- Expected rate of increase in salary level per annum	10.00%	13.00%

	2015	2014	2013	2012	2011
			(Rs. '000s)		
As at June 30					
Present value of defined benefit obligation	178,847	142,975	110,181	108,968	97,139
Fair value of plan assets	(124,165)	(101,541)	(84,962)	(88,253)	(61,054)
Deficit	54,682	41,434	25,219	20,715	36,085

	Note	2015	2014
		(Rupees in '000)	
24. INTEREST / MARK-UP ACCRUED			
Interest / mark-up accrued on long term loans		585,325	838,114
Mark-up accrued on short term borrowings	24.1	177,354	319,642
		762,679	1,157,756

24.1 Included herein is a sum of Rs. 31.280 million (2014:Rs. 42.120 million) payable to Askari Bank Limited (an associated undertaking).

	Note	2015	2014
		(Rupees in '000)	
25. SHORT TERM BORROWINGS - Secured			
Finances under mark-up arrangements	25.1 to 25.4	10,963,045	16,878,118

25.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 27,365 million (2014: Rs. 25,165 million) at mark-up ranging between 0.60% to 3.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities will expire during the period from August 19, 2015 to June 30, 2016. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

25.1.1 The facilities amounting to Rs. 22,440 million (2014: Rs. 20,240 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.

25.1.2 The facilities amounting to Rs. 4,925 million (2014: Rs. 4,925 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.

25.1.3 This includes a sum of Rs. 275 million (2014: Rs. 275 million) payable to Askari Bank Limited (an associated undertaking). The available facilities amounted to Rs. 775 million (2014: Rs. 275 million). These facilities are secured by way of securities mentioned in note 25.1.1 and 25.1.2.

25.2 The Company also has Murabaha facility agreements with banks for an amount of Rs. 625 million (2014: 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 arrear. These facilities will expire on August 29, 2015. 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 25.1.2.

25.3 The Company also entered into a Musharaka agreement amounting to Rs. 635 million (2014: Rs. 635 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on October 31, 2015. 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 25.1.2 (a).

25.4 During the year, the Company entered into a Musharaka agreement amounting to Rs. 400 million at a mark-up of 0.5% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on June 30, 2016. 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 25.1.1.

26. COMMITMENTS AND CONTINGENCIES

26.1 Commitments in respect of capital and revenue expenditures amount to Rs. 832.196 million (2014: Rs. 1,008.304 million).

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

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

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

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

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

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

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

26.3 Pursuant to the SSA in connection with the investment in LEL, the Company has provided an LC of USD 23 million to LEL's lenders for cost overruns and debt repayment. After meeting certain conditions by the subsidiary, the LC amount will be reduced to USD 17 million which the Company is committed to continue to maintain till the last repayment of debt (expected in 2024). Any default in payment by the Company is subject to a mark-up of six month KIBOR plus a margin of 4%. This LC is secured by way of second ranking / subordinated charge over all present and future undertaking and assets of the Company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the Company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal project); and (iv) present and future shares acquired in LEL including bonus shares and right shares.

26.4 Pursuant to Fuel Supply Agreement (FSA) with Bakri Trading Company Pakistan (Pvt) Ltd for the Narowal plant, the Company has provided Stand-by Letter of Credit (SBLC) for an amount of Rs. 2,400 million. Any default in payment by the Company is subject to a mark-up rate of three month KIBOR plus 4% per annum. This SBLC is secured by way of securities mentioned in note 25.1.2.

26.5 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. If the decision of the expert is in favour of the Company, an amount of Rs. 802 million deducted by power purchaser (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. 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.

Subsequent to the year end, on August 15, 2015, the Expert's decision was received. The Expert determined that NTDC's obligation to make complete and timely payments to the Company preceded the Company's obligation to maintain the fuel inventory of 30 days in order to provide sufficient Capacity. The NTDC had no right to deduct any amount or portions of amounts from the invoices delivered by the Company and it was stated that NTDC should pay the deducted amount forthwith. The Expert further opined that the Company and other IPPs are not entitled to claim any delay payment interest on these deductions.

The management and their legal advisors are of the opinion that the position of the Company is sound and eventual outcome ought to be in favour of the Company.

26.6 During 2014, WAPDA informed the Company of its intention to impose LDs amounting to Rs. 235 million due to non-availability of Hub Power Plant for electricity generation. The plant was unavailable for electricity generation because of shortage of fuel caused by persistent delay in payments by WAPDA. The Company has notified WAPDA that, as per the PPA, no LDs can be imposed on the Company that arise due to a breach by WAPDA of the PPA. The Company is strongly contesting this matter and will take appropriate legal measures to vigorously defend its position.

The management is confident that this matter will be decided in its favour and, therefore, no provision has been made in these unconsolidated financial statements.

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

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

In July 2014, the SCP has decided the case in favor of the Company. Against the decision of the SCP, FBR filed review petitions which were dismissed by the SCP in June 2015. Consequently, the Company is entitled to receive an amount of Rs. 1,912 million paid to the FBR (Refer note 19).

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

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

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

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

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

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

26.9 The Company had filed a petition on June 28, 2000 challenging the application of the Companies Profits (Workers' Participation) Act, 1968 (the Act) to the Company on the ground that since its inception the Company has not employed any 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 and deposit the entire amount of the Fund in the Federal Treasury. The petition had been filed against the Federation of Pakistan through the Secretary, Ministry of Labour, Manpower and Overseas Pakistanis, Labour, Manpower and Overseas Pakistanis Division and, in view of the fact that any payment made by the Company to the Fund is a pass through item under the PPA, against the WAPDA as a pro forma party.

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

Both HUBCO and WAPDA 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 SCP. In December 2011, the SCP set aside the judgement of the HC and directed it to decide the case afresh.

As at June 30, 2015, the total financial exposure relating to the above case is Rs. 18,874 million (Rs. 3,136 million being the 5% of the profit and Rs. 15,738 million interest component on delayed payment). No provision has been made in these unconsolidated financial statements as any payment made by the Company is a pass through item under the PPA.

Following the amendments made by the Finance Act 2006 to the Companies Profits (Workers' Participation) Act, 1968 (the Act), the Company established the Hubco Workers' Participation Fund on August 03, 2007 to allocate the amount of annual profits stipulated by the Act for distribution amongst worker(s) eligible to receive such benefits under the Act and any amendments thereto from time to time (Refer note 7.2).

26.10 (i) Under the IA with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, the tax authorities issued a tax demand for the tax years 2006-2010 amounting to Rs. 143 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The Company's appeal before the Commissioner of Inland Revenue Appeals (CIR-A) and the Appellate Tribunal Inland Revenue (ATIR) were rejected. Against the order of the ATIR the Company filed Income Tax

Reference Applications (ITRAs) before the Honorable Islamabad High Court (IHC). The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. The ATIR re-heard the appeals and has decided against the Company. The Company filed appeals before the IHC which were heard during November 2014 and the judgements were reserved. The Company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 240.7 million.

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

(ii) FBR also imposed 2% WWF for tax years 2006-2010 and issued a demand for Rs. 191 million which was subsequently reduced to Rs. 8 million by the CIR-A. The Company's appeals filed in IHC mentioned in (i) above also included this matter. The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. The ATIR re-heard the appeals and decided against the Company. The Company filed appeals before the IHC which were heard during November 2014 and judgements were reserved . The Company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 10.6 million.

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

26.11 (i) Under the IA with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, during March 2014, the FBR issued tax demand for the tax year 2011 amounting to Rs. 3.2 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. Appeals filed by the Company before the CIR-A and thereafter with the ATIR were decided against the Company. The Company has filed appeal with the IHC which was heard during November 2014 and the judgements were reserved. The Company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 4.1 million.

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

(ii) FBR also imposed 2% WWF for the tax year 2011 and issued a demand for Rs. 108.5 million. Appeals filed by the Company before the CIR-A and thereafter with the ATIR were decided against the Company. The Company filed appeal with the IHC which was heard during November 2014 and the judgements were reserved. The Company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 119.1 million.

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

26.12 (i) Under the IA with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, during March 2015, the FBR issued tax demand for the tax year 2013 amounting to Rs. 3.6 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The Company filed appeals before the CIR-A which was concluded in July 2015 while reserving the judgment. The Company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 3.87 million.

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

(ii) FBR also imposed 2% WWF for the tax year 2013 and issued a demand for Rs. 187.8 million. Appeals filed by the Company before the CIR-A was concluded in July 2015 while reserving judgment. The Company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 191.8 million.

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

26.13 (i) Under the IA with the GOP and under the tax law, the Company is exempt from the levy of minimum tax. However, the FBR issued demand notices amounting to Rs. 442 million relating to the tax years 2006 to 2008, 2010 and 2011. After the Company's appeals were rejected by the CIR-A, Islamabad, further appeals were filed with the ATIR, Islamabad which has decided the appeals in favour of the Company. Against ATIR orders, FBR has filed appeals in the IHC which are pending adjudication. The Company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 700 million.

(ii) The FBR passed an order for the recovery of sales tax amounting to Rs. 8,691 million relating to fiscal years ended June 2008 to 2011. In FBR's view the Company had claimed input tax in excess of what was allowed under the law. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which decided the case in favour of the Company. Against the judgement of the ATIR, the FBR has filed a case with the IHC. No date has yet been fixed for hearing. The Company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 16,814 million.

(iii) The FBR passed an order for the recovery of sales tax amounting to Rs. 4,001 million relating to fiscal year ended June 2012. In FBR's view, the Company had claimed input tax in excess of what was allowed under the law. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which also decided the case against the Company. Against the decision of ATIR, the Company filed appeal with IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 6,331 million.

(iv) The FBR issued a Show Cause Notice to recover sales tax amounting to Rs. 4,044 million relating to fiscal year ended June 2013. In FBR's view, the Company had claimed input tax in excess of what was allowed under the law. The Company filed a Writ Petition in the IHC which issued notice to FBR and has directed the FBR not to pass any final order. The Company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 4,044 million.

(v) The FBR issued a Show Cause Notice to recover sales tax amounting to Rs. 5,008 million relating to fiscal year ended June 2014. In FBR's view, the Company had claimed input tax in excess of what was allowed under the law. The Company filed a Writ Petition in the IHC which issued notice to FBR and has directed the FBR not to pass any final order. The Company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 5,008 million.

(vi) Payment to PSO under the FSA including payment of Late Payment Interest (LPI) are exempt from withholding of income tax under the provisions of the tax law. During 2014, the FBR issued show cause notices to recover tax amounting to Rs. 1,677 million on the pretext that LPI paid to PSO under the FSA is a payment of "profit on debt". The Company filed a Writ Petition in the IHC which has been admitted. The IHC has suspended the operation of the show cause till next date of hearing, which would be announced later on.

(vii) Under the O&M agreement for the Hub plant, the Company pays fixed and variable fees to the operator. On January 17, 2015, the FBR passed an order amounting to Rs. 1,034 million relating to the tax years 2010 to 2013 for the recovery of Federal Excise Duty (FED). The FBR is of the view that the O&M is a franchise agreement and not a service agreement and payments made thereon are in nature of technical fees which are subject to FED. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which is pending adjudication. The Company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 1,680 million.

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

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

26.15 During the year, the Company entered into a JVA with the China Power International Holdings Limited (CPIH) to target the development of 2 x 660 MW Coal based Power Plant (the project) at Hub Site. As per the terms of JVA, the Company will have 49% equity interest and CPIH will have 51% equity interest in the project through their 100% owned Subsidiary Companies (Hub Power Holdings Limited and China Power International (Pakistan) Investment Limited). On June 29, 2015, the Sponsors (the Company and CPIH) have obtained Letter of Intent (LOI) for the project from the PPIB.

Pursuant to terms of LOI, Sponsors are required to obtain tariff and generation licence by September 17, 2015 failing which the PPIB shall be entitled to encash bank guarantee (Refer Note 26.16).

26.16 In order to provide bank guarantee for the issuance of LOI, the Company entered into a facility agreement with MCB Bank Limited for issuance of guarantee in favour of the PPIB for an amount of USD 0.647 million (Company's share). This facility is valid for one year from the date of agreement (i.e. April 03, 2016) and is secured by way of securities mentioned in note 25.1.1.

26.17 In connection with development of the Coal based power plant and ancillary jetty, both sponsors have agreed to fund up to USD 36 million (Company's share is approximately USD 18 million) from the signing of the JDF till the financial close.

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Note	2015	2014
		(Rupees in '000)	
		Chief Executive	
Managerial remuneration		20,838	18,468
Bonus		9,332	11,081
Utilities		2,084	1,847
Other benefits	27.1	14,247	13,418
		46,501	44,814
Number of persons		1	1
		Directors	
Fees	27.2	16,100	14,700
Number of persons		14	14
		Executives	
Managerial remuneration		133,806	97,550
Ex-gratia payment		1,086	775
Bonus		30,420	28,945
House rent		51,656	36,666
Utilities		13,689	9,755
Retirement benefits		31,083	25,520
Other benefits	27.1	88,485	63,447
		350,225	262,658
Number of persons		70	51
		Total	
Managerial remuneration / Fees		170,744	130,718
Ex-gratia payment		1,086	775
Bonus		39,752	40,026
House rent		51,656	36,666
Utilities		15,773	11,602
Retirement benefits		31,083	25,520
Other benefits		102,732	76,865
		412,826	322,172
Number of persons		85	66

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

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

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

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

28. RELATED PARTY TRANSACTIONS

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

	Note	2015	2014
		(Rupees in '000)	
Subsidiary - Laraib Energy Limited			
Interest income on subordinated loan		13,345	12,493
Reimbursement of expenses from subsidiary		35,098	57,159
Repayment of subordinated loan by subsidiary		80,395	-
Subsidiary - Hub Power Holdings Limited			
Investment in subsidiary		700	-
Reimbursement of expenses from subsidiary		2,401	-
Associated Undertakings			
Interest income on placement of funds		-	17,939
Amounts paid for the purchase of assets		-	9,247
Amounts paid for services rendered		6,785	11,987
Reimbursement of expenses and others		659	44
Donation paid to Karachi Education Initiative		5,000	15,000
Repayment of long term loans		148,364	682,186
Interest / Mark-up on long term loans		141,876	431,549
Mark-up on short term borrowings		54,021	18,864
Other finance costs		738	11,722
Other related parties			
Other income		327	-
Mark-up on short term borrowings		-	49
Repayment of short term borrowings and related Mark-up		-	15,537
Remuneration to key management personnel			
Salaries, benefits and other allowances		131,954	126,593
Retirement benefits		6,305	6,283
	28.1.1	138,259	132,876
Directors' fee	27.2	16,100	14,700
Contribution to staff retirement benefit plans		25,515	24,733

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

28.1.2 The transactions with related parties are made under normal commercial terms and conditions.

28.1.3 In addition to above, during the year, the Company invested in HPSL through subscription of three nominee shares at face value i.e. Rs. 10 per share.

29. PROVIDENT FUND TRUST

The following information is related to provident fund established by the Company:

	2015	2014
Size of the trust (Rupees in thousands)	125,635	104,469
Cost of investments made (Rupees in thousands)	89,893	94,045
Percentage of investments made (%)	71.55%	90.02%
Fair value of investments made (Rupees in thousands)	99,118	102,250

	2015	2014
	(Rupees in '000)	
Break-up of Investments		
Pakistan Investment Bonds	1,125	-
Treasury Bills	3,309	52,560
Short term Deposit	10,257	27,182
Mutual Fund	68,594	5,512
Other	15,833	16,996
	99,118	102,250

Investments out of provident fund have been made in accordance with the provisions of the Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. These figures are unaudited.

30. PLANT CAPACITY AND PRODUCTION

	2015	2014
HUB PLANT		
Theoretical Maximum Output	10,512 GWh	10,512 GWh
Total Output	6,809 GWh	7,087 GWh
Load Factor	65%	67%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,216 GWh (2014: 9,216 GWh). Output produced by the plant is dependent on the load demanded by WAPDA and the plant availability.

	2015	2014
NAROWAL PLANT		
Theoretical Maximum Output	1,873 GWh	1,873 GWh
Total Output	1,418 GWh	1,562 GWh
Load Factor	76%	83%

Practical maximum output for the power plant taking into account all the scheduled outages is 1,723 GWh (2014: 1,723 GWh). Output produced by the plant is dependent on the load demanded by NTDC and the plant availability.

	Note	2015	2014
		(Rupees in '000)	
31. WORKING CAPITAL CHANGES			
Decrease / (increase) in current assets			
Stores, spares and consumables		(511,451)	(138,240)
Stock-in-trade		(1,081,093)	1,859,063
Trade debts		7,195,918	(55,080,045)
Loans, advances, prepayments and other receivables		(566,262)	469,279
		5,037,112	(52,889,943)
(Decrease) / increase in current liabilities			
Trade and other payables		(2,771,848)	27,920,076
		2,265,264	(24,969,867)
32. CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	483,767	2,676,177
Finances under mark-up arrangements	25	(10,963,045)	(16,878,118)
		(10,479,278)	(14,201,941)

33. BASIC AND DILUTED EARNINGS PER SHARE

	2015	2014
33.1 Basic		
Profit for the year (Rupees in thousands)	9,853,136	6,549,179
Number of shares in issue during the year	1,157,154,387	1,157,154,387
Basic earnings per share (Rupees)	8.51	5.66

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

34. PROPOSED FINAL DIVIDEND

The Board of Directors proposed a final dividend for the year ended June 30, 2015 of Rs. 5.50 per share, amounting to Rs. 6,364.349 million, at their meeting held on August 20, 2015 for approval of the members at the Annual General Meeting to be held on October 05, 2015. These unconsolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

35. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

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

(i) Foreign exchange risk

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

Financial assets of the Company include Rs. 278.896 million (2014: Rs. 78.365 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Company include Rs. 212.392 million (2014: Rs. 211.570 million) in foreign currencies which are subject to currency risk exposure.

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

(ii) Interest rate risk

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

Cash flow and fair value interest rate risks

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

	2015	2014
	(Rupees in '000)	
Fixed rate instruments at carrying amount:		
Financial assets		
Bank balances	287,487	30,871
Financial liabilities		
Long term loans	1,045,647	1,767,754
Variable rate instruments at carrying amount:		
Financial assets		
Subordinated loan to LEL	-	80,395
Trade debts	39,878,848	49,689,143
Total	39,878,848	49,769,538
Financial liabilities		
Long term loans	18,989,438	21,789,290
Trade and other payables	30,516,175	37,605,594
Short term borrowings	10,963,045	16,878,118
Total	60,468,658	76,273,002

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

In addition to above, the Company has long term loans (PSEDF II) for Hub plant at variable rates. The related finance cost is pass through to WAPDA under the PPA. Therefore, there is no significant impact of any change in interest rates on profit or loss.

The Company has a long term loan for Narowal plant (Refer note 22.2.2). Under the Narowal PPA, the related finance cost up to a mark-up rate of 3 month KIBOR is allowed as a pass through to the Power Purchaser. Therefore, there is no significant impact of any change in interest rates on profit or loss.

The Company has another long term loan for Narowal plant (Refer note 22.2.1). The Company has to manage the related finance cost from its own sources which exposes the Company to the risk of change in 3 month KIBOR. As at June 30, 2015, if interest rate on the Company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 47.294 million.

In order to meet its investment obligations in LEL, the Company has entered into long term loan facilities (Refer note 22.3). The Company has to manage related finance cost from its own sources which exposes the Company to the risk of change in 6 month KIBOR. As at June 30, 2015, if interest rate on the Company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 38.738 million.

In order to finance boiler rehabilitation works at Hub Plant, the Company has entered into long term Musharaka arrangement (Refer note 22.4). The Company has to manage the related finance cost from its own sources which exposes the Company to the risk of change in 3 month KIBOR. As at June 30, 2015, if interest rate on the Company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 12.534 million.

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

(b) Credit risk

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

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

	2015	2014
	(Rupees in '000)	
Subordinated loan to LEL - unsecured	-	80,395
Deposits	16,429	19,092
Trade debts	72,683,318	79,879,236
Other receivables	1,055,490	748,022
Bank balances	287,487	30,871
Total	74,042,724	80,757,616

Trade debts are recoverable from WAPDA / NTDC under the PPAs and are secured by guarantees from GOP under the IAs.

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

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

(c) Liquidity risk

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

The Company maintains running finance facilities (Refer note 25) to meet the short term funding requirements due to delay in payments by WAPDA and NTDC. The delay in payments by WAPDA is mainly offset by the delay in payments to PSO whereas the delay in payments by NTDC is managed through bank borrowings.

The Company is exposed to liquidity risk to the extent that the returns from the Narowal plant are not sufficient to meet the funding requirement for the Narowal plant's long term loans mentioned in note 22.2.1 and 22.2.2. The Company is also exposed to liquidity risk for the differential margin not allowed by NEPRA above the 3 month KIBOR as mentioned in note 22.2.2. The Company will manage this liquidity risk on remaining term of the loans from its own sources and future earnings.

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

	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 5 to 10 years	Total
	(Rs. '000s)				
2014-15					
Long term loans	3,038,201	3,286,577	20,625,277	2,083,334	29,033,389
Trade and other payables	58,387,616	-	-	-	58,387,616
Short term borrowings	11,140,399	-	-	-	11,140,399
Total	72,566,216	3,286,577	20,625,277	2,083,334	98,561,404
2013-14					
Long term loans	3,305,217	3,211,579	21,309,777	6,225,612	34,052,185
Trade and other payables	61,253,029	-	-	-	61,253,029
Short term borrowings	17,197,760	-	-	-	17,197,760
Total	81,756,006	3,211,579	21,309,777	6,225,612	112,502,974

Fair value estimation

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

Capital risk management

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

36. FINANCIAL INSTRUMENTS BY CATEGORY

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

	Loans and receivables	Total June 30, 2015
	(Rupees in '000)	
Assets as per balance sheet		
Deposits	16,429	16,429
Trade debts	72,683,318	72,683,318
Other receivables	1,055,490	1,055,490
Cash and bank balances	483,767	483,767
Total	74,239,004	74,239,004

	Financial liabilities measured at amortised cost	Total June 30, 2015
	(Rupees in '000)	
Liabilities as per balance sheet		
Long term loans	23,120,410	23,120,410
Trade and other payables	58,387,616	58,387,616
Short term borrowings	11,140,399	11,140,399
Total	92,648,425	92,648,425

	Loans and receivables	Total June 30, 2014
	(Rupees in '000)	
Assets as per balance sheet		
Subordinated loan to LEL	80,395	80,395
Deposits	19,092	19,092
Trade debts	79,879,236	79,879,236
Other receivables	748,022	748,022
Cash and bank balances	2,676,177	2,676,177
Total	83,402,922	83,402,922

	Financial liabilities measured at amortised cost	Total June 30, 2014
	(Rupees in '000)	
Liabilities as per balance sheet		
Long term loans	24,395,158	24,395,158
Trade and other payables	61,253,029	61,253,029
Short term borrowings	17,197,760	17,197,760
Total	102,845,947	102,845,947

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

Revised and amended standards and interpretation effective and adopted in 2015

Certain revised and amended standards and interpretation are effective and adopted by the Company during the year which do not have significant impact on the Company's financial statements.

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

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

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

	2015	2014
	(Rupees in '000)	
Decrease in unappropriated profit at the beginning of the year	(8,135,196)	(8,721,212)
(Decrease) / increase in profit for the year	(324,349)	586,016
Decrease in unappropriated profit at the end of the year	(8,459,545)	(8,135,196)

38. RECLASSIFICATION

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

39. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on August 20, 2015 in accordance with the resolution of the Board of Directors.

40. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

CONSOLIDATED FINANCIAL STATEMENTS

Building a better working world

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AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of The Hub Power Company Limited (the Holding Company) and its subsidiary companies (the Group) as at 30 June 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company Laraib Energy Limited. The financial statements of the subsidiary companies, Hub Power Services Limited and Hub Power Holdings Limited were audited by another firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at 30 June 2015 and the results of their operations for the year then ended.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

Date: 20 August 2015

Place: Karachi

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
Turnover	3	137,836,254	165,838,385
Operating costs	4	(118,588,280)	(151,520,514)
GROSS PROFIT		19,247,974	14,317,871
General and administration expenses	5	(1,077,270)	(789,469)
Other income	6	129,393	120,614
Other operating expenses	7	(451,382)	-
PROFIT FROM OPERATIONS		17,848,715	13,649,016
Finance costs	8	(5,689,608)	(5,827,942)
Share of profit of an associate	12	1,716	-
PROFIT BEFORE TAXATION		12,160,823	7,821,074
Taxation	9	(160,089)	(4,039)
PROFIT FOR THE YEAR		12,000,734	7,817,035
Attributable to:			
- Owners of the holding company		11,077,696	7,489,514
- Non-controlling interest		923,038	327,521
		12,000,734	7,817,035
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)	34	9.57	6.47

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
Profit for the year		12,000,734	7,817,035
Other comprehensive income for the year			
Items that will not be reclassified to Profit or Loss in subsequent periods			
Loss on remeasurements of post employment benefit obligation	23.4	(5,761)	(14,449)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		11,994,973	7,802,586
Attributable to:			
- Owners of the holding company		11,071,935	7,475,065
- Non-controlling interest		923,038	327,521
		11,994,973	7,802,586

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

CONSOLIDATED BALANCE SHEET

As at June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	10	58,038,964	60,866,502
Intangibles	11	1,418,377	1,425,953
Investment in an associate	12	244,234	-
Long term deposits and prepayments	13	28,183	34,822
CURRENT ASSETS			
Stores, spares and consumables	14	2,218,881	1,703,764
Stock-in-trade	15	3,469,528	2,388,435
Trade debts	16	74,895,994	80,938,582
Advances, deposits, prepayments and other receivables	17	3,455,880	2,831,138
Cash and bank balances	18	2,346,924	5,015,638
		86,387,207	92,877,557
TOTAL ASSETS		146,116,965	155,204,834
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised	19	12,000,000	12,000,000
Issued, subscribed and paid-up	19	11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		23,358,073	21,543,374
Attributable to owners of the holding company		34,929,617	33,114,918
NON-CONTROLLING INTEREST		1,910,156	1,486,794
		36,839,773	34,601,712
NON-CURRENT LIABILITIES			
Long term loans	20	28,329,348	30,859,272
Liabilities against assets subject to finance lease	21	2,895,625	3,113,527
Deferred liability	22	6,125	4,900
CURRENT LIABILITIES			
Trade and other payables	23	60,243,868	63,095,616
Interest / mark-up accrued	24	1,241,932	1,688,275
Short term borrowings	25	10,963,045	16,878,118
Current maturity of long term loans	20	5,283,616	4,660,612
Current maturity of liabilities against assets subject to finance lease	21	313,633	302,802
		78,046,094	86,625,423
COMMITMENTS AND CONTINGENCIES	26		
TOTAL EQUITY AND LIABILITIES		146,116,965	155,204,834

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		12,160,823	7,821,074
Adjustments for:			
Depreciation		3,674,436	3,591,543
Amortisation		8,475	15,412
Gain on disposal of fixed assets		(2,747)	(78)
Write-off of damaged assets		376,058	-
Loss on dilution of interest in an associate		569	-
Staff gratuity		21,959	19,237
Interest income		(124,588)	(118,093)
Interest / mark-up		5,353,934	5,528,211
Amortisation of transaction costs		153,909	112,979
Share of profit of an associate		(1,716)	-
Operating profit before working capital changes		21,621,112	16,970,285
Working capital changes	32	953,319	(25,468,914)
Cash generated from / (used in) operations		22,574,431	(8,498,629)
Interest received		124,420	131,615
Interest / mark-up paid		(5,800,277)	(5,569,640)
Staff gratuity paid		(13,247)	(16,245)
Taxes paid		(174,418)	(9,647)
Net cash generated from / (used in) operating activities		16,710,909	(13,962,546)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(870,626)	(449,127)
Proceeds from disposal of fixed assets		12,395	5,662
Investment in an associate		(243,087)	-
Long term deposits and prepayments		6,639	(2,032)
Net cash used in investing activities		(1,094,679)	(445,497)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to owners of the holding company		(9,239,418)	(8,080,478)
Dividend paid to non controlling interest		(499,676)	-
Proceeds from long term loans - Musharaka finance facility		2,500,000	-
Repayment of long term loans - Hub plant		(979,062)	(979,062)
Repayment of long term loans - Narowal plant		(1,682,155)	(1,446,674)
Repayment of long term loans - Laraib's Investment		(946,562)	-
Repayment of long term loans - LEL		(1,216,109)	(638,249)
Repayment of liabilities against assets subject to finance lease		(306,889)	(161,720)
Net cash used in financing activities		(12,369,871)	(11,306,183)
Net increase / (decrease) in cash and cash equivalents		3,246,359	(25,714,226)
Cash and cash equivalents at the beginning of the year		(11,862,480)	13,851,746
Cash and cash equivalents at the end of the year	33	(8,616,121)	(11,862,480)

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
Attributable to owners of the holding company			
Issued capital			
Balance at the beginning of the year		11,571,544	11,571,544
Balance at the end of the year	19	11,571,544	11,571,544
Unappropriated profit			
Balance at the beginning of the year		21,543,374	22,168,390
Total comprehensive income for the year		11,071,935	7,475,065
Transactions with owners in their capacity as owners			
Final dividend for the fiscal year 2013-2014 @ Rs. 4.00 (2012-2013 @ Rs. 4.50) per share		(4,628,618)	(5,207,195)
Interim dividend for the fiscal year 2014-2015 @ Rs. 4.00 (2013-2014 @ Rs. 2.50) per share		(4,628,618)	(2,892,886)
		(9,257,236)	(8,100,081)
Balance at the end of the year		23,358,073	21,543,374
Attributable to owners of the holding company		34,929,617	33,114,918
Non-controlling interest			
Balance at the beginning of the year		1,486,794	1,159,273
Total comprehensive income for the year		923,038	327,521
Dividend paid		(499,676)	-
Balance at the end of the year		1,910,156	1,486,794
Total equity		36,839,773	34,601,712

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2015

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 the Karachi, Lahore and Islamabad Stock Exchanges and its Global Depository Receipts are listed on the Luxembourg Stock Exchange. The principal activities of the holding company are to develop, own, operate and maintain power stations. The holding company owns an oil-fired power station of 1,200 MW (net) in Balochistan (Hub plant) and a 214 MW (net) oil-fired power station in Punjab (Narowal plant).

The Group consists of:

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

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

These consolidated financial statements include results of operations on the basis of Reference Tariff approved by National Electric Power Regulatory Authority (NEPRA). After achieving Commercial Operation Date (COD), LEL has filed an application with National Transmission Despatch Company (NTDC) for true-up of tariff by the NEPRA and the differential amount of revenue due to tariff adjustment resulting from such true-up will be recognized in the period in which tariff adjustment will be made by the NEPRA. During the year, NEPRA approved indexations of Operation & Maintenance (O&M) components of tariff and also allowed interim relief alongwith its indexations on remaining components of the tariff, accordingly, revenue related thereto has been recognised in these consolidated financial statements.

Further during the year, the holding company has incorporated two wholly owned subsidiaries, HPSL and HPHL. HPSL will manage the O&M of the power plants and HPHL will invest in new business opportunities in the power sector.

Proposed Demerger of Narowal

Under the tax laws of Pakistan, if Narowal were demerged into a separate legal entity, it would have lost its tax exempt status from taxation on the income from power generation. The holding company requested the Private Power and Infrastructure Board (PPIB) for the appropriate changes in the tax laws so that Narowal could be demerged into a separate legal entity. During the year, the holding company received the Economic Coordination Committee's (ECC) approval for the changes in tax laws enabling the holding company to demerge Narowal into a separate legal entity having the same tax exempt status, after demerger, as it enjoys now. The holding company has started the process to demerge Narowal into a separate legal entity and it is expected that this process will be completed by December 2015.

Hub Plant O&M Takeover

In January 2015, the holding company gave notice to the Operator of its Hub Plant for the termination of the O&M Agreement. As per the O&M Agreement, the holding company was required to serve 12 months prior written notice, however, the parties mutually decided to reduce the notice period and terminate the agreement on July 31, 2015. Effective August 1, 2015, the holding company is managing the Operations & Maintenance of the Hub Plant through a 100% owned subsidiary, HPSL. Pursuant to the terms of Termination Agreement with the Operator, the holding company is required to pay an amount of USD 3.257 million as termination compensation. In addition, the holding company will also be purchasing certain spares and assets approximately amounting to USD 7.301 million from the Operator after mutually carrying out a physical count. As per the termination agreement, employees of the former Operator have been novated to HPSL.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.2 Accounting convention

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

2.3 Basis of consolidation

All business combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair values of the holding company's share of identifiable net assets acquired is recorded as goodwill.

The consolidated financial statements of the Group include the financial statements of the holding company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the holding company, using consistent accounting policies.

The assets and liabilities of the subsidiaries have been consolidated on a line-by-line basis and the carrying value of investment held by the holding company is eliminated against the subsidiaries' share capital and pre-acquisition reserves in the consolidated financial statements. Material intra-group balances and transactions are eliminated.

A change in the ownership interest of the subsidiaries, without a change of control, is accounted for as an equity transaction.

The subsidiary companies are consolidated from the date on which more than 50% voting rights are transferred to the holding company or power to govern the financial and operating policies of the subsidiaries are established and are excluded from consolidation from the date of disposal or cessation of control.

Non-controlling interest (NCI) is the equity in a subsidiary not attributable, directly or indirectly, to the holding company.

Associate

Investment in associate is accounted for using equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate. The consolidated profit and loss account reflects the Group share of the results of the operations of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the same in the profit and loss account.

2.4 Property, plant and equipment

(a) Operating property, plant, equipment and depreciation

Owned

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

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

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

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

Leased

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not, eventually, be transferred.

Assets subject to finance lease are recorded at the lower of present value of minimum lease payments at the inception of lease term and their fair value on that date.

Assets under finance lease are depreciated on a straight line method at the rates specified in note 10.1 to the consolidated financial statements.

The finance cost is charged to profit and loss account and is included under finance costs.

(b) Capital work-in-progress

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

(c) Capital spares

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

2.5 Intangible assets and amortisation

(a) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the holding company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, if any. Impairment losses on goodwill are not reversed.

(b) Other intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is computed using the straight-line method over the estimated useful lives of the assets at the rate shown in note 11.1 to the consolidated financial statements.

2.6 Impairment of non-current assets

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

2.7 Stores, spares and consumables

Stores and spares of Hub plant are stated at cost. The O&M Contractor of the Hub plant is responsible to maintain and replenish stores and spares as they are used.

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

2.8 Stock-in-trade

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

2.9 Cash and cash equivalents

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

2.10 Provisions

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

2.11 Staff retirement benefits

The holding company operates:

- a funded defined benefit gratuity plan covering eligible employees whose period of service with the holding company is at least five years. The liabilities relating to defined benefit plans are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 23.4 to these consolidated financial statements.
- a defined contribution provident fund for all its employees who are eligible for the plan. Equal contributions thereto are made by the holding company and the employees in accordance with the fund's rules.

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

2.12 Revenue recognition

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

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

Revenue from the sale of electricity to NTDC, the sole customer of LEL, is recorded based upon the output delivered and average energy at rates as specified under the PPA. PPA is a contract over a period of 25 years starting from 2013.

Revenue from sale of Certified Emission Reductions (CERs) is recognised upon delivery of the CERs.

2.13 Interest income

Interest income is recorded on accrual basis.

2.14 Operating lease

An operating lease is a lease other than a finance lease, where a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight-line basis over the lease term.

2.15 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees, which is the Group's functional and presentation currency, at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees equivalents using balance sheet date exchange rates. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions and translations are included in profit and loss account except the waiver granted by the Securities and Exchange Commission of Pakistan (SECP) from the requirements of International Accounting Standard (IAS) – 21, to the extent of capitalisation of exchange differences to power sector companies as mentioned in note 2.20.

During the operations phase, exchange differences relating to foreign currency borrowings have been capitalized in the related 'operating property, plant and equipment' and all other exchange differences have been included in the 'profit and loss account'. Had the exchange differences, as allowed by the above mentioned directives of the SECP would not have been capitalized, the profit for the year would have been lower by Rs. 323.517 million and operating property, plant and equipment and depreciation would have been lower by Rs. 453.500 million and Rs. 39.360 million respectively.

2.16 Taxation

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

Income of LEL is not liable to taxation in Pakistan to the extent provided in the ITO 2001. Accordingly, provision for taxation, if any, is made only on the income liable to tax at the applicable rates of tax after taking into account tax credits, rebates etc. allowable under the ITO 2001.

2.17 Dividend distribution

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

2.18 Segment reporting

Segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker in order to assess each segment's performance and to allocate resources to them. Segment reports are regularly reviewed by the board of directors of the holding company.

2.19 Financial instruments

(a) Trade debts and other receivables

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

(b) Borrowings

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

(c) Trade and other payables

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

2.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include exchange differences arising on foreign currency borrowings, obtained for acquisition, construction or production of qualifying assets, to the extent that they are regarded as an adjustment to interest cost are included in the cost of qualifying assets. Qualifying assets are assets that necessarily take substantial period of time to get ready for their intended use.

2.21 Off-setting

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

2.22 Use of estimates and judgements

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

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

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

a) Determining the residual values and useful lives of property, plant and equipment and intangibles;
b) Distinguish between capital spares, servicing equipment and stores & spares;
c) Determining significant influence in associate;
d) Provisions;
e) Disclosures related to IFRIC 4, IFRIC 12 and IAS 39;
f) Recognition of taxation;
g) Recognition of provision for staff retirement benefits;
h) Determining whether the WPPF is applicable on LEL;
i) Impairment of goodwill, trade debts and other receivables; and
j) Contingencies.

	Note	2015	2014
		(Rupees in '000)	
3. TURNOVER			
Turnover		155,653,092	189,379,019
Less: Sales tax		(17,816,838)	(23,540,634)
		137,836,254	165,838,385
4. OPERATING COSTS			
Fuel cost		107,771,532	140,130,945
Water use charges		73,278	70,542
Stores and spares		251,279	470,354
Operation and Maintenance		4,233,648	4,263,839
Insurance		930,619	1,083,599
Depreciation	10.3	3,633,686	3,561,564
Amortisation	11.2	8,160	14,795
Repairs, maintenance and other costs	4.1	1,686,078	1,924,876
		118,588,280	151,520,514

4.1 These include Rs. 1.970 million (2014: Rs. 1.520 million) in respect of staff retirement benefits.

	Note	2015	2014
		(Rupees in '000)	
5. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, benefits and other allowances	5.1 & 5.2	495,145	372,587
Travel and transportation		77,597	47,350
COD Inauguration expenses		-	10,272
Fuel and power		14,740	12,531
Property, vehicles and equipment rentals		30,574	19,021
Office running cost		29,509	17,541
Repairs and maintenance		19,253	16,947
Legal and professional charges		165,018	114,994
Insurance		16,500	13,529
Auditors' remuneration	5.3	18,344	12,098
Donations	5.4	87,001	59,840
Technical and feasibility studies		27,049	10,245
Printing and stationary		11,684	10,315
Depreciation	10.3	40,750	29,979
Amortisation	11.2	315	617
CERs related expenses		-	2,079
Miscellaneous		43,791	39,524
		1,077,270	789,469

5.1 These include Rs. 35.582 million (2014: Rs. 28.519 million) in respect of staff retirement benefits.

5.2 Number of persons employed as at year end were 140 (2014: 96) and the average number of persons employed during the year were 110 (2014: 89).

	2015	2014
	(Rupees in ‘000)	
5.3 Auditors’ remuneration		
Statutory audits	3,089	2,851
Half yearly review	1,000	702
Tax and other services	13,359	7,984
Out-of-pocket expenses	896	561
	18,344	12,098

5.4 Donations include the following in which a director or his spouse is interested:

Name of Director	*Name of Donee*	*Interest in Donee*	2015	2014
Mr. Hussain Dawood	Karachi Education Initiative	Chairman	5,000	15,000

	Note	2015	2014
		(Rupees in ‘000)	
6. OTHER INCOME			
Interest income		124,588	118,093
Gain on disposal of fixed assets		2,747	78
Exchange gain		1,726	2,443
Others		332	-
		129,393	120,614
7. OTHER OPERATING EXPENSES			
Write-off of damaged assets	7.1	376,058	-
Workers’ profit participation fund	7.2	74,755	-
Loss on dilution of interest in an associate	12	569	-
		451,382	-

7.1 This represents write-off of four damaged assets at Narowal plant. The incidents took place during the year and consequently resulted in shut down of four engines. These incidents are covered under the holding company’s insurance policies and are subject to the final assessments and approval by the insurers. Efforts were made to bring the engines back to the service in the shortest possible time and three engines are back in service whereas one is expected to be back in service by October 2015.

	Note	2015	2014
		(Rupees in ‘000)	
7.2 Workers’ profit participation fund			
Provision for Workers’ profit participation fund	23	500,661	299,782
Workers’ profit participation fund recoverable from WAPDA / NTDC	17	(425,906)	(299,782)
		74,755	-

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 majority of this expense from Water and Power Development Authority (WAPDA) / National Transmission and Despatch Company Limited (NTDC) as a pass through item.

In 2014, LEL obtained an opinion from its legal advisor who has advised that LEL is not required to pay any amount to Workers' profit participation fund in respect of the profits earned from its industrial undertaking situated in AJK. Accordingly, the provision made in 2013 has been reversed in 2014.

	Note	2015	2014
		(Rupees in '000)	
8. FINANCE COSTS			
Interest / mark-up on long term loans		3,615,160	3,999,855
Interest on finance lease		174,298	191,357
Mark-up on short term borrowings		1,564,476	1,336,999
Amortisation of transaction costs		153,909	112,979
Other finance costs		181,765	186,752
		5,689,608	5,827,942
9. TAXATION			
Current			
- For the year	9.1	160,089	4,039

9.1 No tax reconciliation is required as the Group's major income is from power generation which is exempt from taxation.

	Note	2015	2014
		(Rupees in '000)	
10. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	10.1	57,952,873	60,665,680
Capital work-in-progress			
Hub plant	10.4	42,561	90,611
Narowal plant	10.5	43,530	36,785
Laraib plant	10.6	-	73,426
		86,091	200,822
		58,038,964	60,866,502

10.1 Operating property, plant and equipment

	Owned								Leased	Total
	Freehold land	Building on freehold land	Buildings and civil structures on leasehold land	Leasehold property	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Plant & machinery	
	(Rs. '000s)									
Cost:										
As at July 1, 2013	68,624	849,077	9,026,982	862	78,404,843	50,951	147,030	27,842	4,877,286	93,453,497
Additions / Transfers (Note 10.1.1)	-	117,842	68,063	-	247,143	1,150	68,264	3,485	13,797	519,744
Disposals	-	-	-	-	(2,408)	-	(19,898)	(2,162)	-	(24,468)
As at June 30, 2014	68,624	966,919	9,095,045	862	78,649,578	52,101	195,396	29,165	4,891,083	93,948,773
Additions / Transfers (Note 10.1.1)	906	42,812	278,036	-	779,606	74,228	45,983	7,655	118,109	1,347,335
Disposals	-	-	-	-	(456,103)	-	(25,097)	(328)	-	(481,528)
As at June 30, 2015	69,530	1,009,731	9,373,081	862	78,973,081	126,329	216,282	36,492	5,009,192	94,814,580
Depreciation:										
Depreciation rate % per annum	-	3.33 to 20	4 to 10	3.33 to 20	3.33 to 33.33	10 to 20	25	10 to 20	4 to 6.67	-
As at July 1, 2013	-	166,490	120,362	538	29,211,124	38,831	93,572	11,871	67,646	29,710,434
Charge for the year	-	40,072	361,941	29	2,944,978	3,396	34,412	3,040	203,675	3,591,543
Disposals	-	-	-	-	(2,318)	-	(14,650)	(1,916)	-	(18,884)
As at June 30, 2014	-	206,562	482,303	567	32,153,784	42,227	113,334	12,995	271,321	33,283,093
Charge for the year	-	53,329	357,849	29	3,008,809	10,252	34,640	3,726	205,802	3,674,436
Disposals	-	-	-	-	(79,653)	-	(15,841)	(328)	-	(95,822)
As at June 30, 2015	-	259,891	840,152	596	35,082,940	52,479	132,133	16,393	477,123	36,861,707
Net book value as at June 30, 2015	69,530	749,840	8,532,929	266	43,890,141	73,850	84,149	20,099	4,532,069	57,952,873
Net book value as at June 30, 2014	68,624	760,357	8,612,742	295	46,495,794	9,874	82,062	16,170	4,619,762	60,665,680
Cost of fully depreciated assets as at June 30, 2015	-	21,010	-	-	347,554	35,418	69,627	7,178	-	480,787
Cost of fully depreciated assets as at June 30, 2014	-	19,148	-	-	341,526	34,216	62,641	4,843	-	462,374

10.1.1 Includes exchange loss capitalised amounting to Rs. 362.877 million (2014: Rs. 42.390 million).

10.2 Disposal of operating property, plant and equipment

Assets	Cost	Accumulated depreciation	Net book value	Sale price	Mode of disposal	Particulars of buyer
	(Rs. '000s)					
Computer	102	8	94	103	Insurance Claim	Adamjee Insurance Company Limited
Computer	58	5	53	53	Insurance Claim	Adamjee Insurance Company Limited
Computer	152	93	59	-	Write-off	N/A
Plant & machinery	15,320	2,502	12,818	-	Write-off	N/A
Plant & machinery	110,747	17,350	93,397	-	Write-off	N/A
Plant & machinery	282,260	42,339	239,921	-	Write-off	N/A
Plant & machinery	35,202	5,280	29,922	-	Write-off	N/A
Vehicle	1,593	365	1,228	1,238	Holding company policy	Imran Abid Rao - Ex-employee
Vehicle	1,838	459	1,379	1,389	Holding company policy	Hassan Shahid Hashmi - Ex-employee
Vehicle	2,087	261	1,826	1,836	Holding company policy	Omair Abid Rao - Ex-employee
Vehicle	2,088	565	1,523	1,533	Holding company policy	Norez Abdullah - Ex-employee
Vehicle	1,689	774	915	925	Holding company policy	Danish Zafar Malik - Ex-employee
Vehicle	1,543	321	1,222	1,390	Tender	Ms. Ambreen Haider
Vehicle	1,743	581	1,162	1,285	Subsidiary - LEL policy	Ms. Saadia Mansoor - Ex-employee
Items having a net book value not exceeding Rs. 50,000 each						
Vehicles	12,516	12,515	1	820	Various	Various
Plant & machinery	972	972	-	876	Tender	Shahid Pervez
Office equipment	328	328	-	13	Tender	M/s Meson Computer Services
Computers	11,290	11,104	186	934	Various	Various
Total - June 30, 2015	481,528	95,822	385,706	12,395		
Total - June 30, 2014	24,468	18,884	5,584	5,662		

	Note	2015	2014
		(Rupees in '000)	
10.3 Depreciation charge for the year has been allocated as follows:			
Operating costs	4	3,633,686	3,561,564
General and administration expenses	5	40,750	29,979
		3,674,436	3,591,543
10.4 Capital work-in-progress - Hub plant			
Opening balance		90,611	53,708
Additions during the year		345,589	182,881
Transfers during the year		(393,639)	(145,978)
		42,561	90,611
10.5 Capital work-in-progress - Narowal plant			
Opening balance		36,785	13,561
Additions during the year		316,655	55,644
Transfers during the year		(309,910)	(32,420)
		43,530	36,785
10.6 Capital work-in-progress - Laraib plant			
Opening balance		73,426	48,663
Additions during the year		127,223	85,156
Transfers during the year		(200,649)	(60,393)
		-	73,426

	Note	2015	2014
		(Rupees in '000)	
11. INTANGIBLES			
Intangibles	11.1	1,417,864	1,425,953
Capital work-in-progress		513	-
		1,418,377	1,425,953

	Goodwill (note 11.3)	Computer software	Total
	----------- (Rs. '000s) -----------		
11.1 Intangibles			
Cost:			
As at July 1, 2013	1,414,096	92,933	1,507,029
Additions	-	-	-
As at June 30, 2014	1,414,096	92,933	1,507,029
Additions	-	386	386
Disposals / write-off	-	(1,090)	(1,090)
As at June 30, 2015	1,414,096	92,229	1,506,325
Amortisation:			
Amortisation rate % per annum	-	33.33	-
As at July 1, 2013	-	65,664	65,664
Charge for the year	-	15,412	15,412
As at June 30, 2014	-	81,076	81,076
Charge for the year	-	8,475	8,475
Disposals / write-off	-	(1,090)	(1,090)
As at June 30, 2015	-	88,461	88,461
Net book value as at June 30, 2015	1,414,096	3,768	1,417,864
Net book value as at June 30, 2014	1,414,096	11,857	1,425,953

	Note	2015	2014
		(Rupees in '000)	
11.2 Amortisation charge for the year has been allocated as follows:			
Operating costs	4	8,160	14,795
General and administration expenses	5	315	617
		8,475	15,412

11.3 For impairment testing, goodwill has been allocated to 'Laraib plant' as Cash Generating Unit (CGU), which is also a reportable segment. No goodwill has been impaired as a result of annual impairment test carried out on June 30, 2015. The recoverable amount for the purpose of assessing impairment on goodwill on acquisition of the subsidiary is determined based on value in use. The calculations are based on the cash flows derived mainly under the PPA between LEL and the Power Purchaser for a term of 25 years from COD. These cash flows are denominated in USD and have been discounted using a discount rate which reflects the current market rate appropriate for the business. For the calculation, the Group has used a discount rate of 4.25% and the cash flows are discounted over whole of the life of the project. The management believes that any reasonable possible change to the key assumptions on which calculation of recoverable amount is based, would not cause the carrying amount to exceed the recoverable amount.

12. INVESTMENT IN AN ASSOCIATE

During the year, the holding company entered into a Shareholders' Agreement with Engro Powergen Limited (EPL) and Thal Limited (TL) for Joint Investment in Sindh Engro Coal Mining Company Limited (SECMC). The holding company invested Rs. 240 million to acquire 16,194,332 Ordinary shares having face value of Rs. 10 each at a price of Rs. 14.82 per share representing shareholding of 6.26%. Subsequently, the arrangement was revised to include Habib Bank Limited (HBL). Consequently, the holding company, EPL and TL renounced their rights to subscribe further shares of SECMC in favor of HBL thus resulting in the reduction of effective shareholding to 5.76%.

The holding company's total investment commitment in SECMC is USD 20 million and the remaining amount will be invested at or soon after SECMC achieving financial close which is expected to be achieved by December 2015.

Although the holding company has less than 20% equity interest in SECMC, the management believes that the significant influence over the associate exists due to the holding company's representation on the Board of Directors of SECMC and participation in policy making process by virtue of Shareholders Agreement hence classified as an Associate.

	(Rupees in '000)
Cost of investment	243,087
Share of profit of an associate	1,716
Loss on dilution of interest in an associate	(569)
As at June 30, 2015	244,234

The financial year end of SECMC is December 31, therefore, the financial results as at June 30 are used for the purpose of application of equity accounting method. Summarised unaudited financial information of SECMC for the year ended June 30, 2015 is as follows:

	(Rupees in '000)
Total assets	4,057,983
Total liabilities	172,820
Profit after taxation (12 months period from July 1 to June 30)	61,553

	Note	2015	2014
		(Rupees in '000)	
13. LONG TERM DEPOSITS AND PREPAYMENTS			
Deposits		17,624	20,287
Prepaid operating lease rentals		8,395	8,759
Other prepayments		2,164	5,776
		28,183	34,822
14. STORES, SPARES AND CONSUMABLES			
In hand		2,218,881	1,673,007
In transit		-	30,757
	14.1 & 14.2	2,218,881	1,703,764

14.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

14.2 This includes material purchased for boiler rehabilitation works at Hub plant amounting to Rs. 406.994 million (2014: Rs. Nil) which will be charged to profit and loss account when consumed.

	Note	2015	2014
		(Rupees in '000)	
15. STOCK-IN-TRADE			
Furnace oil		3,423,080	2,344,904
Diesel		14,625	27,075
Lubricating oil		19,917	9,665
Light diesel oil		11,906	6,791
		3,469,528	2,388,435
16. TRADE DEBTS - Secured			
Considered good	16.1 & 16.2	74,895,994	80,938,582

16.1 This includes an amount of Rs. 56,898 million (2014: Rs. 61,540 million) receivable from WAPDA and Rs. 6,205 million (2014: Rs. 4,776 million) receivable from NTDC which are overdue but not impaired because the trade debts are secured by a guarantee from the GOP under Implementation Agreements.

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

The aging of these receivables are as follows:

	2015	2014
	(Rupees in '000)	
Not yet due	11,792,970	14,622,513
Up to 3 months	23,639,047	39,472,365
3 to 6 months	19,231,591	10,751,437
Over 6 months	20,232,386	16,092,267
	74,895,994	80,938,582

16.2 This includes Rs. 373 million (2014: Rs. 373 million) relating to a tax matter (Refer note 26.8).

	Note	2015	2014
		(Rupees in '000)	
17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good - Unsecured			
Advances			
Executives		11,050	1,111
Employees		174	264
Suppliers	17.1	176,245	76,701
		187,469	78,076
Deposits		225	660
Prepayments			
Current portion of prepaid operating lease rentals		365	528
LC commission and other loan related costs		29,505	35,532
Miscellaneous		28,406	37,897
		58,276	73,957
Other receivables			
Interest accrued		1,960	1,792
Income tax	26.7	1,912,347	1,912,347
Sales tax		325,011	116,300
Withholding tax recoverable		24,089	9,760
Receivable from Coal Joint Venture (JV Company)	17.2	157,123	-
Workers' profit participation fund recoverable from WAPDA / NTDC	7.2	425,906	327,661
Miscellaneous		363,474	310,585
		3,209,910	2,678,445
		3,455,880	2,831,138

17.1 This includes advances to suppliers of Rs. 71.680 million (2014: Rs. 16.400 million) secured against bank guarantee.

17.2 The holding company and China Power International Holdings Limited ("Sponsors") entered into a Joint Development Framework (JDF) on November 28, 2014 for development of power project with ancillary Jetty. Pursuant to the terms of JDF, Joint Venture Agreement (JVA) and Shareholders' Agreement (SHA), Sponsors are required to incur certain initial project development expenditures including technical and feasibility studies, legal, financial, insurance and technical advisory expenditures, regulatory fee and site & land surveys etc., from the signing date of JDF till the incorporation of JV Company or financial close. All these expenditures must be pre-approved by the Sponsors jointly and will be reimbursed to each party / Sponsors after the incorporation of JV Company.

The holding company has incurred Rs. 157.123 million for the development of Coal project and Jetty. These expenditures are receivable from the JV Company which is yet to be incorporated.

	Note	2015	2014
		(Rupees in '000)	
18. CASH AND BANK BALANCES			
Savings accounts		1,450,589	1,670,240
Term deposits		700,000	700,000
	18.1 & 18.2	2,150,589	2,370,240
In hand			
Cash		360	217
Payorders / Cheques		195,975	2,645,181
		196,335	2,645,398
		2,346,924	5,015,638

18.1 Savings and deposits accounts carry mark-up rates ranging between 0.25% to 9.00% (2014: 0.25% to 8.85%) per annum.

18.2 This includes Rs. 108.150 million (2014: Rs. 461.923 million) restricted by Lenders for construction related payments for Narowal plant and Laraib plant.

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

2015	2014		2015	2014
(No. of Shares)			(Rupees in '000)	
		Authorised :		
1,200,000,000	1,200,000,000	Ordinary shares of Rs.10/- each	12,000,000	12,000,000
		Issued, subscribed and paid-up: Ordinary shares of Rs.10/- each		
818,773,317	818,773,317	For cash	8,187,733	8,187,733
		For consideration other than cash		
338,022,463	338,022,463	- against project development cost	3,380,225	3,380,225
358,607	358,607	- against land	3,586	3,586
338,381,070	338,381,070		3,383,811	3,383,811
1,157,154,387	1,157,154,387		11,571,544	11,571,544

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

19.2 Associated undertakings held 309,039,482 (2014: 277,452,000) shares in the holding company as at year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2015

20. LONG TERM LOANS - Secured

From Banks / Financial Institutions	Note	As at July 01, 2014	Drawn / Translation	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2015
		(Rs. '000s)					
Holding company							
Hub plant							
Under the Private Sector Energy Development Fund's (PSEDF I) Facility	20.1 & 20.1.1	1,767,754	-	(722,107)	(722,107)	-	323,540
Under the Private Sector Energy Development Fund's (PSEDF II) Facility	20.1 & 20.1.2	629,037	-	(256,955)	(256,954)	-	115,128
Musharaka finance facility	20.4	-	2,500,000	-	(312,500)	-	2,187,500
Sub Total		2,396,791	2,500,000	(979,062)	(1,291,561)	-	2,626,168
Narowal plant							
Commercial Facility	20.2.1	5,052,516	-	(528,771)	(601,961)	-	3,921,784
Expansion Facility	20.2.2	12,187,701	-	(1,153,384)	(1,354,436)	-	9,679,881
Transaction costs		(272,431)	-	-	58,882	60,223	(153,326)
Sub Total		16,967,786	-	(1,682,155)	(1,897,515)	60,223	13,448,339
Laraib's investment							
Syndicated term finance facility	20.3.1	3,500,532	-	(777,896)	(777,896)	-	1,944,740
Islamic finance facility	20.3.2	759,000	-	(168,666)	(168,667)	-	421,667
Transaction costs		(67,065)	-	-	19,496	25,597	(21,972)
Sub Total		4,192,467	-	(946,562)	(927,067)	25,597	2,344,435
Long term loans of the holding company		23,557,044	2,500,000	(3,607,779)	(4,116,143)	85,820	18,418,942
Subsidiary - LEL							
Foreign currency loans	20.5.1	9,285,076	263,059	(854,997)	(869,314)	-	7,823,824
Local currency loans	20.5.2	3,069,444	-	(361,112)	(361,112)	-	2,347,220
Transaction costs		(391,680)	-	-	62,953	68,089	(260,638)
Long term loans of LEL		11,962,840	263,059	(1,216,109)	(1,167,473)	68,089	9,910,406
		35,519,884	2,763,059	(4,823,888)	(5,283,616)	153,909	28,329,348

From Banks / Financial Institutions	Note	As at July 01, 2013	Drawn / Translation	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2014
		(Rs. '000s)					
Holding company							
Hub plant							
Under the Private Sector Energy Development Fund's (PSEDF I) Facility	20.1 & 20.1.1	2,489,861	-	(722,107)	(722,107)	-	1,045,647
Under the Private Sector Energy Development Fund's (PSEDF II) Facility	20.1 & 20.1.2	885,992	-	(256,955)	(256,954)	-	372,083
Sub Total		3,375,853	-	(979,062)	(979,061)	-	1,417,730
Narowal plant							
Commercial Facility	20.2.1	5,517,001	-	(464,485)	(528,771)	-	4,523,745
Expansion Facility	20.2.2	13,169,890	-	(982,189)	(1,153,384)	-	11,034,317
Transaction costs		(333,109)	-	-	59,879	60,678	(212,552)
Sub Total		18,353,782	-	(1,446,674)	(1,622,276)	60,678	15,345,510
Laraib's investment							
Syndicated term finance facility	20.3.1	3,500,532	-	-	(777,896)	-	2,722,636
Islamic finance facility	20.3.2	759,000	-	-	(168,667)	-	590,333
Transaction costs		(73,080)	-	-	24,716	6,015	(42,349)
Sub Total		4,186,452	-	-	(921,847)	6,015	3,270,620
Long term loans of the holding company		25,916,087	-	(2,425,736)	(3,523,184)	66,693	20,033,860
Subsidiary - LEL							
Foreign currency loans	20.5.1	9,712,040	30,729	(457,693)	(844,097)	-	8,440,979
Local currency loans	20.5.2	3,250,000	-	(180,556)	(361,112)	-	2,708,332
Transaction costs		(437,966)	-	46,286	67,781	-	(323,899)
Long term loans of LEL		12,524,074	30,729	(591,963)	(1,137,428)	-	10,825,412
		38,440,161	30,729	(3,017,699)	(4,660,612)	66,693	30,859,272

Holding company

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

(a) a fixed charge over each of the following, namely:

(i) the Tangible Moveable Property of the holding company;
(ii) the Intellectual Property of the holding company; and
(iii) all goodwill belonging to the holding company.

excluding (i) those relating or pertaining to the Narowal plant; (ii) the Commercial Facility Disbursement Account; and (iii) present and future shares acquired in LEL including bonus shares and right shares.

(b) a floating charge on the whole of the holding company's undertaking and assets, present and future, other than:

(i) any assets for the time being effectively charged by way of fixed charge; (ii) any undertaking and assets, present and future, relating or pertaining to the Narowal plant; (iii) any shares in Demerged Company (special purpose vehicle that the holding company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal plant); (iv) the Commercial Facility Disbursement Account; and (v) present and future shares acquired in LEL including bonus shares and right shares.

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

(d) mortgages over the holding company's real property situated in Lasbella, Islamabad and Karachi, together with all rights of easements, privileges and licences appurtenant thereto.

20.1.1 Interest is payable @ 14% per annum.

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

20.2 In connection with Narowal plant:

20.2.1 The loan is repayable in 40 installments on quarterly basis starting from January 16, 2011 and then on each mark-up payment date at a mark-up rate of three month KIBOR plus 0.25% per annum. The mark-up is payable on quarterly basis in arrear. The loan is secured pari passu by way of same securities as mentioned in note 20.1 and a first ranking floating charge over the Commercial Facility Disbursement Account and all credit balances held therein from time to time and all rights, property and benefits arising therefrom at any time and from time to time.

20.2.2 The loan is repayable in 40 installments on quarterly basis starting from January 16, 2011 and then on each mark-up payment date at a mark-up rate of three month KIBOR plus 3.47% per annum. The mark-up is payable on quarterly basis in arrear.

The loan is secured pari passu by way of:

(a) mortgage by Deposit of Title Deeds over the immovable properties of the holding company situated at Narowal and acquired for the purposes of Narowal plant;

(b) a first ranking floating charge over the Project Company's undertaking and assets (both present and future), fixed and current [other than those referred in note 25.1.2(a)], tangible and intangible, wherever situated and all present and future trade deposits, trade debts, loans and advances, bills and other receivables in relation to the Narowal plant;

(c) by way of hypothecation, the creation of a first fixed charge over the present and future properties purchased for the purposes of Narowal plant;

(d) mortgage and assignment of the holding company's rights, titles and interests, present and future, actual and contingent under and in connection with the Narowal Project Documents and all rights of the holding company to make recovery under the Narowal Project Documents and all proceeds of whatsoever nature receivable by the holding company under the Narowal Project Documents; and

(e) by way of first priority security, the holding company has assigned, charged and granted a security interest on all and each of the Project Company's rights, title, interest and benefit, present and future, under and in connection with the GOP Guarantee (for Narowal plant) and all rights of the Project Company to make recovery under the GOP Guarantee and any proceeds thereof receivable by the Project Company under the GOP Guarantee.

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

The outstanding balance of long term loans include Rs. 961 million (2014: Rs. 1,065 million) repayable to Askari Bank Limited (an associated undertaking).

20.3 In order to meet its investment obligation in LEL:

20.3.1 The holding company has entered into a long term financing arrangement with various banks / financial institution for an amount of Rs. 3,741 million. The loan is repayable in 9 equal installments on semi-annual basis following the six months after the end of availability period which is 42 months from the facility effective date at a mark-up rate of six month KIBOR plus 2.20% per annum. The facility became effective on October 01, 2010. The mark-up is payable on semi-annual basis in arrear starting from the availability period. Any late payment by the holding company is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of second ranking / subordinated charge over all present and future undertaking and assets excluding land and buildings of the holding company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged holding company (special purpose vehicle that the holding company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal plant); and (iv) present and future shares acquired in LEL including bonus shares and right shares.

20.3.2 The holding company has also entered into a long term Islamic financing arrangement with a bank for an amount of Rs. 759 million. The loan is repayable in 9 equal installments on semi-annual basis following the six months after the end of availability period which is 42 months from the facility effective date at a mark-up rate of six month KIBOR plus 2.20% per annum. The facility became effective on November 24, 2010. The mark-up is payable on semi-annual basis in arrear starting from the availability period. Any late payment by the holding company is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of securities mentioned in note 20.3.1.

The outstanding balance of long term loans also include Rs. 156 million (2014: Rs. 200 million) repayable to Askari Bank Limited (an associated undertaking).

20.4 During the year, the holding company entered into a long term Musharaka arrangement with a bank for an amount of Rs. 2,500 million to finance boiler rehabilitation works at Hub Plant. The facility is repayable in sixteen equal installments on quarterly basis starting from March 30, 2016 at a mark-up rate of 3 month KIBOR plus 1.10% per annum. The mark-up is payable on quarterly basis in arrear. Any late payment by the holding company is subject to a markup of 14% per annum. This loan is secured by way of second ranking / subordinated charge over all present and future assets (excluding land and buildings) pertaining to Hub River Project of the holding company other than: (i) assets relating to the Narowal power plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the holding company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal project); and (iv) present and future shares acquired in LEL including bonus shares and right shares.

Subsidiary - LEL

20.5 In connection with the power plant of LEL:

20.5.1 LEL has entered into long term loan facilities of USD 98.3 million with various banks / financial institutions at a markup rate of six month LIBOR plus 4.75% per annum. The loans are repayable in 24 semi-annual installments starting from November 5, 2013 and then on each interest payment date (January 1 and July 1) until and including the final maturity date of November 5, 2024. Any late payment by LEL is subject to an additional payment of 2% per annum above the normal mark-up rate.

20.5.2 LEL has also entered into a long term loan facility of Rs. 3,250 million with banks at a mark-up rate of six month KIBOR plus 3.25% per annum. The loan is repayable in 19 semi-annual installments starting from November 5, 2013 and then on each mark-up payment date (January 1 and July 1) until and including the final maturity date of May 5, 2022. Any late payment by LEL is subject to an additional payment of 2.5% per annum above the normal mark-up rate.

LEL may not pay dividend until certain conditions precedent under its long term debt facilities are satisfied.

The loan facilities are secured by way of:

(a) a fixed charge over the following assets namely:

(i) all proceeds, receivables and moneys payable by the Security Trustee from receipts account;

(ii) the assigned agreements but only as to such rights that are not effectively assigned by way of security to the Security Trustee under the Security Deed;

(iii) the authorisations and consents (to the extent permitted under any Applicable Law without the need to obtain the further consent of any Government Entity);

(iv) all monetary claims and all related rights (if not effectively charged or assigned pursuant to the Accounts Charge) and only as to such rights that are not effectively assigned by way of security to the Security Trustee under the Security Trust Deed;

(v) all intellectual property rights, including license, designs rights, copyright, patents and trademarks to the extent permitted by Applicable Law;

(vi) all goodwill of LEL's business;

(vii) all Insurances;

(viii) all other present and future assets of LEL both real and personal, tangible and intangible (if not otherwise effectively charged or assigned, as applicable, to the Security Trustee); and

(ix) in charged accounts and in all authorised investments held by LEL or any of its nominee and all of benefits, right, title and interest present and future in or relating to the same.

(b) a floating charge over whole of LEL's undertakings and assets, present and future other than any asset charged or assigned under fixed charge.

The distributions account and the monies from time to time standing to credit thereof and any investment and the proceeds of any investments made using such monies are out of the security package, consequently there is no fixed or floating charge over the distribution account and such investments.

21. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	As at July 01, 2014	Translation	Repaid	Current portion	As at June 30, 2015
		....	(Rs. '000s)	....		
Islamic Development Bank	21.1	3,416,329	99,818	(306,889)	(313,633)	2,895,625

		As at July 01, 2013	Translation	Repaid	Current portion	As at June 30, 2014
		....	(Rs. '000s)	....		
Islamic Development Bank	21.1	3,566,389	11,660	(161,720)	(302,802)	3,113,527

21.1 LEL entered into a finance lease agreement with Islamic Development Bank in respect of plant and machinery of USD 37.3 million. The rate of return used as the discounting factor is 5.80% (2014: 5.79%) per annum. The lease rentals are payable in 24 semi-annual installments, the first such payment commencing on November 5, 2013 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on November 5, 2024. Any delay in payments by LEL is subject to an additional payment of 2% per annum above normal return rate. The lease finance facility is secured against securities mentioned in note 20.5.2.

The amount of future minimum lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

	2015		2014	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	....	(Rs. '000s)	....	
Within one year	494,570	313,633	495,453	302,802
After one year but not more than five years	1,808,354	1,269,324	1,818,064	1,225,024
Later than five years	1,879,775	1,626,301	2,237,653	1,888,503
Total minimum lease payments	4,182,699	3,209,258	4,551,170	3,416,329
Less: Amount representing finance charges	(973,441)	-	(1,134,841)	-
Present value of minimum lease payments	3,209,258	3,209,258	3,416,329	3,416,329
Less: Current portion	(313,633)	(313,633)	(302,802)	(302,802)
	2,895,625	2,895,625	3,113,527	3,113,527

	Note	2015	2014
		(Rupees in '000)	
22. DEFERRED LIABILITY			
Opening balance		4,900	3,674
Provision for the year	22.1	1,225	1,226
Closing balance		6,125	4,900

22.1 This represents provision for gratuity in accordance with the terms of employment of the Chief Executive of LEL. Actuarial valuation of gratuity has not been carried out since the management believes that the effect of actuarial valuation would not be material.

	Note	2015	2014
		(Rupees in '000)	
23. TRADE AND OTHER PAYABLES			
Creditors			
Trade	23.1	56,979,908	59,959,385
Other	23.2	135,236	24,699
		57,115,144	59,984,084
Accrued liabilities			
Operation & Maintenance fee and services		222,241	319,372
Project cost - Narowal plant		-	19,559
Finance costs		9,229	10,513
Miscellaneous		939,047	834,324
		1,170,517	1,183,768
Unearned income	23.3	1,184,323	1,169,944
Unclaimed dividend		157,635	139,817
Other payables			
Provision for Workers' profit participation fund	7.2	500,661	327,661
Payable to EPC contractor of LEL		5,357	203,217
Payable in respect of project development cost of LEL		2,506	3,967
Staff gratuity	23.4	54,682	41,434
Retention money		40,711	29,828
Sales tax		-	825
Withholding tax		862	2,127
Others		11,470	8,944
		616,249	618,003
		60,243,868	63,095,616

23.1 This includes Rs. 55,595 million (2014: Rs. 57,680 million) payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 49,563 million (2014: Rs. 52,608 million).

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

23.2 This includes Rs 24 million (2014: Nil) payable to O&M operator of LEL which is overdue. The delay in payment carries a mark-up at six month LIBOR plus 2% per annum compounded semi-annually.

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

	2015	2014
	(Rupees in '000)	
23.4 STAFF GRATUITY		
Staff gratuity - Holding company	54,682	41,434

Actuarial valuation was carried out as on June 30, 2015. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost method.

	2015	2014
	(Rupees in '000)	
Reconciliation of the net liability recognised in the balance sheet		
Present value of defined benefit obligation	178,847	142,975
Fair value of plan assets	(124,165)	(101,541)
Net liability recognised in the balance sheet	54,682	41,434
Reconciliation of the movements during the year in the net liability recognised in the balance sheet		
Opening net liability	41,434	25,219
Expense recognised	20,734	18,011
Remeasurement loss recognised in Other Comprehensive Income (OCI)	5,761	14,449
Contributions to the fund made during the year	(13,247)	(16,245)
Closing net liability	54,682	41,434
Expense recognised		
Current service cost	15,244	15,111
Net Interest	5,490	2,900
Expense recognised	20,734	18,011

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

	2015	2014
- Valuation discount rate per annum	9.00%	13.25%
- Expected return on plan assets per annum	9.00%	13.25%
- Expected rate of increase in salary level per annum	10.00%	13.00%

	2015	2014	2013	2012	2011
	(Rs. '000s)				
As at June 30					
Present value of defined benefit obligation	178,847	142,975	110,181	108,968	97,139
Fair value of plan assets	(124,165)	(101,541)	(84,962)	(88,253)	(61,054)
Deficit	54,682	41,434	25,219	20,715	36,085

	Note	2015	2014
		(Rupees in '000)	
24. INTEREST / MARK-UP ACCRUED			
Interest / mark-up accrued on long term loans		980,331	1,278,808
Liabilities against assets subject to finance lease		84,247	89,825
Mark-up accrued on short term borrowings		177,354	319,642
	24.1	1,241,932	1,688,275

24.1 Included herein is a sum of Rs. 31.280 million (2014: Rs. 42.120 million) payable to Askari Bank Limited (an associated undertaking).

	Note	2015	2014
		(Rupees in '000)	
25. SHORT TERM BORROWINGS - Secured			
Finances under mark-up arrangements - Holding company	25.1 to 25.4	10,963,045	16,878,118

25.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 27,365 million (2014: Rs. 25,165 million) at mark-up ranging between 0.60% to 3.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities will expire during the period from August 19, 2015 to June 30, 2016. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

25.1.1 The facilities amounting to Rs. 22,440 million (2014: Rs. 20,240 million) are secured by way of charge over the trade debts and stocks of the holding company for the Hub plant pari passu with the existing charge.

25.1.2 The facilities amounting to Rs. 4,925 million (2014: Rs. 4,925 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.

25.1.3 This includes a sum of Rs. 275 million (2014: Rs. 275 million) payable to Askari Bank Limited (an associated undertaking). The available facilities amounted to Rs. 775 million (2014: Rs. 275 million). These facilities are secured by way of securities mentioned in note 25.1.1 and 25.1.2.

25.2 The holding company also has Murabaha facility agreements with banks for an amount of Rs. 625 million (2014: 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 arrear. These facilities will expire on August 29, 2015. 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 25.1.2.

25.3 The holding company also entered into a Musharaka agreement amounting to Rs. 635 million (2014: Rs. 635 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on October 31, 2015. 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 25.1.2 (a).

25.4 During the year, the holding company entered into a Musharaka agreement amounting to Rs. 400 million at a mark-up of 0.5% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on June 30, 2016. 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 25.1.1.

26. COMMITMENTS AND CONTINGENCIES

26.1 Commitments by the holding company in respect of capital and revenue expenditures amount to Rs. 832.196 million (2014: Rs. 1,008.304 million).

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

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

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

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

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

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

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

26.3 Pursuant to the SSA in connection with the investment in LEL, the holding company has provided an LC of USD 23 million to LEL's lenders for cost overruns and debt repayment. After meeting certain conditions by the subsidiary, the LC amount will be reduced to USD 17 million which the holding company is committed to continue to maintain till the last repayment of debt (expected in 2024). Any default in payment by the holding company is subject to a mark-up of six month KIBOR plus a margin of 4%. This LC is secured by way of second ranking / subordinated charge over all present and future undertaking and assets of the holding company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the holding company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal project); and (iv) present and future shares acquired in LEL including bonus shares and right shares.

26.4 Pursuant to Fuel Supply Agreement (FSA) with Bakri Trading Company Pakistan (Pvt) Ltd for the Narowal plant, the holding company has provided Stand-by Letter of Credit (SBLC) for an amount of Rs. 2,400 million. Any default in payment by the holding company is subject to a mark-up rate of three month KIBOR plus 4% per annum. This SBLC is secured by way of securities mentioned in note 25.1.2.

26.5 Due to continuous delay in payments by NTDC in connection with the Narowal plant, the holding company had called on the Sovereign Guarantee for recovery of overdue receivables. Subsequently, the holding 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 holding company and other IPPs agreed with GOP that on settlement of all overdue amounts, the holding 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. If the decision of the expert is in favour of the holding company, an amount of Rs. 802 million deducted by power purchaser (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. Expert's decision is non-binding on both the holding company as well as NTDC and any party may decide to pursue arbitration pursuant to the PPA.

Subsequent to the year end, on August 15, 2015, the Expert's decision was received. The Expert determined that NTDC's obligation to make complete and timely payments to the holding company preceded the holding company's obligation to maintain the fuel inventory of 30 days in order to provide sufficient Capacity. The NTDC had no right to deduct any amount or portions of amounts from the invoices delivered by the holding company and it was stated that NTDC should pay the deducted amount forthwith. The Expert further opined that the holding company and other IPPs are not entitled to claim any delay payment interest on these deductions.

The management and their legal advisors are of the opinion that the position of the holding company is sound and eventual outcome ought to be in favour of the holding company.

26.6 During 2014, WAPDA informed the holding company of its intention to impose LDs amounting to Rs. 235 million due to non-availability of Hub Power Plant for electricity generation. The plant was unavailable for electricity generation because of shortage of fuel caused by persistent delay in payments by WAPDA. The holding company has notified WAPDA that, as per the PPA, no LDs can be imposed on the holding company that arise due to a breach by WAPDA of the PPA. The holding company is strongly contesting this matter and will take appropriate legal measures to vigorously defend its position.

The management is confident that this matter will be decided in its favour and, therefore, no provision has been made in these consolidated financial statements.

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

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

In July 2014, the SCP has decided the case in favor of the holding company. Against the decision of the SCP, FBR filed review petitions which were dismissed by the SCP in June 2015. Consequently, the holding company is entitled to receive an amount of Rs. 1,912 million paid to the FBR (Refer note 17).

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

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

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

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

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

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

26.9 The holding company had filed a petition on June 28, 2000 challenging the application of the Companies Profits (Workers' Participation) Act, 1968 (the Act) to the holding company on the ground 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 and deposit the entire amount of the Fund in the Federal Treasury. The petition had been filed against the Federation of Pakistan through the Secretary, Ministry of Labour, Manpower and Overseas Pakistanis, Labour, Manpower and Overseas Pakistanis Division and, in view of the fact that any payment made by the holding company to the Fund is a pass through item under the PPA, against the WAPDA as a pro forma party.

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 HUBCO 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 SCP. In December 2011, the SCP set aside the judgement of the HC and directed it to decide the case afresh.

As at June 30, 2015, the total financial exposure relating to the above case is Rs. 18,874 million (Rs. 3,136 million being the 5% of the profit and Rs. 15,738 million interest component on delayed payment). No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

Following the amendments made by the Finance Act 2006 to the Companies Profits (Workers' Participation) Act, 1968 (the Act), the holding company established the Hubco Workers' Participation Fund on August 03, 2007 to allocate the amount of annual profits stipulated by the Act for distribution amongst worker(s) eligible to receive such benefits under the Act and any amendments thereto from time to time (Refer note 7.2).

26.10 (i) Under the IA with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, the tax authorities issued a tax demand for the tax years 2006-2010 amounting to Rs. 143 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The holding company's appeal before the Commissioner of Inland Revenue Appeals (CIR-A) and the Appellate Tribunal Inland Revenue (ATIR) were rejected. Against the order of the ATIR the holding company filed Income Tax Reference Applications (ITRAs) before the Honorable Islamabad High Court (IHC). The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. The ATIR re-heard the appeals and has decided against the holding company. The holding company filed appeals before the IHC which were heard during November 2014 and the judgements were reserved. The holding company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 240.7 million.

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

(ii) FBR also imposed 2% WWF for tax years 2006-2010 and issued a demand for Rs. 191 million which was subsequently reduced to Rs. 8 million by the CIR-A. The holding company's appeals filed in IHC mentioned in (i) above also included this matter. The IHC while setting aside the judgement of the ATIR remanded back the appeals to the ATIR for a fresh hearing by a new bench. The ATIR re-heard the appeals and decided against the holding company. The holding company filed appeals before the IHC which were heard during November 2014 and judgements were reserved. The holding company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 10.6 million.

WWF is a pass through under the PPA and is recoverable from the WAPDA. No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

26.11 (i) Under the IA with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, during March 2014, the FBR issued tax demand for the tax year 2011 amounting to Rs. 3.2 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. Appeals filed by the holding company before the CIR-A and thereafter with the ATIR were decided against the holding company. The holding company has filed appeal with the IHC which was heard during November 2014 and the judgements were reserved. The holding company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 4.1 million.

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

(ii) FBR also imposed 2% WWF for the tax year 2011 and issued a demand for Rs. 108.5 million. Appeals filed by the holding company before the CIR-A and thereafter with the ATIR were decided against the holding company. The holding company filed appeal with the IHC which was heard during November 2014 and the judgements were reserved. The holding company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 119.1 million.

WWF is a pass through under the PPA and is recoverable from WAPDA. No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

26.12 (i) Under the IA with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, during March 2015, the FBR issued tax demand for the tax year 2013 amounting to Rs. 3.6 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The holding company filed appeals before the CIR-A which was concluded in July 2015 while reserving the judgment. The holding company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 3.87 million.

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

(ii) FBR also imposed 2% WWF for the tax year 2013 and issued a demand for Rs. 187.8 million. Appeals filed by the holding company before the CIR-A was concluded in July 2015 while reserving judgment. The holding company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 191.8 million.

WWF is a pass through under the PPA and is recoverable from WAPDA. No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass through item under the PPA.

26.13 (i) Under the IA with the GOP and under the tax law, the holding company is exempt from the levy of minimum tax. However, the FBR issued demand notices amounting to Rs. 442 million relating to the tax years 2006 to 2008, 2010 and 2011. After the holding company's appeals were rejected by the CIR-A, Islamabad, further appeals were filed with the ATIR, Islamabad which has decided the appeals in favour of the holding company. Against ATIR orders, FBR has filed appeals in the IHC which are pending adjudication. The holding company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 700 million.

(ii) The FBR passed an order for the recovery of sales tax amounting to Rs. 8,691 million relating to fiscal years ended June 2008 to 2011. In FBR's view the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which decided the case in favour of the holding company. Against the judgement of the ATIR, the FBR has filed a case with the IHC. No date has yet been fixed for hearing. The holding company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 16,814 million.

(iii) The FBR passed an order for the recovery of sales tax amounting to Rs. 4,001 million relating to fiscal year ended June 2012. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which also decided the case against the holding company. Against the decision of ATIR, the holding company filed appeal with IHC which is pending adjudication. The holding company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 6,331 million.

(iv) The FBR issued a Show Cause Notice to recover sales tax amounting to Rs. 4,044 million relating to fiscal year ended June 2013. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the IHC which issued notice to FBR and has directed the FBR not to pass any final order. The holding company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 4,044 million.

(v) The FBR issued a Show Cause Notice to recover sales tax amounting to Rs. 5,008 million relating to fiscal year ended June 2014. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the IHC which issued notice to FBR and has directed the FBR not to pass any final order. The holding company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 5,008 million.

(vi) Payment to PSO under the FSA including payment of Late Payment Interest (LPI) are exempt from withholding of income tax under the provisions of the tax law. During 2014, the FBR issued show cause notices to recover tax amounting to Rs. 1,677 million on the pretext that LPI paid to PSO under the FSA is a payment of "profit on debt". The holding company filed a Writ Petition in the IHC which has been admitted. The IHC has suspended the operation of the show cause till next date of hearing, which would be announced later on.

(vii) Under the O&M agreement for the Hub plant, the holding company pays fixed and variable fees to the operator. On January 17, 2015, the FBR passed an order amounting to Rs. 1,034 million relating to the tax years 2010 to 2013 for the recovery of Federal Excise Duty (FED). The FBR is of the view that the O&M is a franchise agreement and not a service agreement and payments made thereon are in nature of technical fees which are subject to FED. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which is pending adjudication. The holding company's maximum exposure as at June 30, 2015 including the principal amount, penalty and default surcharge is approximately Rs. 1,680 million.

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

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

26.15 During the year, the holding company entered into a JVA with the China Power International Holdings Limited (CPIH) to target the development of 2 x 660 MW Coal based Power Plant (the project) at Hub Site. As per the terms of JVA, the holding company will have 49% equity interest and CPIH will have 51% equity interest in the project through their 100% owned Subsidiary Companies (Hub Power Holdings Limited and China Power International (Pakistan) Investment Limited). On June 29, 2015, the Sponsors (the holding company and CPIH) have obtained Letter of Intent (LOI) for the project from the PPIB.

Pursuant to terms of LOI, Sponsors are required to obtain tariff and generation licence by September 17, 2015 failing which the PPIB shall be entitled to encash bank guarantee (Refer Note 26.16).

26.16 In order to provide bank guarantee for the issuance of LOI, the holding company entered into a facility agreement with MCB Bank Limited for issuance of guarantee in favour of the PPIB for an amount of USD 0.647 million (holding company's share). This facility is valid for one year from the date of agreement (i.e. April 03, 2016) and is secured by way of securities mentioned in note 25.1.1.

26.17 In connection with development of the Coal based power plant and ancillary jetty, both sponsors have agreed to fund up to USD 36 million (holding company's share is approximately USD 18 million) from the signing of the JDF till the financial close.

26.18 In connection with the development and operation of the power plant of LEL:

(i) LEL has entered into contracts for construction and operation of a hydel power plant. LEL's remaining capital and revenue commitments against these contracts amount to Rs. 359.112 million (2014: Rs. 461.320 million).

(ii) LEL entered into land lease agreements with the Government of AJK for (i) 424 kanals and (ii) 7,243 kanals of land for the project. The lease of 424 kanals is for a term of 30 years starting from October 2003 and is renewable after the end of the lease term. The subsidiary had paid advance rental for the lease of 7,243 kanals for a period of 5 years starting from July 2009 after which land measuring 3,237 kanals, required for permanent structures, will be leased again for a period of 20 years while the remaining land will revert to the Government. The process of reverting the excess land and renewal of lease is in progress. Under AJK Implementation Agreement, the Government of AJK is committed to extend the term of the land lease agreement over the project life. Pursuant to the land lease agreement, the LEL is obligated to construct a cadet college, for welfare of the effected community, within 5 years after the commercial operations date of the project, the required land will be provided by the Government of AJK one year before start of construction of the cadet college.

The amount of future payments under the non-cancellable operating leases and the period in which these payments will become due are as follows:

	2015	2014
	(Rupees in '000)	
Not later than one year	1,464	1,519
Later than one year but not later than five years	5,858	6,303
Later than five years	20,430	23,572
	27,752	31,394

(iii) LEL's appeals filed before Commissioner Inland Revenue Appeals (CIR-A) against the Order of the Taxation Officer for the alleged non-withholding of tax on payments made to lenders' legal counsel and Islamic Development Bank were decided against the LEL. The CIR-A while deciding the case against the LEL enhanced the original demand of Rs 13.45 million to Rs. 24.63 million out of which the LEL had already paid Rs. 11.39 million in prior years. The LEL's appeals filed before the Appellate Tribunal Inland Revenue (ATIR) against the decision of CIR-A have also been decided. The ATIR has reversed the enhancement of the original demand by the CIR-A by directing that the assessment made by the Taxation Officer shall hold the field. The LEL has filed reference applications to HC against the decision of the ATIR which is pending adjudication. LEL and their tax advisor are of the opinion that the position of LEL is sound on technical basis and eventual outcome ought to be in favour of the LEL. Pending the resolution of the matter stated above, no provision has been made in these consolidated financial statements.

(iv) Certain legal cases in relation to project land leasehold rights / compensation amounting to Rs. 418.87 million (2014: Rs. 472.86 million) are pending in courts. In the opinion of the management and LEL's legal counsel, the ultimate disposition of these cases will not have any material impact. Pending the resolution of the matter stated above, no provision has been made in these consolidated financial statements.

27. REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

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

	Note	2015	2014
		(Rupees in '000)	
		Chief Executives	
Managerial remuneration		28,187	25,817
Bonus		10,192	12,918
House rent		3,307	3,307
Utilities		2,819	2,582
Retirement benefits		1,960	1,960
Other benefits	27.1	20,252	18,352
		66,717	64,936
Number of persons		2	2
		Directors	
Fees	27.2	19,700	19,200
Number of persons		16	16
		Executives	
Managerial remuneration		160,980	114,899
Ex-gratia payment		1,086	775
Bonus		33,141	31,228
House rent		63,884	44,473
Utilities		16,406	11,490
Retirement benefits		33,306	26,690
Other benefits	27.1	96,239	71,421
		405,042	300,976
Number of persons		83	64
		Total	
Managerial remuneration / Fees		208,867	159,916
Ex-gratia payment		1,086	775
Bonus		43,333	44,146
House rent		67,191	47,780
Utilities		19,225	14,072
Retirement benefits		35,266	28,650
Other benefits		116,491	89,773
		491,459	385,112
Number of persons		101	82

27.1 Retirement benefits to the Chief Executive and certain Executives of the holding company are paid as a part of monthly emoluments.

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

27.3 The Chief Executives and certain Executives are provided with the use of Company maintained automobiles and certain other benefits in accordance with the terms of their employment.

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

28. SEGMENT INFORMATION

28.1 SEGMENT ANALYSIS

The Group has three reportable segments on the basis of power plants; the Hub plant, Narowal plant and Laraib plant (Hydel power plant) all these plant are operational.

The unallocated items of profit and loss relate to costs incurred by the holding company for investment in Laraib, holding company's share of profit of SECMC and expenses relating to HPSL and HPHL. The unallocated assets and liabilities represent the holding company's investment in SECMC, amount payable by the holding company for investment in Laraib and liabilities relating to HPSL and HPHL.

	2015				
	Hub plant	Narowal plant	Laraib plant	Unallocated	Total
	………………………………….. (Rs. '000s) …………………………………				
Turnover	107,314,437	24,169,364	6,352,453	-	137,836,254
Operating costs	(98,346,063)	(18,747,077)	(1,495,140)	-	(118,588,280)
GROSS PROFIT	8,968,374	5,422,287	4,857,313	-	19,247,974
General and administration expenses	(751,652)	(168,864)	(153,074)	(3,680)	(1,077,270)
Other income	18,946	4,684	105,763	-	129,393
Other operating expenses	-	(376,058)	-	(75,324)	(451,382)
PROFIT FROM OPERATIONS	8,235,668	4,882,049	4,810,002	(79,004)	17,848,715
Finance costs	(1,324,700)	(2,733,175)	(1,151,424)	(480,309)	(5,689,608)
Share of profit of an associate	-	-	-	1,716	1,716
PROFIT BEFORE TAXATION	6,910,968	2,148,874	3,658,578	(557,597)	12,160,823
Taxation	(108)	(1,281)	-	(158,700)	(160,089)
PROFIT FOR THE YEAR	6,910,860	2,147,593	3,658,578	(716,297)	12,000,734
Assets	90,896,458	30,008,577	24,966,708	245,222	146,116,965
Liabilities	69,512,816	21,455,051	14,961,739	3,347,586	109,277,192
Depreciation and amortisation	1,774,802	974,888	933,221	-	3,682,911
Capital expenditure	384,718	335,994	512,791	-	1,233,503

	2014				
	Hub plant	Narowal plant	Laraib plant	Unallocated	Total
	.... (Rs. '000s)				
Turnover	132,609,194	29,197,600	4,031,591	-	165,838,385
Operating costs	(125,136,978)	(24,933,202)	(1,450,334)	-	(151,520,514)
GROSS PROFIT	7,472,216	4,264,398	2,581,257	-	14,317,871
General and administration expenses	(548,793)	(110,707)	(128,372)	(1,597)	(789,469)
Other income	59,209	11,193	50,212	-	120,614
Other operating expenses	-	-	-	-	-
PROFIT FROM OPERATIONS	6,982,632	4,164,884	2,503,097	(1,597)	13,649,016
Finance costs	(1,197,000)	(2,893,764)	(1,222,748)	(514,430)	(5,827,942)
PROFIT BEFORE TAXATION	5,785,632	1,271,120	1,280,349	(516,027)	7,821,074
Taxation	-	(3,013)	-	(1,026)	(4,039)
PROFIT FOR THE YEAR	5,785,632	1,268,107	1,280,349	(517,053)	7,817,035
Assets	95,902,749	34,654,102	24,647,693	290	155,204,834
Liabilities	74,025,071	26,051,673	16,216,059	4,310,319	120,603,122
Depreciation and amortisation	1,738,480	971,159	897,316	-	3,606,955
Capital expenditure	290,553	55,438	145,526	-	491,517

28.2 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.

29. RELATED PARTY TRANSACTIONS

Related party comprise, associated companies, companies where directors also hold directorship, retirement benefits fund and key management personnel. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

	Note	2015	2014
		(Rupees in '000)	
Associated undertakings			
Interest income on placement of fund		-	17,939
Amounts paid for services rendered		10,837	11,987
Amounts paid for the purchase of assets		-	9,247
Donation paid to Karachi Education Initiative		5,000	15,000
Reimbursement of expenses and others		1,153	44
Repayment of long term loans		148,364	682,186
Interest / Mark-up on long term loans		141,876	431,549
Mark-up on short term borrowings		54,021	18,864
Other finance costs		738	11,722
Other related parties			
Other income		327	-
Mark-up on short term borrowings		-	49
Repayment of short term borrowings and related markup		-	15,537
Remuneration to key management personnel			
Salaries, benefits and other allowances		158,034	151,972
Retirement benefits		8,656	8,555
	29.1	166,690	160,527
Directors' fee		19,700	19,200
Reimbursement of expenses to directors		340	-
Contribution to staff retirement benefit plans		28,843	27,046

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

29.2 The transactions with related parties are made under normal commercial terms and conditions.

30. PROVIDENT FUND TRUSTS

The following figures include figures of holding company's provident fund trust and its subsidiary (LEL).

	2015	2014
Size of the trust (Rupees in thousands)	135,599	110,880
Cost of investments made (Rupees in thousands)	99,857	100,456
Percentage of investments made (%)	73.64%	90.60%
Fair value of investments made (Rupees in thousands)	109,082	108,661

	2015	2014
	(Rupees in '000)	
Break-up of Investments		
Pakistan Investment Bonds	1,125	-
Treasury Bills	3,309	52,560
Short term Deposit	20,221	27,182
Mutual Funds	68,594	5,512
Other	15,833	23,407
	109,082	108,661

Investments out of provident funds have been made in accordance with the provisions of the Section 227 of the Ordinance and the rules formulated for this purpose. These figures are unaudited.

31. PLANT CAPACITY AND PRODUCTION

Holding company

HUB PLANT

	2015	2014
Theoretical Maximum Output	10,512 GWh	10,512 GWh
Total Output	6,809 GWh	7,087 GWh
Load Factor	65%	67%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,216 GWh (2014: 9,216 GWh). Output produced by the plant is dependent on the load demanded by WAPDA and the plant availability.

NAROWAL PLANT

	2015	2014
Theoretical Maximum Output	1,873 GWh	1,873 GWh
Total Output	1,418 GWh	1,562 GWh
Load Factor	76%	83%

Practical maximum output for the power plant taking into account all the scheduled outages is 1,723 GWh (2014: 1,723 GWh). Output produced by the plant is dependent on the load demanded by NTDC and the plant availability.

Subsidiary - LEL

LARAIB PLANT

	2015	2014
Theoretical Maximum Output	736 GWh	736 GWh
Average Energy	470 GWh	470 GWh
Total Output	489 GWh	470 GWh

Output produced by the plant is dependent on the load demanded by NTDC, available hydrology and the plant availability.

	Note	2015	2014
		(Rupees in '000)	
32. WORKING CAPITAL CHANGES			
Decrease / (Increase) in current assets			
Stores, spares and consumables		(515,117)	(126,547)
Stock-in-trade		(1,081,093)	1,859,063
Trade debts		6,042,588	(55,012,618)
Advances, deposits, prepayments and other receivables		(610,245)	526,586
		3,836,133	(52,753,516)
(Decrease) / Increase in current liabilities			
Trade and other payables		(2,882,814)	27,284,602
		953,319	(25,468,914)
33. CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	2,346,924	5,015,638
Finances under mark-up arrangements	25	(10,963,045)	(16,878,118)
		(8,616,121)	(11,862,480)

	2015	2014
34. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY		
34.1 Basic		
Profit for the year attributable to owners of the holding company (Rupees in thousand)	11,077,696	7,489,514
Number of shares in issue during the year	1,157,154,387	1,157,154,387
Basic earnings per share attributable to owners of the holding company (Rupees)	9.57	6.47

34.2 There is no dilutive effect on the earnings per share of the holding company.

35. PROPOSED FINAL DIVIDEND

The Board of Directors of the holding company proposed a final dividend for the year ended June 30, 2015 of Rs. 5.50 per share, amounting to Rs. 6,364.349 million, at their meeting held on August 20, 2015, for approval of the members of the holding company at the Annual General Meeting to be held on October 05, 2015. These consolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

36. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

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

(i) Foreign exchange risk

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

Financial assets of the Group include Rs. 1,298.416 million (2014: Rs. 1,594.005 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Group include Rs. 12,580.322 million (2014: Rs. 13,579.950 million) in foreign currencies which are subject to currency risk exposure. The Group is minimizing the foreign exchange risk by maintaining the bank balance in respective foreign currencies in order to match the payments. The Group is also covered under the PPA to recover the forex loss under the tariff. Therefore, the Group believes that its exposure to foreign exchange risk is not material.

(ii) Interest rate risk

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

Cash flow and fair value interest rate risks

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

	2015	2014
Fixed rate instruments at carrying amount:	(Rupees in '000)	
Financial assets		
Bank balances	2,150,589	2,370,240
Financial liabilities		
Long term loans	1,045,647	1,767,754
Variable rate instruments at carrying amount:		
Financial assets		
Trade debts	40,435,465	49,807,679
Other receivables	11,388	11,388
Total	40,446,853	49,819,067

	2015	2014
	(Rupees in '000)	
Financial liabilities		
Long term loans	32,567,317	33,752,130
Liabilities against assets subject to finance lease	3,209,258	3,416,329
Trade and other payables	30,602,826	37,654,573
Short term borrowings	10,963,045	16,878,118
Total	77,342,446	91,701,150

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

In addition to above, the holding company has long term loans (PSEDF II) for Hub plant at variable rates. The related finance cost is pass through to WAPDA under the PPA. Therefore, there is no significant impact of any change in interest rates on profit or loss.

The holding company has a long term loan for Narowal plant (Refer note 20.2.2). Under the Narowal PPA, the related finance cost up to a mark-up rate of 3 month KIBOR is allowed as a pass through to the Power Purchaser. Therefore, there is no significant impact of any change in interest rates on profit or loss.

The holding company has another long term loan for Narowal plant (Refer note 20.2.1). The holding company has to manage the related finance cost from its own sources which exposes the holding company to the risk of change in 3 month KIBOR. As at June 30, 2015, if interest rate on the holding company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 47.294 million.

In order to meet its investment obligations in LEL, the holding company has entered into long term loan facilities (Refer note 20.3). The holding company has to manage related finance cost from its own sources which exposes the holding company to the risk of change in 6 month KIBOR. As at June 30, 2015, if interest rate on the holding company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 38.738 million.

In order to finance boiler rehabilitation works at Hub Plant, the holding company has entered into long term Musharaka arrangement (Refer note 20.4). The holding company has to manage the related finance cost from its own sources which exposes the holding company to the risk of change in 3 month KIBOR. As at June 30, 2015, if interest rate on the holding company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 12.534 million.

LEL has entered into long term loans / finance facilities for the development of the project with various lenders / financial institutions, which exposes it to the risk of change in six month LIBOR and six month KIBOR. However, the risk is substantially mitigated as LEL is covered under the PPA to recover any interest rate risk under the tariff.

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

(b) Credit risk

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

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

	2015	2014
	(Rupees in '000)	
Deposits	17,849	20,947
Trade debts	74,895,994	80,938,582
Other receivables	948,463	640,038
Bank balances	2,150,589	2,370,240
Total	78,012,895	83,969,807

Trade debts are recoverable from WAPDA / NTDC under the PPAs and are secured by guarantees from GOP under the IAs.

The significant amount of other receivables is also recoverable from WAPDA / NTDC and is secured as mentioned above.

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

(c) Liquidity risk

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

The Group maintains running finance facilities (Refer note 25) to meet the short term funding requirements due to delay in payments by WAPDA and NTDC. The delay in payments by WAPDA is mainly offset by the delay in payments to PSO whereas the delay in payments by NTDC is managed through bank borrowings.

The Group is exposed to liquidity risk to the extent that the returns from the Narowal plant are not sufficient to meet the funding requirement for the Narowal plant's long term loans mentioned in note 20.2.1 and 20.2.2. The Group is also exposed to liquidity risk for the differential margin not allowed by NEPRA above the 3 month KIBOR as mentioned in note 20.2.2. The Group will manage this liquidity risk on remaining term of the loans from its own sources and future earnings.

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

	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 5 to 10 years	Over 10 years	Total
	(Rs. '000s)					
2014-15						
Long term loans	4,048,767	4,278,572	27,719,596	8,114,499	-	44,161,434
Liabilities against assets subject to finance lease	248,947	245,623	1,808,354	1,879,775	-	4,182,699
Trade and other payables	58,428,585	-	-	-	-	58,428,585
Short term borrowings	11,140,399	-	-	-	-	11,140,399
Total	73,866,698	4,524,195	29,527,950	9,994,274	-	117,913,117
2013-14						
Long term loans	4,346,561	4,236,458	28,660,597	12,852,827	872,923	50,969,366
Liabilities against assets subject to finance lease	249,233	246,220	1,818,064	1,906,422	331,231	4,551,170
Trade and other payables	61,553,625	-	-	-	-	61,553,625
Short term borrowings	17,197,760	-	-	-	-	17,197,760
Total	83,347,179	4,482,678	30,478,661	14,759,249	1,204,154	134,271,921

Fair value estimation

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

Capital risk management

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2015

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

	Loans and receivables	Total June 30, 2015
	(Rs. '000s)	
Assets as per balance sheet		
Deposits	17,849	17,849
Trade debts	74,895,994	74,895,994
Other receivables	948,463	948,463
Cash and bank balances	2,346,924	2,346,924
Total	78,209,230	78,209,230

	Financial liabilities measured at amortised costs	Total June 30, 2015
	(Rs. '000s)	
Liabilities as per balance sheet		
Long term loans	34,593,295	34,593,295
Liabilities against assets subject to finance lease	3,293,505	3,293,505
Trade and other payables	58,428,585	58,428,585
Short term borrowings	11,140,399	11,140,399
Total	107,455,784	107,455,784

	Loans and receivables	Total June 30, 2014
	(Rs. '000s)	
Assets as per balance sheet		
Deposits	20,947	20,947
Trade debts	80,938,582	80,938,582
Other receivables	640,038	640,038
Cash and bank balances	5,015,638	5,015,638
Total	86,615,205	86,615,205

	Financial liabilities measured at amortised costs	Total June 30, 2014
	(Rs. '000s)	
Liabilities as per balance sheet		
Long term loans	36,798,692	36,798,692
Liabilities against assets subject to finance lease	3,506,154	3,506,154
Trade and other payables	61,553,625	61,553,625
Short term borrowings	17,197,760	17,197,760
Total	119,056,231	119,056,231

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

38.1 New standards, amendments to approved accounting standards and new interpretations

There are certain new / revised standards, amendments to the published approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which became effective during the year ended June 30, 2015, but are considered not to be relevant or do not have any significant effect on the Group's operations and are, therefore, not disclosed in these consolidated financial statements.

38.2 New standards, amendments to the published approved accounting standards and new interpretations that are not yet effective and have not been early adopted by the Group

There are certain new standards, amendments to the published approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2015, but are considered not to be relevant or do not have any significant effect on the Group's operations and are, therefore, not disclosed in these consolidated financial statements except for IFRS 10, 'Consolidated financial statements'. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in determination of control.

38.3 Waiver from application of standards and interpretations

Holding company

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

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

Under IFRIC - 4, the consideration required to be made by lessees (WAPDA and NTDC) for the right to use the asset is to be accounted for as finance lease under IAS - 17 "Leases". If the holding company were to follow IFRIC - 4 and IAS - 17, the effect on the consolidated financial statements would be as follows:

	2015	2014
	(Rupees in '000)	
Decrease in unappropriated profit at the beginning of the year	(8,135,196)	(8,721,212)
(Decrease) / Increase in profit for the year	(324,349)	586,016
Decrease in unappropriated profit at the end of the year	(8,459,545)	(8,135,196)

Subsidiary - LEL

Exemption from applicability of IFRIC - 12 "Service Concession Arrangements"

The SECP granted waiver from the application of International Financial Reporting Interpretation Committee (IFRIC) - 12 "Service Concession Arrangements" to all companies including Power Sector Companies. However, the SECP made it mandatory to disclose the impact on the results of the application of IFRIC - 12.

Under IFRIC 12, the revenue and costs relating to construction of infrastructure or upgrade services are recognised in accordance with IAS 11 "Construction Contracts" and a financial asset is recognised to the extent holding company has an unconditional contractual right to receive cash irrespective of the usage of infrastructure. If LEL were to follow IFRIC - 12 and IAS - 11, the effect on the consolidated financial statements would be as follows:

	2015	2014
	(Rupees in '000)	
Increase in unappropriated profit and NCI at the beginning of the year	5,645,552	3,133,219
(Decrease) / Increase in profit for the year	(693,522)	2,512,333
Increase in unappropriated profit and NCI at the end of the year	4,952,030	5,645,552

Exemption from recognition of Embedded derivatives and loss on foreign currency loans.

SECP, through its S.R.O 24/(I)/2012 dated January 16, 2012, exempted the power companies from application of IAS-39 'Financial Instruments: Recognition and Measurement' to the extent of recognition of embedded derivatives and IAS-21 'The Effects of Changes in Foreign Exchange Rates' to the extent of charging exchange losses (refer note 2.15). However, the said S.R.O requires the companies which have chosen to capitalize exchange difference (as disclosed in note 10.1), to give an additional disclosure as if accounting for embedded derivative IAS-39 had been adopted in preparing the financial statements.

Had the IAS-39 been applied, following the adjustments to the consolidated financial statements would have been made:

	Unappropriated profit (Increase) / decrease	Property, plant and equipment Increase / (decrease)	Derivative Financial Asset Increase / (decrease)
	------------------- (Rs. '000s) -------------------		
As at July 1, 2013	390,566	(93,654)	(296,912)
For the year ended June 30, 2014			
- Charge off of exchange loss	36,332	(36,332)	-
- Remeasurement of embedded derivative	7,569,788	-	(7,569,788)
	7,606,120	(36,332)	(7,569,788)
As at June 30, 2014	7,996,686	(129,986)	(7,866,700)
For the year ended June 30, 2015			
- Charge off of exchange loss	323,517	(323,517)	-
- Remeasurement of embedded derivative	8,461,911	-	(8,461,911)
	8,785,428	(323,517)	(8,461,911)
As at June 30, 2015			
Change due to remeasurement of derivative and non-capitalization of exchange loss	16,782,114	(453,503)	(16,328,611)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2015

39. RECLASSIFICATION

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

40. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on August 20, 2015 in accordance with the resolution of the Board of Directors of the holding company.

41. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Khalid Mansoor
Chief Executive

Iqbal Alimohamed
Director

GROWTH THROUGH

INCREASED SHAREHOLDERS VALUE

We are thankful to our valuable shareholders for the trust and confidence they have shown in us over the years. We remain committed to generating greater returns for the shareholders and place Hubco on the path of strong growth trajectory.

AWARDS AND ACHIEVEMENTS

Hubco has a strong tradition of excellence in all aspects of business. A long and growing list of Awards and Achievements demonstrates the values that make us a successful company and a strong corporate citizen.

- KSE Top 25 Companies – 2013
- 2015 Technical Papers of the Year, in the category of Project Management & Operations to the paper and poster regarding New Bong HPP
- Annual Environmental Excellence Award by the National Forum for Environment and Health
- CSR Business Excellence Awards 2015 by the National Forum for Environment and Health
- Foundation of Health and Safety for Laraib Energy Limited
- ICAP and ICMAP Best Corporate Report Award for 2012
- SAFA Best Presented Annual Report Awards 2012 - Certificate of Merit:
    - Manufacturing Sector
    - SAARC Anniversary Award for Corporate Governance

KSE Top Companies Award 2013

ICAP Best Corporate Report Award

CALENDAR OF CORPORATE EVENTS

Tentative dates for the Financial Year 2015-16

2015 Annual General Meeting & Election of Directors	October 05, 2015
First Quarter ending September 30, 2015	Last week of October, 2015
Second Quarter ending December 31, 2015	Third week of February, 2016
Third Quarter ending March 31, 2016	Fourth week of April, 2016
Fourth Quarter and year ending June 30, 2016	Third week of August, 2016

Actual dates for the Financial Year 2014-15

Annual General Meeting	October 14, 2014
First Quarter ended September 30, 2014	October 28, 2014
Second Quarter ended December 12, 2014	February 16, 2015
Third Quarter ended March 31, 2015	April 30, 2015
Fourth Quarter and year ended June 30, 2015	August 20, 2015

CALENDAR OF MAJOR EVENTS

October 14, 2014	Annual General Meeting held
April 7, 2015	Interim Dividend warrants dispatched to shareholders
March 25, 2015	KSE Top Companies Award 2013
June 19, 2015	Supreme Court’s decision on Tax refund to Hubco
August 20, 2015	Announcement of Final Dividend

PATTERN OF SHAREHOLDING

As on June 30, 2015

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
1	100	485	26,488
101	500	5,225	2,556,099
501	1,000	1,474	1,382,638
1,001	5,000	2,392	7,215,728
5,001	10,000	866	7,036,966
10,001	15,000	384	4,998,500
15,001	20,000	295	5,427,120
20,001	25,000	194	4,552,380
25,001	30,000	164	4,714,729
30,001	35,000	96	3,175,353
35,001	40,000	72	2,764,983
40,001	45,000	63	2,717,807
45,001	50,000	112	5,490,724
50,001	55,000	48	2,561,189
55,001	60,000	36	2,112,135
60,001	65,000	32	2,015,091
65,001	70,000	25	1,717,243
70,001	75,000	29	2,147,508
75,001	80,000	24	1,892,563
80,001	85,000	23	1,910,250
85,001	90,000	23	2,034,900
90,001	95,000	7	657,600
95,001	100,000	63	6,276,224
100,001	105,000	14	1,442,144
105,001	110,000	10	1,088,900
110,001	115,000	12	1,356,184
115,001	120,000	21	2,494,023
120,001	125,000	8	982,342
125,001	130,000	13	1,661,029
130,001	135,000	5	667,700
135,001	140,000	9	1,256,998
140,001	145,000	6	860,467
145,001	150,000	20	2,986,542
150,001	155,000	7	1,069,318
155,001	160,000	2	316,000
160,001	165,000	8	1,307,939
165,001	170,000	6	1,005,500
170,001	175,000	7	1,213,122
175,001	180,000	3	535,485
180,001	185,000	5	912,423
185,001	190,000	5	945,983
190,001	195,000	4	773,045
195,001	200,000	28	5,597,000
200,001	205,000	9	1,824,740
205,001	210,000	1	210,000
210,001	215,000	4	849,000
215,001	220,000	2	437,500
220,001	225,000	5	1,111,252
225,001	230,000	3	687,000
230,001	235,000	2	461,500
235,001	240,000	3	711,000
240,001	245,000	2	482,384
245,001	250,000	10	2,496,500
250,001	255,000	2	504,500
255,001	260,000	4	1,030,500
260,001	265,000	2	525,751
270,001	275,000	2	548,000
275,001	280,000	4	1,111,500
280,001	285,000	4	1,131,000
285,001	290,000	2	576,500
290,001	295,000	3	881,500
295,001	300,000	9	2,696,100

PATTERN OF SHAREHOLDING

As on June 30, 2015

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
300,001	305,000	3	911,500
305,001	310,000	3	930,000
310,001	315,000	3	941,500
315,001	320,000	2	636,000
320,001	325,000	3	972,000
325,001	330,000	3	987,000
330,001	335,000	3	1,001,127
335,001	340,000	2	671,500
345,001	350,000	9	3,146,000
350,001	355,000	2	709,014
355,001	360,000	1	358,607
360,001	365,000	1	364,000
365,001	370,000	1	370,000
370,001	375,000	3	1,119,000
375,001	380,000	3	1,137,900
380,001	385,000	2	769,000
385,001	390,000	3	1,159,896
390,001	395,000	2	788,000
395,001	400,000	4	1,600,000
405,001	410,000	2	816,900
420,001	425,000	1	422,283
425,001	430,000	2	855,520
430,001	435,000	1	432,105
435,001	440,000	1	436,300
440,001	445,000	2	884,000
445,001	450,000	3	1,350,000
455,001	460,000	1	455,363
460,001	465,000	2	927,500
465,001	470,000	1	470,000
470,001	475,000	1	470,898
475,001	480,000	1	475,348
490,001	495,000	2	990,000
495,001	500,000	7	3,500,000
500,001	505,000	1	500,392
515,001	520,000	1	518,000
520,001	525,000	1	524,500
525,001	530,000	1	526,500
530,001	535,000	1	531,500
540,001	545,000	3	1,629,000
545,001	550,000	1	550,000
555,001	560,000	2	1,114,338
565,001	570,000	1	570,000
570,001	575,000	1	570,916
575,001	580,000	2	1,154,500
585,001	590,000	1	585,500
590,001	595,000	2	1,188,904
595,001	600,000	2	1,200,000
610,001	615,000	1	612,500
615,001	620,000	3	1,852,000
620,001	625,000	1	625,000
625,001	630,000	1	626,000
630,001	635,000	2	1,266,810
635,001	640,000	2	1,275,500
640,001	645,000	2	1,289,500
645,001	650,000	2	1,294,500
650,001	655,000	1	654,500
655,001	660,000	1	656,630
680,001	685,000	2	1,362,589
685,001	690,000	1	688,500
690,001	695,000	1	691,502
695,001	700,000	3	2,098,500
700,001	705,000	1	705,000

PATTERN OF SHAREHOLDING

As on June 30, 2015

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
715,001	720,000	1	716,581
720,001	725,000	1	722,500
730,001	735,000	1	734,251
745,001	750,000	2	1,500,000
750,001	755,000	1	754,758
760,001	765,000	1	764,455
795,001	800,000	5	4,000,000
800,001	805,000	1	802,000
810,001	815,000	1	813,500
815,001	820,000	4	3,272,214
830,001	835,000	1	833,940
865,001	870,000	1	869,671
870,001	875,000	1	874,000
875,001	880,000	1	878,500
895,001	900,000	1	900,000
900,001	905,000	1	902,500
915,001	920,000	1	918,000
940,001	945,000	1	940,146
965,001	970,000	1	965,500
995,001	1,000,000	1	1,000,000
1,010,001	1,015,000	1	1,014,000
1,015,001	1,020,000	1	1,016,500
1,045,001	1,050,000	3	3,145,800
1,055,001	1,060,000	1	1,057,125
1,060,001	1,065,000	1	1,063,500
1,065,001	1,070,000	1	1,068,932
1,145,001	1,150,000	1	1,149,725
1,150,001	1,155,000	1	1,155,000
1,185,001	1,190,000	1	1,190,000
1,200,001	1,205,000	1	1,200,001
1,215,001	1,220,000	2	2,433,260
1,230,001	1,235,000	1	1,232,991
1,260,001	1,265,000	1	1,260,399
1,265,001	1,270,000	2	2,534,657
1,275,001	1,280,000	1	1,277,500
1,280,001	1,285,000	1	1,282,013
1,300,001	1,305,000	1	1,305,000
1,315,001	1,320,000	1	1,320,000
1,335,001	1,340,000	1	1,335,500
1,465,001	1,470,000	1	1,469,494
1,480,001	1,485,000	1	1,484,910
1,485,001	1,490,000	1	1,488,500
1,535,001	1,540,000	2	3,076,500
1,565,001	1,570,000	1	1,566,300
1,570,001	1,575,000	1	1,574,500
1,655,001	1,660,000	1	1,658,500
1,665,001	1,670,000	1	1,667,600
1,695,001	1,700,000	1	1,695,066
1,775,001	1,780,000	1	1,779,500
1,845,001	1,850,000	1	1,850,000
1,925,001	1,930,000	1	1,928,000
1,970,001	1,975,000	1	1,972,500
1,995,001	2,000,000	2	4,000,000
2,000,001	2,005,000	2	4,000,647
2,065,001	2,070,000	1	2,069,000
2,130,001	2,135,000	1	2,134,000
2,155,001	2,160,000	1	2,159,692
2,345,001	2,350,000	1	2,350,000
2,365,001	2,370,000	1	2,369,245
2,395,001	2,400,000	1	2,400,000
2,405,001	2,410,000	1	2,406,501
2,630,001	2,635,000	2	5,265,500

PATTERN OF SHAREHOLDING

As on June 30, 2015

Number of Shares		Number of Shareholders	Number of Shares Held
From	To		
2,655,001	2,660,000	1	2,657,812
2,775,001	2,780,000	1	2,776,800
2,780,001	2,785,000	1	2,782,864
2,795,001	2,800,000	1	2,800,000
2,830,001	2,835,000	1	2,830,100
2,845,001	2,850,000	1	2,850,000
2,950,001	2,955,000	1	2,951,500
2,975,001	2,980,000	1	2,979,850
2,995,001	3,000,000	1	3,000,000
3,105,001	3,110,000	1	3,105,500
3,150,001	3,155,000	1	3,152,030
3,235,001	3,240,000	1	3,237,390
3,240,001	3,245,000	1	3,243,010
3,295,001	3,300,000	1	3,297,490
3,450,001	3,455,000	1	3,451,813
3,535,001	3,540,000	1	3,539,500
3,560,001	3,565,000	1	3,565,000
3,565,001	3,570,000	1	3,566,500
3,655,001	3,660,000	1	3,657,575
4,020,001	4,025,000	1	4,021,690
4,190,001	4,195,000	2	8,387,002
4,315,001	4,320,000	1	4,320,000
4,385,001	4,390,000	1	4,386,254
4,490,001	4,495,000	1	4,494,858
4,495,001	4,500,000	1	4,500,000
4,655,001	4,660,000	1	4,657,500
5,355,001	5,360,000	1	5,359,300
5,465,001	5,470,000	1	5,468,500
5,745,001	5,750,000	1	5,750,000
6,285,001	6,290,000	1	6,289,797
6,750,001	6,755,000	1	6,752,819
7,030,001	7,035,000	1	7,032,500
7,245,001	7,250,000	1	7,250,000
7,625,001	7,630,000	1	7,627,500
7,725,001	7,730,000	1	7,725,467
7,895,001	7,900,000	1	7,899,000
8,670,001	8,675,000	1	8,673,450
9,260,001	9,265,000	1	9,260,100
9,390,001	9,395,000	1	9,391,750
9,535,001	9,540,000	1	9,535,500
9,850,001	9,855,000	1	9,852,451
9,995,001	10,000,000	1	10,000,000
10,110,001	10,115,000	1	10,111,797
10,465,001	10,470,000	1	10,466,466
10,890,001	10,895,000	1	10,890,500
11,995,001	12,000,000	1	12,000,000
13,210,001	13,215,000	1	13,212,135
13,760,001	13,765,000	1	13,764,444
14,670,001	14,675,000	1	14,673,000
20,430,001	20,435,000	1	20,432,459
21,315,001	21,320,000	1	21,317,911
25,330,001	25,335,000	1	25,331,982
25,345,001	25,350,000	1	25,346,716
38,185,001	38,190,000	1	38,189,500
57,735,001	57,740,000	1	57,740,000
98,390,001	98,395,000	1	98,391,000
111,995,001	112,000,000	1	112,000,000
172,580,001	172,585,000	1	172,582,000
	TOTAL:=	**12,659**	**1,157,154,387**

CATEGORIES OF SHAREHOLDINGS

As on June 30, 2015

Categories	No. of Shareholders	No. of Shares Held	Percentage
Individuals			
Local	11,721	207,057,182	17.90
Foreign	369	551,221	0.05
Joint Stock Companies	138	54,921,434	4.74
Financial Institutions	76	360,032,524	31.11
Investment Companies	38	32,796,853	2.83
Insurance Companies	16	35,316,112	3.05
Associated Companies	7	309,039,482	26.71
Modarabas/Mutual Fund & Leasing Companies	65	70,729,677	6.11
OTHERS			
Other - Government of Balochistan	1	358,607	0.03
Other - GDR Depository	1	10,466,466	0.90
Other - Charitable Trusts	37	12,492,757	1.08
Other - Cooperative Societies	11	6,191,500	0.54
Other - Provident/Pension/Gratuity Fund	178	53,542,997	4.63
Other - Employee's Old Age Benefits Inst.	1	3,657,575	0.32
	12,659	**1,157,154,387**	**100.00**

The above two statements include 7,658 shareholders holding 1,121,118,954 shares through the Central Depository Company of Pakistan Limited (CDC).

KEY SHAREHOLDINGS

As on June 30, 2015

Information of Shareholdings required under the reporting framework is as follows:

Associated Companies, Undertakings and Related Parties:	No. of Shares
Patek (Pvt) Limited	1,016,500
Cyan Limited	10,000,000
Dawood Hercules Corporation Limited	172,582,000
Dawood Foundation	918,000
Committee of Admin. Fauji Foundation	98,391,000
Askari Bank Limited	800,000
State Life Corporation of Pakistan	25,331,982
	309,039,482

MODARABA/MUTUAL FUND AND LEASING COMPANIES

INVESTERINGSFORENINGEN BANKINVEST,AFD.NEW EMG MKT AK[1419-2]	2,800,000
KAPITALFORENINGEN LAERERNES PENSION INVEST [1547-5]	335,500
INTEREFFEKT INVESTMENT FUNDS N.V.	495,000
NATIONWIDE MODARBA (PVT) LTD	3,000
FIRST PRUDENTIAL MODARABA	79,500
B.F.MODARABA	110,000
FIRST HABIB MODARABA	25,000
FIRST ELITE CAPITAL MODARABA	5,000
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	99,424
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	46,513
CDC - TRUSTEE PICIC INVESTMENT FUND	50,000
CDC - TRUSTEE PICIC GROWTH FUND	100,000
CDC - TRUSTEE PAKISTAN STRATEGIC ALLOCATION FUND	11,532
CDC - TRUSTEE MEEZAN BALANCED FUND	2,000,147
CDC - TRUSTEE ALFALAH GHP VALUE FUND	541,000
CDC - TRUSTEE AKD INDEX TRACKER FUND	186,941
CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	25,744
MC FSL - TRUSTEE JS KSE-30 INDEX FUND	33,349
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	4,320,000
CDC - TRUSTEE MEEZAN ISLAMIC FUND	25,346,716
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	800,000
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	3,566,500
CDC - TRUSTEE NAFA STOCK FUND	1,695,066
CDC - TRUSTEE NAFA MULTI ASSET FUND	475,348
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	2,369,245
CDC - TRUSTEE APF-EQUITY SUB FUND	95,000
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	578,500
CDC - TRUSTEE HBL - STOCK FUND	3,105,500
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1,217,760
CDC - TRUSTEE APIF - EQUITY SUB FUND	165,000

KEY SHAREHOLDINGS

As on June 30, 2015

MODARABA/MUTUAL FUND AND LEASING COMPANIES

CDC - TRUSTEE HBL MULTI - ASSET FUND	286,500
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	75,500
B.R.R. GUARDIAN MODARABA	10,100
CDC - TRUSTEE ALFALAH GHP STOCK FUND	902,500
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	576,000
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	377,900
CDC - TRUSTEE ABL STOCK FUND	1,566,300
CDC - TRUSTEE FIRST HABIB STOCK FUND	84,000
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	878,500
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	500
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	626,000
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	75,133
CDC - TRUSTEE HBL PF EQUITY SUB FUND	62,500
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1,267,462
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1,972,500
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	295,000
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	53,500
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	96,000
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	316,000
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	817,500
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	89,000
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	1,000
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	6,289,797
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	722,500
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	34,500
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	38,200
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	644,500
CDC - TRUSTEE PAKISTAN SARMAYA MEHFOOZ FUND	56,000
CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	5,500
CDC - TRUSTEE PIML VALUE EQUITY FUND	32,000
CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	500
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1,574,500
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	10,000
CDC-TRUSTEE NITPF EQUITY SUB-FUND	10,000
TOTAL:=	**70,529,677**

KEY SHAREHOLDINGS

As on June 30, 2015

DIRECTORS AND THEIR SPOUSES

As on June 30, 2015

Name of the Directors / CEO	No. of Shares
DIRECTORS	
Hussain Dawood	10,890,500
Abdul Samad Dawood	347,000
Ali Munir	1,000
Iqbal Alimohamed	1,267,195
Inamur Rahman	4,000
Qaiser Javed	5,000
Syed Muhammad Ali	500
Ruhail Muhammad	500
Shahid Hamid Pracha	20,000
Syed Khalid Siraj Subhani	21,000
CEO	
Khalid Mansoor	172,325
	12,729,020

SPOUSES

Mrs. Kulsum Dawood (W/o. Hussain Dawood)	432,105
Mrs. Ayesha Dawood (W/o. Abdul Samad Dawood)	150,000

EXECUTIVES	96,070

PUBLIC SECTOR COMPANIES & CORRPORATION	29,348,164
Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies and Investment Companies	458,534,941

Shareholders holding five percent or more voting interest in Listed Companies (Namewise details)

Dawood Hercules Corporation Limited	172,582,000	14.91%
Allied Bank Limited	112,000,000	9.67%
Committee of Admin. Fauji Foundation	98,391,000	8.50%
National Bank of Pakistan	57,740,000	4.98%

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

Name	Date	Purchased	Sold	Rate/ per share
Mr. Khalid Siraj Subhani	27.08.2014	20,000		62.03
Mr. Shahid Hamid Pracha	11.12.2014	20,000		62.65
Mr. Abdul Samad Dawood	10.06.2015	50,000		
Mrs. Ayesha Dawood*	10.06.2015		50,000	

*Mrs. Ayesha Dawood gifted 50,000 shares to Mr. Abdul Samad Dawood

SHAREHOLDERS' INFORMATION

Shareholders' Enquiries

General enquiries relating to the Company should be addressed to:

The Company Secretary,
The Hub Power Company Limited,
11th Floor, Ocean Tower, G-3,
Block 9, Main Clifton Road,
P.O. Box No. 13841, Karachi-75600.

Enquiries relating to Shares should be addressed to:

Famco Associates (Pvt) Limited,
8F, Nursery, Next to Faran Hotel,
Block 6, PECHS, Shahrah-e-Faisal, Karachi

Enquiries relating to GDRs should be addressed to either:-

(1) Bank of New York,
ADR Division,
101 Barclay Street,
22, West New York,
NY 12086, U. S. A.

(2) Standard Chartered Bank (Pakistan) Limited,
I. I. Chundrigar Road, Karachi

GLOSSARY

ANNUAL GENERAL MEETING (AGM)
Annual General Meeting of shareholders of the Company.

BAC
Board Audit Committee

BCC
Board Compensation Committee

BCP
Business Continuity Planning

BIC
Board Investment Committee

BTC
Board Technical Committee

CAPACITY (INSTALLED)
Generator capacity (measured in megawatts (MW)), measured at the power station boundary after the deduction of works power

CDM
Clean Development Mechanism

CEO
Chief Executive Officer

CER
Certified Emission Reductions

CFO
Chief Financial Officer

COD
Commercial Operations Date

CPP
Capacity Purchase Price means the fixed element of the Tariff under the Power Purchase Agreement

THE COMPANY
The Hub Power Company Ltd

COMPANIES ORDINANCE
The Companies Ordnance, 1984

CSR
Corporate Social Responsibility

DOE
Designated Operational Entity

EARNINGS PER SHARE (EPS)
Calculated by dividing the profit after interest, tax and non-controlling interests by the weighted average number of Ordinary Shares in issue

FBR
Federal Board of Revenue

GOP
Government of Pakistan

GW
Gigawatt, one thousand million watts

GIGAWATT-HOUR (GWh)
A watt hour is the amount of energy used by a one-watt load drawing power for one hour. A gigawatt-hour (GWh) is 1,000,000 times larger than the kilowatt-hour (kWh) and is used for measuring the energy output of large power plants

HR
Human Resource

HSE
Health, Safety, Environment

IA
Implementation Agreement – an agreement between the Company and the Government which sets out the fundamental obligations of the Company and the Government relating to the Projects

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standard

IFRSC
International Financial Reporting Standard Committee

IPP
Independent Power Producer

ISO 14001
A standard for the management of environmental matters that is widely used in various parts of the world

KSE
Karachi Stock Exchange

KW
Kilowatt – 1,000 watts

KILOWATT-HOUR (kWh)
A watt hour is the amount of energy used by a one-watt load drawing power for one hour. A kilowatt-hour (kWh) is 1,000 times larger than a watt-hour and is a useful size for measuring the energy use of households and small businesses and also for the production of energy by small power plants. A typical household uses several hundred kilowatt-hours per month

GLOSSARY

LOAD FACTOR
The proportion of electricity actually generated compared with the maximum possible generation at maximum net capacity

MW
Megawatt; one MW equals 1,000 kilowatts or one million watts

MEGAWATT-HOUR (MWh)
A watt hour is the amount of energy used by a one-watt load drawing power for one hour. A megawatt-hour (MWh) is 1,000 times larger than the kilowatt-hour and is used for measuring the energy output of large power plants

NBP
National Bank of Pakistan

NEPRA
National Electrical Power Regulatory Authority

NOX
Oxides of nitrogen

NTDC
National Transmission and Despatch Company Limited

O&M
Operation and Maintenance; usually used in the context of operating and maintaining a power station

OHSAS 18001
Occupational Health and Safety Assessment Series 18001. A management system specification developed by British Standards Institute which is now an accepted international standard, for health and safety and is compatible with ISO 9001:1994 (Quality) and ISO 14001:1996 (Environmental) management

OUTAGE
When a generating unit is removed from service to perform maintenance work. This can either be planned or unplanned

PACRA
The Pakistan Credit Rating Agency Limited

PEAK LOAD
The maximum demand for electricity during a specified high demand period

POWER PURCHASE AGREEMENT (PPA)
A PPA is generally a long-term contract between an electricity generator and a purchaser of energy or capacity (power or ancillary services)

PSO
Pakistan State oil Company Limited

PSM
Personnel Safety Management

PSRM
Process Safety Risk Management

ROSPA
Royal Society for the Prevention of Accident

SECP
Securities and Exchange Commission of Pakistan

SMART
Self Monitoring And Reporting Technique

SO2
Sulphur dioxide

SOX
Oxides of sulphur

TRIR
Total Recordable Injury Rate

UNFCCC
United Nations Framework Convention on Climate Change

WATT
Unit of power, which is the rate at which energy is delivered (i.e. work is done at a rate of one watt when one ampere flows through a potential difference of one volt)

WAPDA
Water and Power Development Authority

WPPF
Workers' Profit Participation Fund

WWF
Workers' Welfare Fund

NOTICE OF THE 24th ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of the Company will be held on Monday, October 05, 2015 at 10.30 am at Pearl Continental Hotel, Karachi to transact the following business:

ORDINARY BUSINESS

1- To confirm the Minutes of the 23rd Annual General Meeting of the Company held on October 14, 2014.

2- To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2015 together with the Directors & Auditors Reports thereon.

3- To approve and declare the final dividend of Rs.5.50 (55%) per share as recommended by the Board of Directors and Rs.4.00 (40%) per share interim dividend already announced and paid on April 7, 2015 making a total dividend of Rs.9.50 (95%) per share for the year ended June 30, 2015.

4- To appoint Auditors and to fix their remuneration.

5- To elect twelve (12) Directors in accordance with the provisions of Section 178 of the Companies Ordinance 1984 for a term of three years commencing from the date of holding of AGM i.e. October 05, 2015.

The following Directors of the Company will cease to hold office upon the election of a new Board of Directors:

(1) Mr. Hussain Dawood
(2) Syed Muhammad Ali
(3) Mr. Iqbal Alimohamed
(4) Mr. Abdul Samad Dawood
(5) Mr. Shabbir H. Hashmi
(6) Mr. Qaiser Javed
(7) Mr. Ajaz A. Khan
(8) Mr. Ruhail Mohammed
(9) Mr. Ali Munir
(10) Mr. Shahid Pracha
(11) Mr. Inam ur Rahman
(12) Mr. Khalid S. Subhani

As fixed by the Board of Directors at its August 20, 2015 meeting, the number of Directors to be elected will be twelve (12).

SPECIAL BUSINESS:

To consider and if deemed fit, approve investment in Sindh Engro Coal Mining Company Limited (SECMC) of US$ 20 million (including PKR 240 million already invested), arrange and provide standby Letter of Credit for an amount of up to US$ 20 million less the amount already invested, and Bank Guarantee to the lenders of SECMC to cover for the cost overrun of up to US$4 million till the completion and commissioning of the project to the satisfaction of the lenders of SECMC.

SPECIAL RESOLUTIONS:

The following resolution needs to be approved by the members:

RESOLVED THAT, the approval of the members of the Company be and is hereby accorded in terms of Section 208 of the Companies Ordinance 1984 for making investments, from time to time, of an amount not exceeding US$ 20 million ((in equivalent Pakistan Rupees) including PKR 240 million already invested) in Sindh Engro Coal Mining Company Limited by way of subscription of shares at the rate of Rs.14.82 per share.

NOTICE OF THE 24th ANNUAL GENERAL MEETING

RESOLVED that for making equity investment in Sindh Engro Coal Mining Company Limited (SECMC) the Company is hereby authorised to arrange and provide standby letter of credit (SBLC) to cover for the equity investment of US$20 million less the Rs. 240 million already invested in its capacity as a project sponsor to the satisfaction of the lenders of SECMC.

RESOLVED that in connection with the development of Thar Coal Project through investment in Sindh Engro Coal Mining Company Limited (SECMC) the Company is hereby authorised to arrange and provide bank guarantee(s) to cover for the cost overrun of up to US$4 million in its capacity as a project sponsor till the completion and commissioning of the project to the satisfaction of the lenders of SECMC.

FURTHER RESOLVED THAT, Chief Executive Officer or Company Secretary, be and/is hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

August 20, 2015

Shamsul Islam
Company Secretary

Notes:
The Share Transfer Books of the Company will remain closed from September 21, 2015 to October 05, 2015 (both days included) and the final dividend will be paid to the shareholders whose names appear in the Register of Members on September 20, 2015.

(i) A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.

(ii) Duly completed forms of proxy must be deposited with the Company Secretary at the Head Office of the Company no later than 48 hours before the time appointed for the meeting.

(iii) Every candidate for election as a Directors, whether he is a retiring Director or otherwise shall file with the Company no later than fourteen (14) clear days before the date of Annual General Meeting a notice of his intention to offer himself for election as a Director along with the consent to serve as a Director in the prescribed Form 28, a detailed profile along with his/her relevant declarations as required under the Code of Corporate Governance to his appointment as Director of the Company.

(iv) He/She should also confirm that:

   i. He/She is not ineligible to become a Director of the Company under any applicable laws and regulations (including listing regulations of Stock exchanges)
   ii. He/She is not servicing as a Director in more than seven listed companies.
   iii. Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor director or officer of a corporate brokerage house.

(v) Shareholders (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. Famco Associates (Pvt.) Ltd, 8F, Next to Hotel Faran, Nursery, Block 6, PECHS, Shahra-e-Faisal, Karachi. All the Shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their Participants. This will assist in the prompt receipt of Dividend.

(vi) All the shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR website and may, if required, take necessary actions for the inclusion of their name in ATL to avail the lower rate of tax deduction.

(vii) In case of joint account, please intimate proportion of shareholding as each account holder is to be treated individually as either filer or non-filer, tax will be deducted on the basis of shareholding, in case of no notification, each joint holder shall be assumed to have an equal number of shares.

(viii) Withholding tax exemption from dividend income shall only be allowed if copy of valid tax exemption certificate is made available at FAMCO Associates (Pvt) Ltd. by the first day of Book Closure.

(ix) As instructed by the Securities & Exchange Commission of Pakistan (SECP) vide their letter No. EMD/D-II/Misc./2009-1342 dated April 4, 2013 dividend warrants cannot be issued without insertion of CNIC Numbers; therefore, all shareholders holding physical shares and have not as yet despite various letters and notices, submitted photocopy of their valid Computerized National Identity Card are once again requested to send a photocopy of their valid CNIC along with the folio numbers to the Company's Share Registrar. No dividend will be payable unless the CNIC number is printed on the dividend warrants, therefore, please let us have your CNIC numbers, failing which we will not be responsible if we are not able to pay the dividends.

(x) To make the process of payment of cash dividend more efficient, SECP vide circular No. 8(4) SM/CDC 2008 dated April 5, 2013 have issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. You may therefore authorize the Company to credit the dividend directly to your bank account for all future dividends declared by the Company. Accordingly, all non CDC shareholders are requested to send their bank account details in IBAN format to the Company's Registrar at the address given above. Shareholders who hold shares with Participant/Central Depository Company of Pakistan (CDC) accounts are advised to provide the mandate to the concerned Stock Broker/Central Depository Company of Pakistan Ltd (CDC). The requisite form is available on our website www.hubpower.com.

(xi) Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility

I/We, ____________________ of _____________ being a member of The Hub Power Company Limited, holder of __________ Ordinary Shares as per Register Folio No. ______ hereby opt for video conference facility at _______

Signature of member

NOTICE OF THE 24th ANNUAL GENERAL MEETING

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

A For attending the Meeting:

(i) In case of individuals, the account holders or sub account holders whose registration details are uploaded as per the Regulations, shall authenticate his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

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

B For appointing Proxies

(i) In case of individuals, the account holder or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.

(ii) Attested copies of valid CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy Form.

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

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

(v) Proxy form must be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the forms.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE 1984

This statement sets out material facts concerning the special business to be transacted at the General Meeting to be held on October 05, 2015.

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

The Government of Sindh (GOS) issued an Information Memorandum dated May 2008 inviting proposals from investors interested in a coal mining project in Thar, Sindh to be dovetailed with a power plant to be set up by investors and Engro Powergen Limited (Engro) duly submitted its proposal by its letter dated June 14, 2008. The GOS selected Engro as its partner for the aforementioned coal mining project ("Mining Project").

GOS and Engro entered into a joint venture agreement dated September 8, 2009 to inter alia form a joint venture company to carry out a feasibility study of the Mining Project ("Detailed Mining Feasibility Study") and if deemed appropriate to develop the Mining Project. The Company was subsequently incorporated for this purpose with Engro subscribing to 60% of its initial share capital and the GOS, 40% of its initial share capital. On March 8, 2013 the Economic Coordination Committee of the Federal Cabinet of the Government of Pakistan approved the issuance of a Sovereign Guarantee for the debt of the Company provided that the Government of Sindh owns at least 51% of the issued and paid up capital of the Company. Notwithstanding the same, the GOS has agreed with Engro that subject to (unless otherwise agreed by the GOS) Engro (directly or through its Affiliates) retaining shareholding of not less than 26% of the paid up capital of the Company, the management control of the Company shall remain with Engro.

In light of the foregoing, the GOS and Engro amended and restated the terms of the joint venture agreement dated September 8, 2009 and entered into an amended and restated joint venture agreement dated January 24, 2014 which was further amended on November 11, 2014 (the "JVA").

The Detailed Mining Feasibility Study has now been completed and, subject to the terms and requirements of the JVA, the GOS and Engro have decided to proceed with implementing the Mining Project. The GOS and Engro realize and understand that implementation of the Mining Project can only start once the Power Project has also achieved financial close as sale of the coal produced by the Mining Project has to be ensured.

GOS has indicated its agreement that, for the purposes of the JVA, Thal Ltd, Hubco, Habib Bank Ltd (HBL) and CMEC shall be deemed and accepted as "Affiliates" (as defined in the JVA) of Engro. Accordingly, Thal Hubco and HBL have acceded to the JVA by executing a Deed of Adherence, whereby for the purposes of the JVA, Thal, Hubco and HBL are each an "Affiliate" of Engro. China Machinery Engineering Corporation (CMEC) shall also accede to the JVA by executing a Deed of Adherence and for the purpose of the JVA shall be an "Affiliate" of Engro. It is anticipated that CPI Mengdong, having extensive experience in coal mining and operating coal power plants, may also be inducted as a strategic investor either directly or through its subsidiary.

Engro, Thal Ltd, HBL, Hubco and a wholly-owned subsidiary of CMEC entered into a Master Shareholders Agreement on August 17, 2015 whereby Hubco has agreed to invest the equivalent of USD 20 million (including the subscription of Rs. 240 million already invested) at or soon after Financial Close or at such later time or times as required by the Financing Agreements of SECMC at a share price of Rs. 14.82 per share. The number of shares to be acquired shall be subject to the rate of conversion prevailing on the date of payment of each tranche of the subscription amounts.

If there is any cost overrun in the development of the Mining Project after the Financial Close, the Parties to the Shareholders Agreement shall discuss among themselves and with GOS to mutually agree on how to meet such requirement. The Company intends to provide a Bank Guarantee to the lenders of SECMC to cover for the cost overrun of up to US$4 million for a period up to completion and commissioning of the project to the satisfaction of the Lenders of SECMC in its capacity as a project sponsor.

The Company has already invested PKR 240 million at Rs. 14.82 per share amounting to 16,194,332 shares. Currently, the Company owns 5.76% of the total paid up capital in SECMC. After, investing USD 20 million (including PKR 240 million), the Company's shareholding in SECMC upon or soon after Financial Close shall be 8% (with CPI Mengdong being included and holding preference shares) and 8.5% without CPI Mengdong.

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In terms of directorship, prior to Financial Close, the Company shall have the right to nominate one (1) Director to the Board of SECMC. Mr. Khalid Mansoor is the Company nominee on the Board of SECMC. The Shareholders Agreement provides that the Company is required to maintain post financial close a minimum of 6% shareholding to maintain a seat on the Board of SECMC.

The Company and its nominee Director in SECMC have no interest in the investment except for the value of the shares they hold/would hold in SECMC.

In order to ensure compliance pursuant to Section 3(a) and (b) of Companies (Investment in Associated Companies or Associated Undertakings) Regulation, 2012 following information is also being provided to the Shareholders.

Information pursuant Section 3 (a) - Investment in Associated Companies Associated Undertakings

Information Required	Information Provided
Name of the "associated company" along with criteria based on which the associated relationship is established	Sindh Engro Coal Mining Company (SECMC). Hubco's CEO is on the Board of SECMC.
Purpose, benefits and period of investment	Develop a coal mine of over 7Mt. Initial output is expected before the end of 2018
Maximum amount of investment	USD 20 Million equivalent to PKR at the date of conversion
Maximum price at which securities will be acquired	Rs. 14.82/share
Maximum number of securities to be acquired	No. of securities would be determined by converting US$20m into PKR on the date of subscription and dividing the same by Rs.14.82. Shareholding to be about 8%
Number of securities and percentage thereof held before and after the proposed investment	Payment for 16,194,332 shares has been made. Total shares would be determined as stated above.
In case of investment in listed securities, average of the proceeding twelve weekly average price of the security intended to be acquired	N/A
In case of investment in unlisted securities, fair market value of such securities determined in terms of Section 6(I) of the Regulations	Rs. 14.82/share being latest offer price
Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	Rs.16.16/share as of December 31, 2014
Earnings per share of the "associated company" for the last three years	Year Earnings/ (Loss) per share (Rs.) 2014 0.30 2013 (0.27) 2012 (0.08)
Sources of fund from which securities will be acquired	Self-Generated funds

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Where the securities are intended to be acquired using borrowed funds: I. justification for investment through borrowings; and II. detail of guarantees and assets pledged for obtaining such funds	N/A
Salient features of the agreement(s), if any, entered into with its associated company with regards to the proposed investment	Shareholders agreement provides for Hubco to nominate a Director on the Board of SECMC. Need to hold a minimum of 6% in the SECMC post Financial Close to retain directorship
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company, or associated undertaking or the transaction under consideration	The Company and its nominee director in SECMC have no interest in the investment except for the value of the shares they hold/would hold in SECMC.
Any other important details necessary for the members to understand the transaction;	None
And in case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely,- 1. description of the project and its history since conceptualization 2. starting and expected dated of completion of work; 3. time by which such project shall become commercially operational; and 4. expected time by which the project shall start paying return on investment;	Government of Sindh (GOS) issued an Information Memorandum dated May 2008 inviting proposals from investors interested in a coal mining project in Thar, Sindh to be dovetailed with a power plant to be set up by investors and Engro Powergen Limited (Engro) duly submitted its proposal by its letter dated June 14, 2008. The GOS selected Engro as its partner for the aforementioned coal mining project (“Mining Project”) by its letter dated No. SO (TECH) M&MD/8-55/08/2512 dated June 9, 2009. GOS and Engro entered into a joint venture agreement dated 8 September 2009 to inter alia form a joint venture company to carry out a feasibility study of the Mining Project (“Detailed Mining Feasibility Study”) and if deemed appropriate to develop the Mining Project. The Company was subsequently incorporated for this purpose with Engro subscribing to 60% of its initial share capital and the GOS 40% of its initial share capital. On 8th March 2013 the Economic Coordination Committee of the Federal Cabinet of the Government of Pakistan approved the issuance of a Sovereign Guarantee for the debt of the Company provided that the GOS owns at least 51% of the issued and paid up capital of the Company. Notwithstanding the same, the GOS has agreed with Engro that subject to (unless otherwise agreed by the GOS) Engro (directly or through its Affiliates) retaining shareholding of not less than 26% of the paid up capital of the Company, the management control of the Company shall remain with Engro.

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	In light of the foregoing (including for the purpose of addressing certain consequential matters), the GOS and Engro amended and restated the terms of the joint venture agreement dated 8th September 2009 and entered into an amended and restated Joint Venture Agreement dated 24th January 2014. This agreement was further amended by way of a document titled Amendment No. 1 to the Amended and Restated Joint Venture Agreement dated11th November 2014.Such amended and restated joint venture agreement, as further amended is hereinafter collectively referred to as the "JVA". The Detailed Mining Feasibility Study has now been completed and, subject to the terms and requirements of the JVA, the GOS and Engro have decided to proceed with implementing the Mining Project. The GOS and Engro realize and understand that implementation of the Mining Project can only start once the Power Project has also achieved financial close as sale of the coal produced by the Mining Project has to be ensured. Engro Powergen Ltd, Thal Limited, Habib Bank Limited, the Company and subsidiary of China Machinery Engineering Corporation has entered into a shareholders agreement on August 17, 2015 Expected starting date: November 2015 Expected completion date and the likely date to achieve commercial operation: Fourth quarter 2018 Expected time to start paying return: 2019

Information pursuant to Section 3 (b) - In case of Advances or Loans

Information Required	Information Provided
Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Sindh Engro Coal Mining Company (SECMC) Hubco's CEO is on the Board of SECMC
Amount of loans or advances	Arrange and provide standby letter of credit (SBLC) to cover for the equity investment of US$20 million less the Rs. 240 million already invested for a period up to the investment of total equity and bank guarantee(s) to cover for the cost overrun of up to US$4 million for period up to completion and commissioning of the project in its capacity as a project sponsor to the lenders of SECMC

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Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	Investment in SECMC which on completion is to generate return of 20% in IRR terms
In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	No loan has been granted
Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	As at December 2014: Total Assets Rs. 3,682.4 million Equity Rs. 3,524.9 million Liabilities Rs. 157.5 million Profit for the year Rs. 47.7 million
Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Non funded facility for SBLC and Bank Guarantee yet to be arranged
Rate of interest, mark up, profit, fees or commission etc. to be charged	Above facilities to be arranged
Sources of funds from where loans or advances will be given	No funding being provided
Where loans or advances are being granted using borrowed funds,- I. justification for granting loan or advance out of borrowed funds; II. detail of guarantees / assets pledged for obtaining such funds, if any; and III. repayment schedules of borrowing of the investing company;	No funding to be provided, non-funded facilities to be arranged from banks
Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	Facilities yet to be arranged
If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with the complete detail including the conversion formula, circumstances in which the conversion may take place & the time when the conversion may be exercisable	Facilities would not have any conversion features
Repayment schedule and terms of loans or advances to be given to the investee company;	Non-funded facilities. Only to be drawn if the Company fails to meet its obligations to the lenders of SECMC in its capacity as one of the sponsor of the project

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Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;	Master Shareholders Agreement executed. Lenders could want the Company to enter into a Sponsor Support Agreement or similar agreement at or before the Financial Close of SECMC
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The Company and its nominee director in SECMC have no interest in the investment except for the value of the shares they hold/would hold in SECMC
Any other important details necessary for the members to understand the transaction; and	None
In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely,- I. a brief description of the project and its history since conceptualization; II. starting date and expected date of completion; III. time by which such project shall become commercially operational; IV. expected return on total capital employed in the project; and V. funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts;	Government of Sindh (GOS) issued an Information Memorandum dated May 2008 inviting proposals from investors interested in a coal mining project in Thar, Sindh to be dovetailed with a power plant to be set up by investors and Engro Powergen Limited (Engro) duly submitted its proposal by its letter dated June 14, 2008. The GOS selected Engro as its partner for the aforementioned coal mining project ("Mining Project") by its letter dated No. SO (TECH) M&MD/8-55/08/2512 dated June 9, 2009. GOS and Engro entered into a joint venture agreement dated 8 September 2009 to inter alia form a joint venture company to carry out a feasibility study of the Mining Project ("Detailed Mining Feasibility Study") and if deemed appropriate to develop the Mining Project. The Company was subsequently incorporated for this purpose with Engro subscribing to 60% of its initial share capital and the GOS 40% of its initial share capital. On 8th March 2013 the Economic Coordination Committee of the Federal Cabinet of the Government of Pakistan approved the issuance of a Sovereign Guarantee for the debt of the Company provided that the GOS owns at least 51% of the issued and paid up capital of the Company.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE 1984

	Notwithstanding the same, the GOS has agreed with Engro that subject to (unless otherwise agreed by the GOS) Engro (directly or through its Affiliates) retaining shareholding of not less than 26% of the paid up capital of the Company, the management control of the Company shall remain with Engro. In light of the foregoing (including for the purpose of addressing certain consequential matters), the GOS and Engro amended and restated the terms of the joint venture agreement dated 8th September 2009 and entered into an amended and restated Joint Venture Agreement dated 24th January 2014. This agreement was further amended by way of a document titled Amendment No. 1 to the Amended and Restated Joint Venture Agreement dated11th November 2014.Such amended and restated joint venture agreement, as further amended is hereinafter collectively referred to as the "JVA". The Detailed Mining Feasibility Study has now been completed and, subject to the terms and requirements of the JVA, the GOS and Engro have decided to proceed with implementing the Mining Project. The GOS and Engro realize and understand that implementation of the Mining Project can only start once the Power Project has also achieved financial close as sale of the coal produced by the Mining Project has to be ensured. Engro Powergen Ltd, Thal Limited, Habib Bank Limited, the Company and subsidiary of China Machinery Engineering Corporation has entered into a shareholders agreement on August 17, 2015. Expected starting date: November 2015 Expected completion date and the likely date to achieve commercial operation: Fourth quarter 2018 Expected return 20% in IRR terms Expected equity investment in the project likely to be US$250 million of which GOS to take up 51% while the balance to be invested by other shareholders listed above

Copies of duly audited latest financial statements of Sindh Engro Coal Mining Corporation may be inspected during business hours on any working day at the registered office of The Hub Power Company Limited from the date of publication of this notice till conclusion of the Annual General Meeting.

PROXY FORM

The Company Secretary,
The Hub Power Company Limited,
11th Floor, Ocean Tower, G-3, Block 9, Main Clifton Road, P.O. Box No. 13841, Karachi-75600.

I/We ____ of ___________ being a member of THE HUB POWER COMPANY LIMITED and holder of ______________ Ordinary Shares as per the Share Register Folio No .________________ and/or CDC Participant ID No. ___________ and Account / Sub-Account No.____________ hereby appoint ________________ ____________________ of ___________ or failing him/her _____________________as my/our proxy to vote for me & on my/our behalf at the 24th Annual General Meeting of the Company to be held at Pearl Continental, Karachi on October 05, 2015 at 10:30 am and at any adjournment thereof.

____
Signature of Shareholder
Folio / CDC No.

Signature on Revenue Stamp of Rs. 5/.

Witnesses:

(1) Signature ______________________
Name ______________________
Address ______________________
CNIC / Passport No.______________________

(2) Signature ______________________
Name ______________________
Address ______________________
CNIC / Passport No.______________________

Notes:

- A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.
- If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, The Hub Power Company Limited, Head Office at 11th Floor, Ocean Tower, Block 9, Main Clifton Road, Karachi-75600 so as to reach not less than 48 hours before the time appointed for holding the Meeting.
- **For CDC Account Holders / Corporate Entities**

  In addition to the above the following requirements have to be met.

  (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.
  (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
  (iii) The proxy shall produce his original CNIC or original passport at the time of the meeting. In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

HUBCO

AFFIX
CORRECT
POSTAGE

The Company Secretary,
The Hub Power Company Limited,
11th Floor, Ocean Tower, G-3, Block 9,
Main Clifton Road, P.O. Box No. 13841,
Karachi-75600.

The Hub Power Company Limited
11th Floor, Ocean Tower, G-3, Block 9, Main Clifton Road,
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