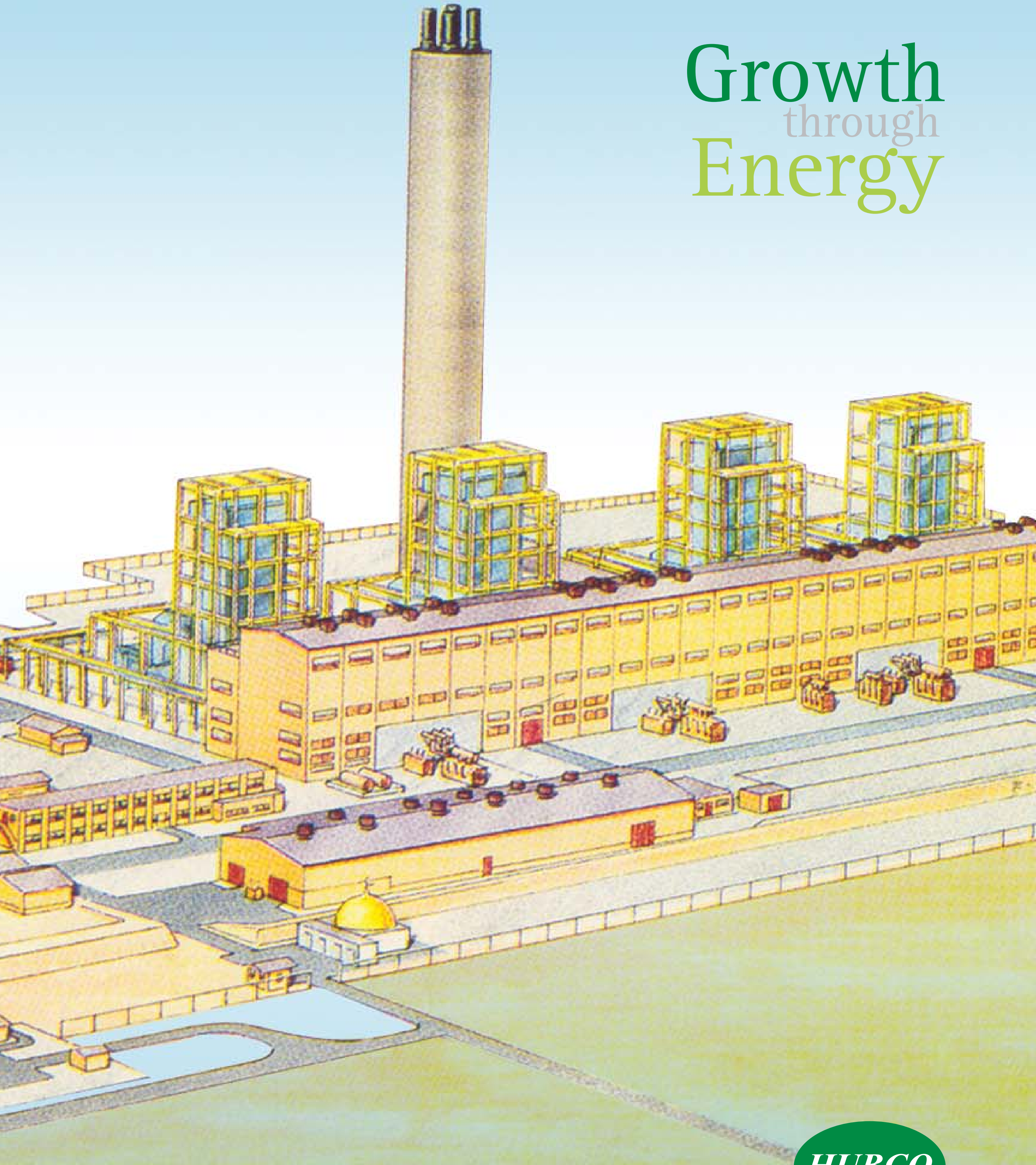
Growth
through
Energy



HUBCO

a n n u a l r e p o r t 2 0 0 9

Annual Report

2009

HUBCO

growth through energy

Vision

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

Mission

To be a dynamic and 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.

HUBCO

growth through energy

Growth through Energy

In the year 2006, The Hub Power Company Limited adopted a new motto - Growth through Energy, replacing our previous motto, Partners in Progress. The rationale behind this change was to highlight our evolution - from being a partner of the Government and the people of Pakistan, working for the progress of the country, through producing and supplying electricity, to becoming a Company that seeks to enhance its contribution to growth - through production of even more energy to feed a burgeoning demand.

Thus germinated the new direction for HUBCO. A direction that was taken up with zeal and was supported by our Board of Directors and our shareholders, enabling us to explore various options for expansion of our business.

Today, 3 years and a lot of hard work later, HUBCO is poised to add additional generation capacity for the national grid through two new projects - the fast upcoming, new thermal power plant at Narowal, and a hydropower project to follow at a site about 8 kilometres downstream of Mangla Dam. The New Bong Escape hydropower project, as it has come to be known, is a result of HUBCO acquiring 75 percent controlling interests in Laraib Energy Limited. The project is a 84 MW, run of the river hydropower generating complex and will be the first hydropower project in Pakistan by an IPP.

Narowal a brief introduction

Narowal is a district in the province of Punjab and Narowal city is the capital of the district, situated on the banks of River Ravi. The total area of the district is approximately 2,337 square kilometres. According to the 1998 census of Pakistan, Narowal District's population was 1,256,097 of which only 12.11% was urban.

Among the places of interest near the Narowal District is Kartarpur (meaning: The City of God), near the main town Jassar, a small village located on the West bank of the Ravi River, some 15 kilometres from Narowal city. Guru Nanak spent his last years of life here and also passed away in Kartarpur. It is one of the holiest places in Sikhism located in the Majha region. It is an excellent place to visit.

The economy of Narowal revolves heavily around agriculture. Rice is mainly grown and it is no surprise that there are more than 50 rice mills in the area. There are also half a dozen flour mills and a vegetable ghee and oil production unit. Other industries based around agriculture are over 25 engineering works producing agricultural implements, a dozen odd cold storages for fruits and vegetables and an animal feed factory.

Narowal District has a robust economy that is sustaining growth. Growth needs energy as an integral component. The HUBCO Narowal power plant, to come on-stream in March 2010, will add 213.60 MW (net) electricity to the National grid.

HUBCO Narowal Power Plant

In May 2008, the country's largest independent power producer, The Hub Power Company Limited, announced that it intends to set up a combined cycle power plant at a site in Narowal, with an investment of about US$ 287 million and having an installed capacity of 225 MW (gross ISO). The plant is expected to come on stream in March 2010 and will help alleviate the acute power shortage in the country.

The Narowal site was chosen out of a few sites identified by the government/ NTDC in the north of the country. The new plant will be powered by 11 of the largest, 18 cylinder, vee configuration versions of the most powerful four-stroke engine of MAN Diesel's stationary power generation programme. The engines will burn heavy fuel oil (HFO) and will operate in a combined cycle arrangement with a total net electrical output capacity of 213.60 MW. In this set-up, the output of the 11 generator sets based on type 18V 48/60B engines is complemented by a steam turbine generator driven by steam produced from the engine exhaust gases.

Dr. Stephen Mey, SVP, Power Plant Division, MAN Diesel SE (left) and Mr. Javed Mahmood, Chief Executive, HUBCO (right) signing the Equipment Supply Contract

Mr. Wasif Mustafa Khan, Head of Projects, HUBCO (left) and Mr. Fayyaz Ellahi, MD PPIB (right) exchanging the signed Implementation Agreement

Lean concreting work at the Tank Farm

Structural works at the Exhaust Stack

Power House 2 area

Workshop Building Structure

HUBCO Narowal Power Plant Project Timelines

Approval from the Board of Directors	Feb	2007
Acquisition of land - Start	Jun	
Equipment Supply Contract	Apr	2008
Tariff Determination	May	
Generation License	Jun	
Letter of Support	Jun	
Construction Contract	Jun	
Construction Start Date	Oct	
Implementation Agreement	Oct	
Consultancy Agreement for Design Review and Owners Engineer	Nov	
Geotechnical Investigation	Nov	
Power Purchase Agreement	Nov	
Groundwater Study	Jan	2009
Environment Approval for Construction Phase	Jan	
Hydrological Study	Jan	
Soil Exchange works	Jan	
Financial Close	Mar	
Fuel Supply Agreement	Mar	
Construction of culvert over Talwandi Bhindran Distributary canal	Mar	
Raising of 7 acre access strip (area between the culvert and the site)	Mar	
Construction of Boundary Wall	Apr	
Steel structure Procurement	May	
Acquisition of land - Finish	Jun	

Meet the Narowal Team

Mr. Wasif Mustafa Khan Head of Projects

Wasif is an MBA from IBA, Karachi and has a B.Sc Degree in Industrial Technology from Sindh University. With over 30 years of project development experience he is leading the project team in initiatives towards expansion through new investments.

Mr. Abdul Vakil Senior Manager Operations

Vakil is a professional engineer and has been with the Company since 2000. He has his bachelors of engineering from NED University of Engineering & Technology and Masters of Engineering from USA. His diversified professional experience in Engineering includes project development & management and contract management in the power generation business.

Mr. Abou Saeed Mehmood Shah Manager Projects

Saeed joined Hubco in 1994 and is presently working as Manager Projects, Narowal. He has extensive experience of handling financial modeling, billing and treasury. He is the Financial Modeller of the project and remains engaged in project cost, tariff, drawdowns and O&M costs of Narowal project.

Mr. Shams ul Islam Treasurer

Shams ul Islam possesses dual qualifications in engineering (NED University) and Finance (IBA). He has over 25 years experience of mechanical engineering, project finance and monitoring and corporate treasury. He is responsible for managing all funds and banking related transactions including project finance.

Mr. Salim Mahfooz Senior Manager Taxation & Payables

Salim did his MBA in Finance from Adamson University. Working at Hubco since 1993 he has contributed in negotiating and finalizing contractual agreements and concession documents, development of risk analysis and tax management.

Ms. Fatima Maryam Assistant Manager Treasury

Fatima holds a MBA degree from SZABIST and has previous banking experience. She joined Hubco in July 2007 in Treasury and is involved in the management of funds pertaining to the Company as well as handling of banking relationships. She worked extensively in negotiating for the project financing of Narowal Project.

IMPLEMENTATION / SUPPORT TEAM

Mr. Abid Mahmud Senior Manager Hubco Narowal Project

Abid is a Mechanical Engineer with a Masters Degree in Engineering (Thermo Fluids). He has extensive experience in operation and maintenance of shipboard machinery. His experience includes areas of project, contract and quality management.

Mr. Abdus Sattar Site Manager Hubco Narowal Project

Abdus Sattar is a Marine Engineer with 25 years of experience, including 12 years in various IPPs in Pakistan.

Mr. William Burrough Chief Operations Officer

William Burrough is professionally qualified as a Chartered Engineer, a Fellow of the Institute of Mechanical Engineers, Fellow of the Institute of Marine Engineering and Technology, and Fellow of the Institute of Management. His career spans over 40 years of constructing and managing thermal power stations, including conventional coal, fuel oil, gas and in operational, technical and commercial management of power stations; has negotiated and managed several O&M contracts; been Owner’s representative during the construction of 4 power plants, including the construction and commissioning of an 8 diesel engine power station. He has also managed several projects’ technical due diligence studies prior to acquisitions.

Contents

Company Information

HEAD OFFICE

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

REGISTERED OFFICE

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

MANAGEMENT

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

PRINCIPAL BANKERS

Accounts Banks:
National Bank of Pakistan, Karachi
Allied Bank of Pakistan
Bank Al-Falah Limited
Bank Al-Habib Limited
Citibank N.A. Karachi
Habib Bank Limited
MCB Bank Limited
Pak China Investment Company Limited
Standard Chartered Bank (Pakistan) Ltd., Karachi
Sumitomo Mitsui Banking Corp. Europe Ltd., London
United Bank Limited

INTER-CREDITOR AGENT

National Bank of Pakistan, Karachi
Habib Bank Limited

LEGAL ADVISORS

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

AUDITORS

M. Yousuf Adil Saleem & Co.,

REGISTRAR

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

HUBCO NAROWAL PROJECT

House No. 8, Street 15, Cavalry Ground Extension,
Lahore Cantt.

Notice of the 18th AGM
Annual General Meeting

Notice is hereby given that the 18th Annual General Meeting of the Company will be held on Wednesday, September 30, 2009 at 11.30 am at Marriott Hotel, Islamabad to transact the following business.

ORDINARY BUSINESS

1- To confirm the Minutes of the 17th Annual General Meeting of the Company held on September 29, 2008.

2- To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2009 together with the Directors' & Auditors Reports thereon.

3- To approve and declare the final dividend of Rs.2.00 per share i.e. 20% as recommended by the Board of Directors and the 13.50% (Rs.1.35 per share) interim dividend already announced and paid on April 7, 2009 making a total dividend of Rs.3.35 per share i.e. 33.5% for the year ended June 30, 2009.

4- To appoint Auditors and to fix their remuneration.

5- To elect 12 (twelve) 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. September 30, 2009.

As fixed by the Board of Directors at its April, 2009 meeting the number of Directors to be elected will be twelve (12).

The following Directors of the Company will cease to hold office upon the election of a new Board of Directors.

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

SPECIAL BUSINESS:

To consider, and if thought fit, to pass the following resolution as special resolution with or without modification:

“RESOLVED THAT pursuant to section 208 of the Companies Ordinance 1984 the consent of the Company is hereby accorded to the Board of Directors to make investments up-to the amounts listed herein below in Laraib Energy Limited (“Subsidiary”) in accordance with the terms of the Sponsor Support Agreement (“SSA”) to be entered into by and between the Company, the Subsidiary and its lenders:

a) to make investments, from time to time, as equity contributions for an amount not exceeding US$ 36 million;

b) to invest as equity or provide loan to the Subsidiary, as deemed appropriate by the Chief Executive of the Company at the relevant time, an amount not exceeding US$ 12.5 million, US$ 6.0 million in the form of an LC (as mentioned in paragraph (d) below) and US$ 6.5 million as contractual commitment, to enable the Subsidiary to meet any increase in project costs;

c) to invest as equity or provide loan to the Subsidiary, as deemed appropriate by the Chief Executive of the Company at the relevant time, an amount not exceeding US$ 17 million to enable the Subsidiary to meet any shortfall in debt servicing;

d) to arrange and provide letter(s) of credit to guarantee the commitment of the Company to make investments mentioned hereinabove in paragraphs (a), (b) and (c) for an amount not exceeding US$ 46 million in accordance with the terms of the SSA;

e) the return on any investments made pursuant to paragraph (b) and (c) above in the form of loan shall not be less than the borrowing costs of the Company to be determined by the Chief Executive of the Company.

FURTHER RESOLVED THAT the Chief Executive is hereby authorized to (1) negotiate, finalize, issue and execute the SSA and (2) from time to time execute or issue (as the case may be) any and all amendments or variations (collectively, the “SSA Amendments”), communications, certificates, notices, acknowledgements or other documents pertaining or pursuant to the SSA, subject in each case to the limitations stated in paragraphs (a) through (e) above, and take all actions necessary or incidental for giving effect to the provisions of the SSA including execution of a Share Pledge Agreement and filing and registration of necessary security documents; provided that any SSA Amendments shall be made following approval of the Board with regards thereto.”

A statement under Section 160(1)(b) of the Companies Ordinance, 1984 setting forth all material facts concerning the aforesaid Resolutions contained in the Notice which shall be considered for adoption at the Meeting is being sent to the Members along with a copy of this Notice.

Arshad A. Hashmi
Company Secretary

Karachi: August 12, 2009

Notes:

(i) The Share Transfer Books of the Company will remain closed from September 14, 2009 to September 30, 2009 (both days included) and the final dividend will be paid to the shareholders whose names will appear in the Register of Members on September 13, 2009.

(ii) A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member’s behalf. A Proxy need not be a member of the Company.

(iii) Duly completed forms of proxy must be deposited with the Company Secretary at the Head Office of the Company not later than 48 hours before the time appointed for the meeting.

(iv) Every candidate for election as a Directors, whether he is a retiring Director or otherwise shall file with the Company not 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 alongwith the consent to serve as a Director in the prescribed Form-28 to his appointment as a Director of the Company.

(v) Shareholders (Non-CDC) are requested to promptly notify the Company’s Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. Famco Associates (Pvt) Ltd (formerly M/s. Ferguson Associates (Pvt) Ltd) State Life Building No. 1-A, 1st Floor, I. I. Chundrigar Road, Karachi. All the Shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their Participants. This will assist in the prompt receipt of Dividend.

(vi) Members who have not yet submitted photocopy of their computerized national identity card to the company are requested to send the same at the earliest.

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

A **For Attending the Meeting:**

(i) In case of individuals, the account holders or sub account holders whose registration details are uploaded as per the Regulations, shall authenticate his/her original National Identity Card (NIC) or original passport at the time of attending the meeting.

(ii) In case of corporate entity, the Board of Directors’ resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B **For Appointing Proxies:**

(i) In case of individuals, the account holder or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.

(ii) Attested copies of NIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy Form.

(iii) The proxy shall produce his original NIC or original passport at the time of the meeting.

(iv) In case of corporate entity, the Board of Directors’ resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

(v) The Proxy Form will be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the forms.

Statement under Section 160 (1) (b) of the Companies Ordinance, 1984

This statement is annexed to the Notice convening an Annual General Meeting of the Company to be held on 30 September 2009 at which certain special business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such special business.

The Company had entered into the Share Purchase Agreement ("SPA") for acquisition of controlling interest in Laraib Energy Limited (the "Subsidiary") on 23 June 2008; the acquisition of 75.5% shares in the Subsidiary was completed in August 2008.

The Subsidiary was incorporated in Pakistan on August 9, 1995 as a public limited company under the Companies Ordinance, 1984. The Subsidiary is developing a 84 MW hydropower generating complex near the New Bong Escape (the "Project"), which is 8 km downstream of the Mangla Dam in Azad Jammu & Kashmir. The Project is being developed under the 1995 Hydel Policy.

The Project is now nearing financial close and majority of the agreements required for the implementation of the Project have either been agreed or are close to finalization. The Project is expected to commence commercial operations by the end of 2012 and is estimated to cost USD 233 million.

Negotiations between the Company, the Initial Sponsors (collectively the "Sponsors"), the Subsidiary and the lenders of the Subsidiary are at an advanced stage and such lenders require the Sponsors to sign a Sponsor Support Agreement ("SSA").

Pursuant to the SSA and or the SPA, the Company is required to make and guarantee certain investments in the Subsidiary and arrange letter(s) of credit in favour of Subsidiary and its lenders; the details of which are as follows:

a) to make investments, from time to time, as equity contributions for an amount not exceeding US$ 36 million;

b) to invest as equity or provide loan to the Subsidiary, as deemed appropriate by the Chief Executive of the Company at the relevant time, an amount not exceeding US$ 12.5 million, US$ 6.0 million in the form of an LC (as mentioned in paragraph (d) below) and US$ 6.5 million as contractual commitment, to enable the Subsidiary to meet any increase in project costs;

c) to invest as equity or provide loan to the Subsidiary, as deemed appropriate by the Chief Executive of the Company at the relevant time, an amount not exceeding US$ 17 million to enable the Subsidiary to meet any shortfall in debt servicing;

d) to arrange and provide letter(s) of credit to guarantee the commitment of the Company to make investments mentioned hereinabove in paragraphs (a), (b) and (c) for an amount not exceeding US$ 46 million in accordance with the terms of the SSA;

e) the return on any investments made pursuant to paragraph (b) and (c) above in the form of loan shall not be less than the borrowing costs of the Company to be determined by the Chief Executive of the Company.

In case the Initial Sponsors do not contribute their portion of the equity, the same would be made by the Company and the Initial Sponsors' share will become diluted to that extent.

Currently the Company is planning to finance future investment in the Subsidiary through a combination of bank borrowings and internal cash generation.

The details of the investment that the Company will make in the Subsidiary are as follows:

Nature, amount and extent of investment

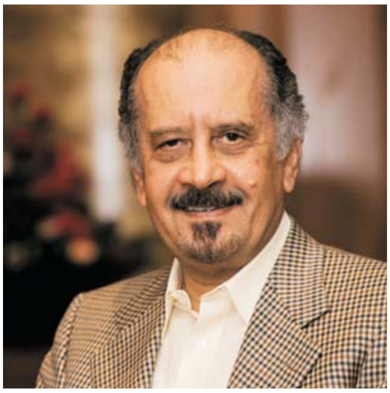
a) investments, from time to time, as equity contributions for an amount not exceeding US$ 36 million;

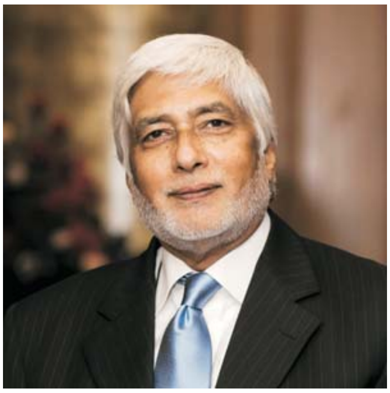
b) investment as equity or loan into the Subsidiary, as deemed appropriate by the Chief Executive of the Company at the relevant time, an amount not exceeding US$ 12.5 million, US$ 6.0 million in the form of an LC (as mentioned in paragraph (d) below) and US$ 6.5 million as contractual commitment, to enable the Subsidiary to meet any increase in project costs;

c) investment as equity or loan into the Subsidiary, as deemed appropriate by the Chief Executive of the Company at the relevant time, an amount not exceeding US$ 17 million to enable the Subsidiary to meet any shortfall in debt servicing;

d) arrangement and provision of letter(s) of credit to guarantee the commitment of the Company to make investments mentioned hereinabove in paragraphs (a), (b) and (c) for an amount not exceeding US$ 46 million in accordance with the terms of the SSA;

e) the return on any investments made pursuant to paragraph (b) and (c) above in the form of loan shall not be less than the borrowing costs of the Company to be determined by the Chief Executive of the Company.

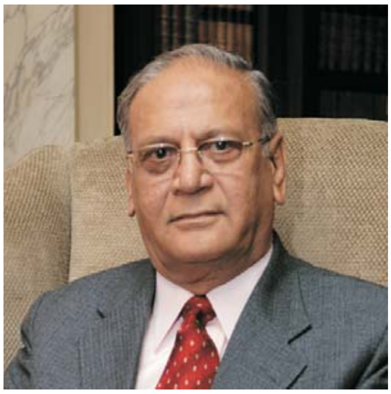

Mr. M. A. Alireza, H.I.


Mr. Javed Mahmood

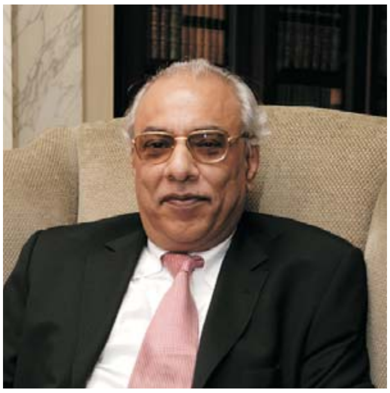

Dr. Fareydoon Abtahi

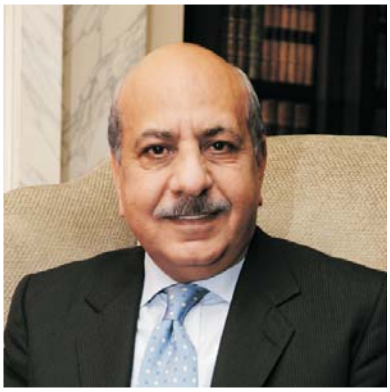

Mr. R. A. Bramley


Mr. Malcolm Clampin

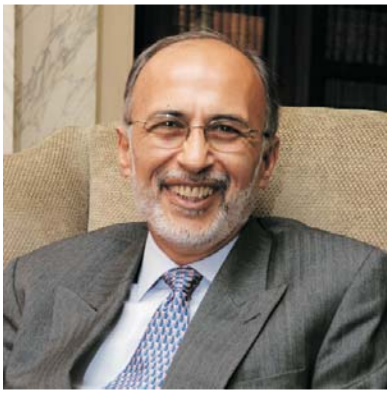

Mr. Taufique Habib

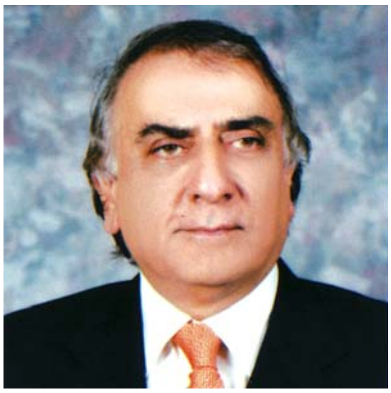

Mr. Vince R. Harris, O.B.E.


Mr. Arif Ijaz

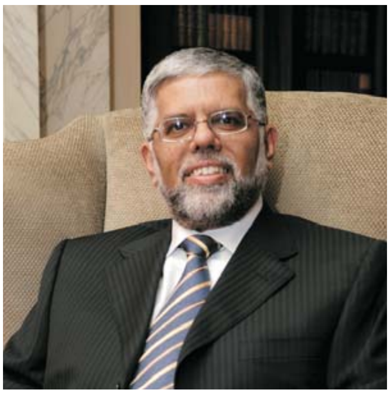

Mr. Qaiser Javed


Mr. Ahmed Raza Khan


Mr. Ali Munir


Syed Ali Raza


Syed Nizam A. Shah


Mr. M. Ashraf Tumbi


Mr. Yutaka Ueda

Board of Directors

Mr. M. A. Alireza, H. I.
Xenel Industries Limited
Xenel Group Companies
Xenel International Limited
Bank Al-Bilad
Emaar The Economic City
Qatrana Electric Power Co. (Jordan)

Dr. Fereydoon Abtahi
General Manager, Xenel

Mr. R.A. Bramley

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

Mr. Taufique Habib
Golden Arrow Selected Stocks Mutual Funds

Mr. Vince R. Harris, O.B.E.
Uch Power (Pvt) Limited
Kot Addu Power Co., Ltd
Cotswold International Business Solutions Ltd
IPR Central Services (No. 1) Limited
Hinduja National Power Company Limited

Mr. Arif Ijaz

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

Mr. Ahmad Raza Khan
Nominee of GOB

Mr. Ali Munir
MCB Bank Limited
Adamjee Insurance Co. Ltd

Mr. Javed Mahmood
Chief Executive - Hubco
Chairman - Laraib Energy Limited

Syed Ali Raza
Nominee of NBP

Syed Nizam A. Shah
JS and Company Limited
Pakistan International Container Terminal Ltd
Hascombe Storage Limited
Telecard Limited
Public Procurement Regulatory Authority
(Govt. of Pakistan)

Mr. M. Ashraf Tumbi
Chief Financial Officer, Xenel Industries Limited
Red Sea Gateway Terminal Company, Saudi Arabia

Mr. Yutaka Ueda
Haneda Solar Power Co., Limited

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

Chairman's Review

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

On behalf of the Board of Directors of the Company I am pleased to present the Annual Report of the Hub Power Group comprising The Hub Power Company Limited and its subsidiary Laraib Energy Limited for the fiscal year ended June 30, 2009.

Our Plant continues to supply reliable and uninterrupted electricity and during the year we have been able to supply 8,257 GWh which is a record for the Company. Our operational and maintenance regime conforms to best international standards and we have renewed our O&M Agreement with International Power Global Development for a further period of 12 years.

Wapda's liquidity problems remain inspite of the Federal Government's Circular Debt Mechanism in March 2009 by which Hubco received Rs. 35 billion of which Rs. 31 billion were immediately paid to PSO. Further funds have been promised and we believe that the Federal Government needs to take concrete long-term measures to assure all stakeholders that Wapda is viable financially. The Company remains in constant communication with the highest levels of WAPDA and the Federal Government for immediate settlement of our amounts due. We understand that the Circular Debt is due to be fully settled by the Federal Government by the end of August 2009.

In keeping with the Company's slogan "Growth through Energy" to enhance shareholder value which will also contribute towards meeting the growing demand for energy in Pakistan we have achieved Financial Close of a 220MW Furnace Oil fired Power Plant at Narowal, Punjab. We expect Commercial Operation in March 2010. In addition, our 75% owned subsidiary Laraib Energy Limited, Pakistan's 1st Hydel IPP is expected to achieve Financial Close by September 30, 2009 with a planned Commercial Operation Date in mid 2012.

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

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

Mohamed A. Alireza, H.I.
Chairman

Report of the Directors

The Board of Directors have pleasure in presenting the Annual Report with the Financial Statements of the Company for the year ended June 30, 2009.

General

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

Finance

During the year, our customer WAPDA continued to face financial constraints, consequently it was unable to discharge its obligations to HUBCO under our Power Purchase Agreement (PPA). As at the date of this Report an amount of Rs. 43 billion is outstanding against WAPDA of this Rs 38 billion is classified overdue (payable immediately).

In March 2009 the Company received Rs. 35 billion from WAPDA through the Circular Debt settlement arranged by the Federal Government. From this and in accordance with the settlement procedure Rs. 30 billion was released to PSO in settlement for the fuel oil supply to our Hub Power Plant. The Company is in constant follow-up with Wapda and the Federal Government for early release of the entire outstanding. We understand that the Circular Debt is due to be fully settled by the Federal Government by the end of August 2009.

In addition, WAPDA is unable to renew its contractual Letter of Credit to Hubco under our PPA for 2009-10 for an amount of Rs 12.31 billion. In view of the foregoing the obligations of WAPDA under our Power Purchase Agreement are now only secured through the Soverign Guarantee from the Federal Government of Pakistan under its Implementation Agreement with Hubco.

As a result of the WAPDA outstanding your Company presently owes Rs. 37 billion to Pakistan State Oil for RFO supply to the Power Plant. The Company's obligation to PSO are covered by the Stand-by Letter of Credit provided to PSO under our Fuel Supply Agreement, accordingly we have provided PSO with our Stand-by Letter of Credit of Rs. 7.3 billion.

The WAPDA outstanding has also resulted in your Company continuing with its Running Finance Facilities. During the year, the Company repaid two tranches of long term loan facilities due in July 2008 and January 2009. The Company has also repaid its debt obligation due in July 2009.

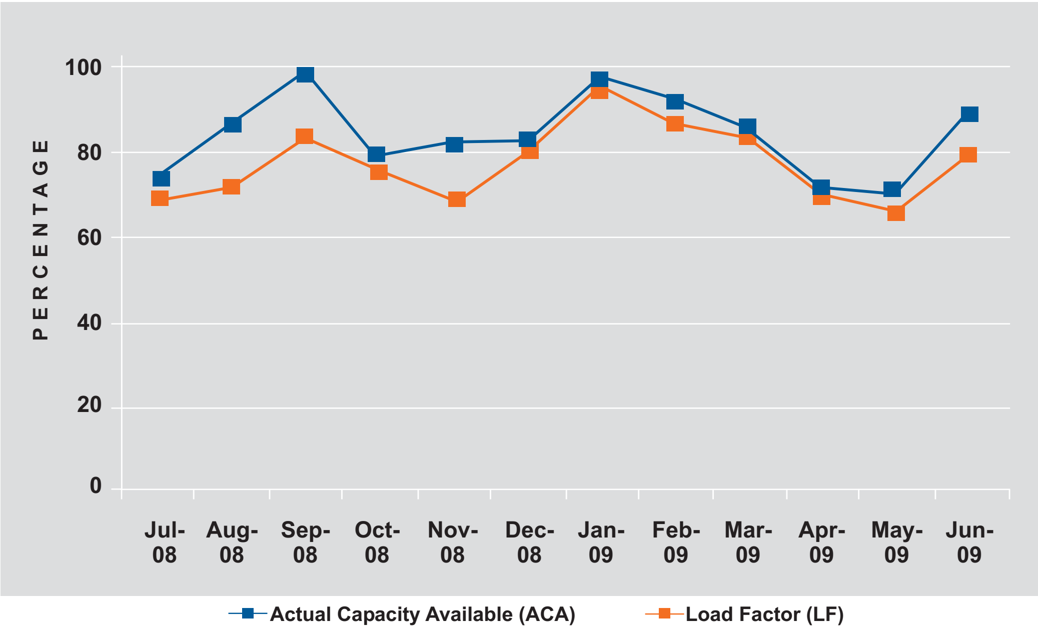
The Company's turnover for the year under review was Rs. 82.784 billion (2008: Rs. 62.435 billion) and operating costs were Rs. 76.687 billion (2008: Rs. 57.685 billion) resulting in a gross profit of Rs. 6.097 billion compared to a gross profit of Rs. 4.750 billion last year. The Company's net profit increased to Rs. 3.781 billion resulting in earnings per share of Rs. 3.27 compared to a net profit of Rs. 2.601 billion and earnings per share of Rs. 2.25 last year. The increase in profit is attributable to currency devaluation, efficiency gains and higher tariff profile. The Country's need for increased power was supported by our Power Plant delivering a record output of 8,257 GWh (2008: 7,205 GWh).

Operations

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

On June 30, 2009 the Company has renewed and extended its expiring O&M Agreement with International Power Global Development, UK for a further period of 12 years on re-negotiated terms.

The Company continues to allocate funds on various betterment expenditures towards the ongoing modernization of the plant in order to ensure its long term integrity and maximum availability for our customer WAPDA.



During the year the plant continued to operate at optimal efficiency, high load factor and dispatched 8,257 GWh of electricity corresponding to a load factor of 78.6 %; this is a record output and the Directors would like to congratulate the Management and the O&M Operator in this respect. The Power Plant maintained high availability of 84.3 % for the full year.

Project Development

The Board adopted the tagline "Growth through Energy" for the Company to transform our single project company to a broad based energy company. The Company is committed to providing reliable energy to the Country and continues to explore and evaluate other opportunities.

Narowal Project

We are pleased to inform you that Financial Close of our 220 MW RFO Fired Project at Narowal in Punjab was achieved in March 2009 at a total estimated Project Cost of USD 285 million with a debt equity of 70:30, the financing consortium led by NBP and HBL also included ABL, Pak China Investment, Bank Alfalah and Bank Al Habib. The Project expects to achieve Commercial Operation by March 31, 2010. The Construction work on Site was initiated in October 2008 with the EPC contractor mobilizing at Site in January 2009. Civil Works are nearing completion and shipments of equipment have already commenced from MAN Diesel SE Germany who are supplying and installing 11 of the largest, 18 cylinder, V configuration versions of the most powerful stationary four-stroke engines. The first engine will be delivered in September 2009 ahead of its scheduled date of October 2009. The Project will be contributing 214 MW of net electrical energy to a region which is gearing itself for exports based on agri-products.

Laraib Energy Limited

In August 2008 the Company acquired 75.5% controlling interest in Laraib Energy Limited that is developing the 84 MW hydropower generating complex near the New Bong Escape which is 8 km downstream of the Mangla Dam in Azad Jammu & Kashmir. Due approvals from the Government of Pakistan and from the Government of Azad Jammu and Kashmir have already been obtained and EPC contract has been awarded to Sambu of South Korea. The Power Purchase Agreement has been initialed and the Tariff approved. An amendment to the Tariff guidelines has been approved by the ECC of the Federal Government and the notification issued that will enable Nepra to approve the total revised levelised tariff of Rs. 6.8362/kWh. The financing of this Project at the revised estimated Project Cost of USD 233 million is now arranged through the Asian Development Bank, Islamic Development Bank, International Finance Corporation, Proparco, HBL and NBP. Due to changes in the composition of the EPC Contractor and Equipment Supplier and a revision in the Project Cost we now expect the Financial Close by September 30, 2009.

We are for the first time presenting the Consolidated Financial Results of Hubco Group including Laraib Energy Limited for the year ended June 30, 2009.

Health, Safety & Environment (HSE)

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

The strong commitment to HSE management is reflected by continual improvement in the activities and procedures. Occupational Health and Safety management system, OHSAS 18001-2007 has been implemented and is working successfully. The Plant is at over 440 days without lost time accident. This year the environmental management system was successfully accredited against the new ISO 14001: 2004 standard.

Corporate and Financial Reporting Framework

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

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

(b) Proper books of account of the Company have been maintained.

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

(d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

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

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

(g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

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

Fiscal year ending June		2008	2007	2006	2005	2004	2003
Turnover	Rs. In millions	62,435	44,131	27,911	16,978	16,003	19,514
Profit	"	2,601	2,654	2,768	5,385	5,463	6,102
Assets	"	62,697	44,994	43,515	46,636	51,781	55,546
Dividend	"	3,182	3,587	4,455	3,355	4,281	7,985
Generation	(GWh)	7,205	7,214	3,930	1,975	1,647	2,727
Load Factor	%	68	69	37	19	16	26

Value of investments of provident fund and gratuity scheme based on their respective audited accounts as at June 30, 2008 were as follows:

	Rs. In million
Provident Fund	50.384
Gratuity	31.688

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

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

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

Appropriations

The Directors have pleasure in recommending a final dividend of Rs.2.00 per share. This will be paid to the shareholders on the Company's register on September 13, 2009. An interim dividend of Rs. 1.35 per share that was declared on February 25, 2009 has already been paid in April 2009. The total dividend to be approved by the shareholders at the Annual General Meeting on Wednesday, September 30, 2009 will be Rs. 3.35 per share.

Movement in unappropriated profit is as follows:

	Rs. in millions
NET PROFIT FOR THE YEAR	3,781
Unappropriated profit at the beginning of the year	16,899
Profit available for appropriations	20,680
APPROPRIATIONS	
Final dividend for the fiscal year 2007-08 @ Rs. 1 per share	(1,157)
Interim dividend for the fiscal year 2008-09 @ Rs. 1.35 per share	(1,562)
Unappropriated profit at the end of the year	17,961
Basic and diluted earnings per share	Rs 3.27

The Directors would like to draw your attention to the last paragraph of the Auditors' Report relating to note 22.6 to the financial statements.

Board of Directors

The Current members of the Board are listed on Page No. 18-19. During the year under Report there were no changes in your Board of Directors.

Auditors

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

Shareholding Pattern

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

By Order of the Board

Javed Mahmood
Chief Executive

Karachi - August 12, 2009

Statement of Compliance with Best Practices of Code of Corporate Governance

for the year ended June 30, 2009

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 (xlv) of listing regulations of The Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance. The Company has applied the principles contained in the Code in the following manner:

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

2. The Hubco Board had already approved the Company's own Code of Corporate Governance on June 24, 1994 before the Company issued its shares to the public in October, 1994. This code has been followed ever since.

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

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

   a) Primary and Secondary Delegations – 1997;
   b) Karachi Stock Exchange circular dated May 9, 2002 incorporating the SECP Code of Corporate Governance dated March 28, 2002 in its Listing Rules;
   c) Hubco's Code of Business Ethics – dated June 10, 2002;
   d) Dealing by Directors and Employees in Shares of Hubco; and
   e) Role & Responsibilities of the Chairman – dated September 2, 2004.

3. The Board had also adopted a Vision and Mission Statements at its meeting on September 4, 2002. These have been amended and updated Vision & Mission Statements have been adopted at the Board Meeting on August 10, 2006.

4. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes at least one independent non-executive director and one director representing minority shareholders.

5. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

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

7. Casual vacancies occurring in the Board were filled up by the directors within 30 days thereof.

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

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

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

11. Board Members were offered orientation courses on their duties and responsibilities.

12. The Board had approved appointment of the Chief Operations Officer, Chief Internal Auditor, Company Secretary and Chief Financial Officer (CFO), including their remuneration and terms and conditions of employment, as determined by the Chief Executive.

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

14. The financial statements of the Company have been prepared in accordance with approved Accounting Standards as applicable in Pakistan were duly endorsed by Chief Executive and the CFO before approval of the Board.

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

16. The Company has complied with all the major corporate and financial reporting requirements of the Code. All related party transactions have been reviewed and approved by the Board and are carried out on normal agreed terms and conditions in accordance with the Agreements.

17. The Board has formed an audit committee. It comprises of 5 members; all 5 are non-executive directors including the chairman of the committee.

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

19. The Board has the following functioning Committees with their Terms of Reference, these are composed of non-executive Directors:

    (a) Audit Committee also ensures the independence of the internal audit function and the independence and objectivity of the External Auditors.
    (b) Compensation Committee also monitors the remuneration and appointments of Senior Management as well as the personnel policies and its implementation.
    (c) Technical Committee also monitors the operation of the plant as well as all O&M Contractor related issues.
    (d) Corporate Communications Committee also monitors the social action programmes and public relations.

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

20. The Board of Directors has implemented an organizational structure for the Company and has appointed the Chief Executive, the Chief Operations Officer, the CFO and the Company Secretary to manage the affairs in accordance with the Code of Corporate Governance of the Company as amended from time to time.

21. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.

22. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

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

24. We confirm that all other material principles contained in the Code have been complied with.

By order of the Board

Javed Mahmood
Chief Executive

Karachi: August 12, 2009

Review Report
to the members on
Statement of Compliance
with Best Practices of Code of Corporate Governance

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

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

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

Further, Sub - Regulation (xiii a) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before 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 of Corporate Governance, as applicable to the Company for the year ended June 30, 2009.

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Karachi
Date: August 12, 2009

Auditors' Report to the Members

We have audited the annexed balance sheet of The Hub Power Company Limited (the Company) as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Without qualifying our opinion, we draw attention to the matter described in note 22.6 to the financial statements. The ultimate outcome of this contingency cannot presently be determined and accordingly, no provision for any liability that may result has been made in the financial statements.

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Engagement Partner
Nadeem Yousuf Adil

Karachi
Date: August 12, 2009

Financial Statements

THE HUB POWER COMPANY LIMITED

Profit and Loss Account
for the year ended June 30, 2009

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
Turnover	3	82,783,924	62,434,557
Operating costs	4	(76,687,113)	(57,684,623)
GROSS PROFIT		6,096,811	4,749,934
Other income	5	138,279	105,390
General and administration expenses	6	(359,599)	(288,770)
Finance costs	7	(2,094,500)	(1,965,971)
Workers' profit participation fund	8	-	-
PROFIT FOR THE YEAR		3,780,991	2,600,583
Basic and diluted earnings per share (rupees)	28	3.27	2.25

The annexed notes from 1 to 34 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

Balance Sheet as at June 30, 2009

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	9	37,895,720	33,938,057
Intangibles	10	2,250	2,520
Stores and spares		637,023	622,972
Other assets	11	4,275	9,000
Investment in subsidiary	12	656,459	-
CURRENT ASSETS			
Inventory of fuel oil		2,540,887	1,564,183
Trade debts	13	46,629,457	24,871,327
Advances, prepayments and other receivables	14	785,809	1,026,464
Cash and bank balances	15	1,033,791	662,226
		50,989,944	28,124,200
TOTAL ASSETS		90,185,671	62,696,749
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised	16	12,000,000	12,000,000
Issued, subscribed and paid-up	16	11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		17,960,806	16,899,127
		29,532,350	28,470,671
NON-CURRENT LIABILITIES			
Long term loans	17	11,340,913	7,292,098
Deferred liability	18	15,001	14,592
CURRENT LIABILITIES			
Current maturity of long term loans	17	979,062	979,062
Short term borrowings	19	3,582,245	13,326,778
Trade and other payables	20	43,970,160	11,750,517
Interest / mark-up accrued	21	765,940	863,031
		49,297,407	26,919,388
COMMITMENTS AND CONTINGENCIES	22	-	-
TOTAL EQUITY AND LIABILITIES		90,185,671	62,696,749

The annexed notes from 1 to 34 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

Cash Flow Statement

for the year ended June 30, 2009

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		3,780,991	2,600,583
Adjustments for:			
Depreciation		1,706,722	1,665,821
Amortisation		1,863	3,162
Gain on disposal of fixed assets		(1,117)	(1,135)
Staff gratuity		11,503	9,727
Interest income		(17,090)	(34,329)
Interest / mark-up		1,999,379	1,908,302
Operating profit before working capital changes		7,482,251	6,152,131
Working capital changes	26	9,717,342	(7,890,777)
Cash generated from / (used in) operations		17,199,593	(1,738,646)
Interest received		21,820	34,691
Interest / mark-up paid		(2,096,470)	(1,689,991)
Staff gratuity paid		(11,094)	(13,546)
Net cash from / (used in) operating activities		15,113,849	(3,407,492)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure - net		(5,667,541)	(3,749,347)
Proceeds from disposal of fixed assets		2,680	2,707
Stores and spares		(14,051)	(10,102)
Other assets		4,725	(2,980)
Investment in subsidiary		(656,459)	-
Net cash used in investing activities		(6,330,646)	(3,759,722)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(979,062)	(979,062)
Proceeds from long term loans - net (Narowal)		5,027,877	-
Dividends paid		(2,715,920)	(3,171,137)
Finances under mark-up arrangements - (Narowal)		(2,297,888)	3,446,778
Net cash used in financing activities		(964,993)	(703,421)
Net increase / (decrease) in cash and cash equivalents		7,818,210	(7,870,635)
Cash and cash equivalents at the beginning of the year		(9,217,774)	(1,347,139)
Cash and cash equivalents at the end of the year	27	(1,399,564)	(9,217,774)

The annexed notes from 1 to 34 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

Statement of Changes in Equity
for the year ended June 30, 2009

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
Issued capital			
Balance at the beginning of the year		11,571,544	11,571,544
Balance at the end of the year	16	11,571,544	11,571,544
Unappropriated Profit			
Balance at the beginning of the year		16,899,127	17,480,719
Profit for the year		3,780,991	2,600,583
Total recognised income and expenses for the year		3,780,991	2,600,583
Final dividend for the fiscal year 2007-2008 @ Rs. 1.00 (2006-2007 @ Rs.1.60) per share		(1,157,154)	(1,851,447)
Interim dividend for the fiscal year 2008-2009 @ Rs.1.35 (2007-2008 @ Rs.1.15) per share		(1,562,158)	(1,330,728)
Balance at the end of the year		17,960,806	16,899,127
Total equity		29,532,350	28,470,671

The annexed notes from 1 to 34 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

Notes to the Financial Statements
for the year ended June 30, 2009

1. THE COMPANY AND ITS OPERATIONS

The Hub Power Company Limited (the "Company") was incorporated in Pakistan on August 1, 1991 as a public limited company under the Companies Ordinance, 1984 (the "Ordinance"). The shares of the Company are listed on the Karachi, Lahore and Islamabad Stock Exchanges and its Global Depository Receipts are listed on the Luxembourg Stock Exchange. The principal activities of the Company are to own, operate and maintain an oil-fired power-station with four generating units with an installed net capacity of 1,200 MW in Tehsil Hub, District Lasbella, Balochistan and to carry out the business of power generation, distribution and sale at other places in Pakistan.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.3 Property, plant and equipment

(a) Operating property, plant, equipment and depreciation

These are stated at cost less accumulated depreciation except for freehold land which is stated at cost.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets at the rates shown in note 9.1 to the financial statements. Depreciation on additions is charged for the full month in which an asset is put to use and on disposals up to the month immediately preceding the disposals.

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

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

(b) Capital work-in-progress

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

2.4 Intangible assets and amortisation

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

2.5 Stores and spares

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

2.6 Impairment of assets

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

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

2.8 Cash and cash equivalents

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

2.9 Revenue recognition

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

2.10 Interest income

Interest income is recorded on accrual basis.

2.11 Staff retirement benefits

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

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

2.12 Foreign currency translation

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

2.13 Taxation

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

2.14 Dividend

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

2.15 Financial instruments

(a) Trade and other receivables

Trade 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 its cost being the fair value of consideration received 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 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.

2.16 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.

2.17 Investment in subsidiary

Investment in subsidiary company is initially recognised at cost less impairment losses, if any.

2.18 Use of estimates and judgements

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

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

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
3. TURNOVER			
Turnover		93,609,789	70,428,588
Less: Sales tax		(10,825,865)	(7,994,031)
		82,783,924	62,434,557
4. OPERATING COSTS			
Residual fuel oil		71,894,694	53,428,930
Operation and Maintenance	4.1 & 22.1	2,360,427	1,896,102
Insurance		409,800	334,424
Depreciation	9.3	1,690,968	1,653,107
Amortisation	10.1	958	2,462
Miscellaneous		330,266	369,598
		76,687,113	57,684,623

4.1 This represents services rendered by an associated company.

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
5. OTHER INCOME			
Interest income		17,090	34,329
Gain on disposal of fixed assets		1,117	1,135
Exchange gain		120,072	69,926
		138,279	105,390
6. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, benefits and other allowances	6.1	179,595	147,899
Fuel and power		3,217	1,955
Property, vehicles and equipment rentals		8,847	6,834
Repairs and maintenance		5,838	4,289
Legal and professional		38,356	19,387
Insurance		5,980	6,238
Auditors' remuneration	6.2	2,411	1,532
Depreciation	9.3	15,754	12,714
Amortisation	10.1	905	700
Miscellaneous	6.3	98,696	87,222
		359,599	288,770

6.1 These include Rs. 18.747 million (2008: Rs. 15.791 million) in respect of staff retirement benefits.

6.2 Auditors' remuneration

	2009	2008
Statutory audit	1,450	900
Half yearly review	425	300
Other services	410	230
Out-of-pocket expenses	126	102
	2,411	1,532

6.3 Includes donation of Rs. 25.463 million (2008: Rs. 18.497 million). No directors or their spouses had any interest in any donee to which donations were made.

	Note	2009	2008
7. FINANCE COSTS			
Interest / mark-up on long term loans		1,105,124	1,199,536
Mark-up on short term borrowings		807,556	708,766
Miscellaneous finance costs		88,702	57,654
Bank charges		58	15
		2,001,440	1,965,971
Narowal			
Interest / mark-up on long term loans		151,203	-
Mark-up on short term borrowings		561,794	65,068
Other finance costs		533,540	72,090
Liquidated damages		8,312	-
		1,254,849	137,158
Laraib's acquisition			
Mark-up on short term borrowings		72,240	-
Other finance costs		6,361	-
		78,601	-
		3,334,890	2,103,129
Less: amount capitalised in the cost of qualifying assets - Narowal	9.5	(1,240,390)	(137,158)
		2,094,500	1,965,971

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
8. WORKERS' PROFIT PARTICIPATION FUND			
Provision for Workers' profit participation fund	20	189,050	130,029
Payment of Workers' profit participation fund recoverable from WAPDA	14	(189,050)	(130,029)
		-	-

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

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
9. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	9.1	29,219,284	30,259,173
Capital work-in-progress			
Plant betterments	9.4	112,636	36,642
Narowal project	9.5	8,563,800	3,642,242
		8,676,436	3,678,884
		37,895,720	33,938,057

9.1 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, 2008	18,890	186,495	862	48,664,612	27,645	67,853	7,126	48,973,483
Additions	-	-	-	644,993	4,208	19,139	56	668,396
Disposals	-	-	-	(296)	-	(9,471)	(66)	(9,833)
As at June 30, 2009	18,890	186,495	862	49,309,309	31,853	77,521	7,116	49,632,046
Depreciation:								
Rate (%)	-	3.33, 10 & 20	3.33	3.33 to 33.33	20	25	20	-
As at July 1, 2008	-	81,965	395	18,568,049	24,225	35,017	4,659	18,714,310
Charge for the year	-	5,862	29	1,686,454	1,937	11,884	556	1,706,722
Disposals	-	-	-	(296)	-	(7,941)	(33)	(8,270)
As at June 30, 2009	-	87,827	424	20,254,207	26,162	38,960	5,182	20,412,762
Net book value as at June 30, 2009	18,890	98,668	438	29,055,102	5,691	38,561	1,934	29,219,284
Net book value as at June 30, 2008	18,890	104,530	467	30,096,563	3,420	32,836	2,467	30,259,173
Cost of fully depreciated assets as at June 30, 2009	-	18,372	-	120,274	20,322	17,640	3,456	180,064
Cost of fully depreciated assets as at June 30, 2008	-	16,972	-	114,104	19,770	14,943	2,986	168,775

9.2 Disposal of operating property, plant and equipment

Assets	Cost	Accumulated depreciation	Net book value	Sale price	Mode of disposal	Particulars of buyer
	(Rs. '000s)					
Vehicle	630	210	420	430	Company Policy	Shahzad Ragadia - Ex-employee
Vehicle	1,236	283	953	963	Company Policy	Waqar Ahmed Faroooqi - Ex-employee
Vehicle	629	472	157	167	Company Policy	Mohsin Maqsood - Employee
Items having a net book value not exceeding Rs. 50,000 each						
Vehicles	6,976	6,976	-	1,115	Various	Various
Computers	296	296	-	5	Company Policy	Various
Equipment	66	33	33	-	Write off	N/A
Total - June 30, 2009	9,833	8,270	1,563	2,680		
Total - June 30, 2008	11,035	9,463	1,572	2,707		

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
9.3 Depreciation charge for the year has been allocated as follows:			
Operating costs	4	1,690,968	1,653,107
General and administration expenses	6	15,754	12,714
		1,706,722	1,665,821
9.4 Capital work-in-progress - Plant betterments			
Opening balance		36,642	22,800
Additions during the year		82,394	21,676
Transfers during the year		(6,400)	(7,834)
		112,636	36,642
9.5 Capital work-in-progress - Narowal			
Opening balance		3,642,242	1,045
Additions during the year			
Payments for land		10,952	22,102
Payments to contractors		3,615,240	3,446,778
Professional services		120,643	22,677
Insurance cost		182,586	-
Land development		214,547	-
Borrowing & related transaction cost	7 & 9.5.1	1,102,523	137,158
Other finance costs	7	137,867	638
Government fees		2,387	11,844
Miscellaneous		2,576	-
		5,389,321	3,641,197
Transfers during the year		-	-
Transaction cost directly attributable to borrowings	17	(467,763)	-
		(467,763)	-
		8,563,800	3,642,242

9.5.1 This includes interest / mark-up capitalisation of Rs. 86.077 million using weighted average borrowing capitalisation rate of 14.42% per annum on general purpose borrowings used for Narowal.

10. INTANGIBLES

	Cost as at July 1, 2008	Additions	Disposals	Cost as at June 30, 2009	Accumulated amortisation as at July 1, 2008	Charge for the year	Disposals	Accumulated amortisation as at June 30 2009	Net Book value as at June 30, 2009	Net Book value as at June 30, 2008
						(Rs. '000s)				
Computer Software	27,070	1,593	-	28,663	24,550	1,863	-	26,413	2,250	2,520

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
10.1 Amortisation charge for the year at 33.33% has been allocated as follows:			
Operating costs	4	958	2,462
General and administration expenses	6	905	700
		1,863	3,162
11. OTHER ASSETS			
Deposits		1,604	1,534
Prepayments		2,671	2,656
Acquisition expenses	12	-	4,810
		4,275	9,000

12. INVESTMENT IN SUBSIDIARY

On August 02, 2008, the Company acquired 75.5% controlling interest in Laraib Energy Limited ("Laraib"), a company incorporated in Pakistan on August 9, 1995 as a public limited company under the Companies Ordinance, 1984 through a Share Purchase Agreement (SPA). Laraib is developing a 84 MW hydropower generating complex near the New Bong Escape, which is 8 km downstream of the Mangla Dam in Azad Jammu & Kashmir, under a Letter of Support (LOS) from the Government of Azad Jammu & Kashmir and Implementation Agreements with the Governments of Pakistan and Azad Jammu & Kashmir. The Government of Azad Jammu & Kashmir is in the process of extending the validity of LOS which expired on June 30, 2009. This project is being developed under the 2002 Hydel Policy and is expected to commence commercial operations by end of 2012. Electricity will be supplied to National Transmission and Dispatch Company Limited (NTDC) under a long term Power Purchase Agreement which has been initialed and is subject to approval by NEPRA.

The Company has made total payment of Rs. 646 million, out of which Rs. 476 million including advance share premium of Rs. 86 million was for acquisition of existing shares and Rs. 170 million for subscription of new shares. The Company is required to pay minimum share premium of USD 12 million if financial close is achieved by August 02, 2009 as per the amended SPA. This premium can increase by a maximum of USD 5.5 million (based on current estimates of project cost) if the Company achieves a target rate of return on its investment. The advance share premium of Rs. 86 million is secured with an Escrow Agent against blank executed share transfer deeds of 8.6 million shares.

On February 02, 2009, the terms of SPA were amended for a period of three months. On April 17, 2009, the terms of SPA were again amended to extend the Financial Close and Seller's Call Option dates for further three months period. According to the amended SPA, if the financial close is not achieved by August 02, 2009, then the following shall occur:

(i) advance share premium of Rs. 86 million will be refunded or 8.6 million shares will be transferred to the Company based on the seller's intention; and

(ii) the Seller may on October 02, 2009 elect to exercise its option to purchase back all shares (including subscription shares) from the Company at par value (Seller's Call Option).

At present, both parties to the SPA are in discussion to finalise the agreement.

In addition to above, the Company is committed to maintain its 75.5% equity interest in Laraib on the basis of 75:25 debt to equity ratio. Based on the current estimates of the project cost, the Company's remaining equity commitment is USD 34 million.

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
13. TRADE DEBTS - Secured			
Considered good	13.1 & 13.2	46,629,457	24,871,327

13.1 This includes an amount of Rs. 40,044 million (2008: Rs. 20,424 million) from WAPDA which is overdue but not impaired because the trade debts are secured by a guarantee from the Government of Pakistan under the Implementation Agreement. The overdue amount carries interest / mark-up at SBP discount rate plus 2% per annum compounded semi-annually. The aging of these overdue receivables is as follows:

	2009 (Rs. '000s)	2008 (Rs. '000s)
Up to 3 months	16,789,462	20,423,654
3 to 6 months	13,924,942	-
Over 6 months	9,329,377	-
	40,043,781	20,423,654

13.2 This includes Rs. 373 million relating to a tax matter (see note 22.7).

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
14. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
Executives		996	19
Suppliers		19,922	426,975
		20,918	426,994
Prepayments			
Guarantee fees and other loan related costs		68	1,537
Miscellaneous		9,238	4,464
		9,306	6,001
Other receivables			
Interest accrued		589	5,319
Income tax	22.6	296,872	296,872
Sales tax		268,488	160,145
Receivable from an associated company		353	369
Payment of Workers' profit participation fund recoverable from WAPDA	8	189,050	130,029
Miscellaneous		233	735
		755,585	593,469
		785,809	1,026,464
15. CASH AND BANK BALANCES			
Savings accounts		282,865	151,051
Call and term deposits		685,165	511,125
Savings accounts - Narowal	15.1	65,686	-
In hand		75	50
		1,033,791	662,226

15.1 This balance is available only for Narowal expenditures.

15.2 Savings, call and term deposits accounts carry mark-up rates ranging between 0.38% to 11.85% (2008: 2.32% to 6.00%) per annum.

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

2009 (No. of Shares)	2008 (No. of Shares)		2009 (Rs. '000s)	2008 (Rs. '000s)
		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

16.1 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.

16.2 Associated companies held 464,568,583 (2008: 462,343,583) shares in the Company as at year end.

17. LONG TERM LOANS - Secured

From Banks / Financial Institution	Note	As at July 01, 2008	drawn	repaid	current portion	transaction cost	As at June 30, 2009
		(Rs. '000s)					
Under the Private Sector Energy Development Fund's (PSEDF) 1 Facility	17.1 & 17.1.1	6,100,397	-	(722,107)	(722,107)	-	4,656,183
Under the Private Sector Energy Development Fund's (PSEDF) 2 Facility	17.1 & 17.1.2	2,170,763	-	(256,955)	(256,955)	-	1,656,853
Sub Total		8,271,160	-	(979,062)	(979,062)	-	6,313,036
For Narowal							
Commercial Facility	17.2.1	-	1,648,692	-	-	-	1,648,692
Expansion Facility	17.2.2	-	3,846,948	-	-	-	3,846,948
Transaction cost paid	9.5	-	-	-	-	(467,763)	(467,763)
Sub Total		-	5,495,640	-	-	(467,763)	5,027,877
Total		8,271,160	5,495,640	(979,062)	(979,062)	(467,763)	11,340,913

From Banks / Financial Institution	Note	As at July 01, 2007	drawn	repaid	current portion	transaction cost	As at June 30, 2008
		(Rs. '000s)					
Under the Private Sector Energy Development Fund's (PSEDF) 1 Facility	17.1 & 17.1.1	6,822,504	-	(722,107)	(722,107)	-	5,378,290
Under the Private Sector Energy Development Fund's (PSEDF) 2 Facility	17.1 & 17.1.2	2,427,718	-	(256,955)	(256,955)	-	1,913,808
Total		9,250,222	-	(979,062)	(979,062)	-	7,292,098

17.1 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.

(b) a floating charge on the whole of the Company's undertaking and assets, present and future, other than any assets for the time being effectively charged by way of fixed charge;

(c) an assignment of all rights, title and interest, present and future, in and to the insurances and all rights of the Company to make recovery under the insurances and all proceeds of the insurances receivable by the Company; 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.

The securities mentioned in (a), (b) and (c) above do not include those relating to the 213.6 MW RFO fired power plant of the Company in district of Narowal, province of Punjab, Pakistan.

17.1.1 Interest is payable @ 14% per annum.

17.1.2 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%.

17.2 In connection with the development of Narowal power plant, the Company has entered into long term financing arrangements for debt financing of the project and to meet its obligations for equity funding commitments with various banks / financial institution.

17.2.1 The facility of Rs. 6,750 million has been signed for 30% equity commitment with various banks / financial institution. Disbursements under the facility are subject to fulfilment of certain conditions precedent. The loan is repayable in 40 installments on quarterly basis following the 3 months after the end of availability period (earlier of 18 months from the facility effective date or three months after the COD) at a mark-up rate of three months KIBOR plus 0.25% per annum. The mark-up is payable on quarterly basis in arrear starting from the availability period (the loans became available on April 16, 2009).

This loan is secured pari passu by way of:

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

(i) the tangible moveable property of the Company;
(ii) the intellectual property of the Company; and
(iii) all goodwill belonging to the Company.

(b) a floating charge on the whole of the Company's undertaking and assets, present and future, other than any assets for the time being effectively charged by way of fixed charge;

(c) an assignment of all rights, title and interest, present and future, in and to the insurances and all rights of the Company to make recovery under the insurances and all proceeds of the insurances receivable by the Company;

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

(e) a first ranking floating charge over the Commercial Facility Disbursement Account (as defined in the LC and Commercial Facility Agreement) and all credit balances held therein from time to time and all rights, property and benefits arising therefrom at any time and from time to time.

The securities mentioned in (a), (b) and (c) above do not include those relating to the 213.6 MW RFO fired power plant of the Company in district of Narowal, province of Punjab, Pakistan.

17.2.2 The Company also entered into another long term financing agreement with various banks / financial institution for an amount of Rs. 15,750 million. Disbursements under the facility are subject to fulfilment of certain conditions precedent. The loan is repayable in 40 installments on quarterly basis following the 3 months after the end of availability period (earlier of 18 months from the facility effective date or three months after the COD) at a markup rate of three months KIBOR plus 3.47% per annum. The mark-up is payable on quarterly basis in arrear starting from the availability period (the loans became available on April 16, 2009).

This 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 Project;

(b) a first ranking floating charge over the Project Company's undertaking and assets (both present and future), fixed and current, 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 Project;

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

(d) mortgage and assignment of 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 Project) 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 Company withdrew Rs. 5,496 million after obtaining lenders' consent for deferment of certain conditions precedent. The Company is committed to fulfil the remaining conditions precedent by September 08, 2009.

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
18. DEFERRED LIABILITY			
Staff gratuity		15,001	14,592

Actuarial valuation was carried out as on June 30, 2009. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost method.

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
Reconciliation of the liability recognised in the balance sheet			
Present value of defined benefit obligation		92,557	73,596
Fair value of plan assets		(70,391)	(54,954)
Net actuarial losses not recognised		(7,165)	(4,050)
Net liability recognised in the balance sheet		15,001	14,592
Reconciliation of the movements during the year in the net liability recognised in the balance sheet			
Opening net liability		14,592	18,411
Expense recognised	18.1	11,558	9,727
Contributions to the fund made during the year		(11,149)	(13,546)
Closing net liability		15,001	14,592
Expense recognised			
Current service cost		9,321	5,609
Interest cost		8,832	6,513
Expected return on plan assets		(6,595)	(3,873)
Actuarial loss recognised		-	1,478
Expense recognised		11,558	9,727

18.1 The total expense recognised is included in general and administration expenses and capital work-in-progress.

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
Actual return on plan assets			
Expected return on plan assets		6,595	3,873
Actuarial loss on plan assets		(2,308)	(340)
Actual return on plan assets		4,287	3,533

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

- Valuation discount rate	14% per annum
- Expected return on plan assets	14% per annum
- Expected rate of increase in salary level	14% per annum

19. SHORT TERM BORROWINGS - Secured

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
Finances under mark-up arrangements		2,433,355	9,880,000
Finances under mark-up arrangements - Narowal		1,148,890	-
	19.1 & 19.2	3,582,245	9,880,000
Finance under mark-up arrangement - Narowal		-	662,813
Bridge finances under mark-up arrangements - Narowal		-	2,783,965
		3,582,245	13,326,778

19.1 The facilities for running finance available from various banks amounted to Rs. 8,519 million (2008: Rs. 10,000 million) at a mark-up ranging between 0.75% to 3.00% per annum above one month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrears. The facilities will expire during the period from September 30, 2009 to April 30, 2010. These facilities are secured by way of charge over the trade debts and stocks of the Company pari passu with the existing charge. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate.

19.2 Included herein is a sum of Rs. Nil (2008: Rs. 2,880 million) payable to an associated undertaking. The available facility amounts to Rs. 2,019 million (2008: Rs. 3,000 million).

20. TRADE AND OTHER PAYABLES

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
Creditor	20.1 & 20.2	41,992,353	10,587,172
Accrued liabilities			
Due to operation and maintenance contractor	20.3	130,142	40,382
Miscellaneous finance costs		15,575	13,740
Miscellaneous	20.4	712,038	284,838
		857,755	338,960
Advance payment	20.5	848,232	624,777
Unclaimed dividend		62,758	59,366
Other payables			
Provision for Workers' profit participation fund	8	189,050	130,029
Retention money		19,955	10,213
Withholding tax		57	-
		209,062	140,242
		43,970,160	11,750,517

20.1 This represents amount payable to Pakistan State Oil.

20.2 This includes an overdue amount of Rs. 37,894 million (2008: Rs. 7,737 million) which carries interest / mark-up at SBP discount rate plus 2% per annum compounded semi-annually.

20.3 This represents amount payable in respect of services rendered by an associated company.

20.4 This includes a sum of Rs. 406.222 million (2008: Rs. 131.678 million) in respect of services rendered by an associated company.

20.5 This represents Capacity Purchase Price invoiced for the succeeding month under the terms of Power Purchase Agreement (PPA).

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
21. INTEREST / MARK-UP ACCRUED			
Interest / mark-up accrued on long term loans		653,342	549,059
Interest / mark-up accrued on short term borrowings	21.1	112,598	313,972
		765,940	863,031

21.1 Included herein is a sum of Rs. 13.010 million (2008: Rs. 80.759 million) payable to an associated undertaking.

22. COMMITMENTS AND CONTINGENCIES

22.1 The Company's Operation and Maintenance (O&M) Agreement has been renegotiated and extended for a further period of 12 years starting from July 01, 2009.

22.2 The Company has entered into a Fuel Supply Agreement (FSA) under which it is committed to purchase a certain quantity of oil from Pakistan State Oil (PSO) every year.

22.3 Counter guarantees, to meet the requirements under the FSA, issued to various banks which are secured pari passu with long term loans (as mentioned in note 17.1) amount to Rs. 5,899 million (2008: Rs. 7,283 million).

22.4 Commitments in respect of capital and revenue expenditure amount to Rs. 222.201 million (2008: Rs. 323.551 million).

22.5 In connection with the development of the Narowal project:

(i) the Company has entered into contracts for construction of a power plant with an installed net capacity of 213.60 MW. The Company's remaining capital commitments against these contracts amount to Rs. 9,924.538 million (2008: Rs. 12,775.524 million).

(ii) the Company has entered into a facility agreement with a commercial bank (an associated undertaking) for issuance of performance guarantee to the Private Power and Infrastructure Board (PPIB) for an amount of Rs. 91.631 million (USD 1.125 million). This guarantee is valid up to September 30, 2010 and is secured by way of a second charge over the Company's entire immovable assets. The performance guarantee shall secure the Company’s obligation to achieve Commercial Operations Date (COD) by not later than March 31, 2010.

(iii) the Company has entered into a Power Purchase Agreement (PPA) on November 20, 2008, with NTDC/CPPA/WAPDA (Power Purchaser) for the sale of all the available capacity and delivery and dispatch of Net Electrical Output generated from the Narowal Power Project with a net capacity of 213.60 MW. Under the PPA, the Company is committed to achieve the COD by March 31, 2010 failing which the Company will be required to pay the liquidated damages to the Power Purchaser at the rate of USD 17,800 per day. In order to meet this obligation, on March 09, 2009, the Company has arranged the issuance of letter of credit (LC) in favour of the power purchaser for an amount of Rs. 478.437 million (USD 5.874 million) from a commercial bank. The LC will expire on March 31, 2010 and will automatically be extended for one year from each expiration date. This LC is secured by way of securities mentioned in note 17.2.2. Any late payment by the Company is subject to a mark-up rate of three months KIBOR plus 4% per annum compounded semi-annually.

(iv) the Company has made arrangements with financial institutions for issuance of Letter of Credit (LC) in the amount of Euro 101.7 million as required under the Equipment Supply Contract (ESC) in favour of MAN Diesel. The payments of this LC are planned to be made from the long term loan facilities mentioned in note 17.2. If the Company is unable to withdraw from long term loan facilities, it will be required to reimburse the banks from its own sources. As at June 30, 2009, the Company's remaining commitment was Euro 74 million. Any late payment by the Company is subject to a mark-up rate of three months KIBOR plus a margin of 2.50% and 2% of liquidated damages.

This LC is secured pari passu by way of:

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

(i) the tangible moveable property of the Company;
(ii) the intellectual property of the Company; and
(iii) all goodwill belonging to the Company.

(b) a floating charge on the whole of the Company's undertaking and assets, present and future, other than any assets for the time being effectively charged by way of fixed charge;

(c) an assignment of all rights, title and interest, present and future, in and to the insurances and all rights of the Company to make recovery under the insurances and all proceeds of the insurances receivable by the Company; and

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

(v) on April 29, 2009, the Company has signed addendum to the Equipment Supply Contract with MAN Diesel under which the Company is obligated to provide confirmed LC for an amount of Euro 74 million out of the total LC commitment as mentioned in note 22.5 (iv) through Citibank Europe plc in favour of MAN Diesel. The Company's maximum obligation at any point in time for LC confirmation is Euro 48 million before the shipment of equipment.

(vi) on March 02, 2009 the Company has entered into Fuel Supply Agreement (FSA) with Bakri Trading Company Pakistan (Pvt.) Ltd. The pricing mechanism of the FSA is required to be approved by power purchaser under the PPA. After approval, no such provision in the FSA shall be changed, amended or modified without the prior written approval of the power purchaser (not to be unreasonably withheld or delayed); provided further that no approval from the power purchaser shall be required if such terms are determined by an independent regulatory authority having jurisdiction under the laws of Pakistan.

(vii) on April 30, 2009, the Company has provided a guarantee of Rs. 259.99 million [equivalent to the 15% of total contract value (USD 21.545 million)] in favour of construction contractor [MAN Diesel Pakistan (Pvt.) Ltd]. This guarantee is valid upto April 15, 2010 and is secured by way of securities mentioned in note 17.2.2.

(viii) as per the PPA, the Company is allowed to claim a margin of 3% over KIBOR in its tariff determination for the long term loans. The loans were signed at a rate of 3.47% over KIBOR as mentioned in note 17.2.2. The Company plans to approach NEPRA for Tariff redetermination and the management believes that it is probable that NEPRA will approve the revised terms.

(ix) under the Narowal PPA, the Company is required to maintain a reserve fund to meet the obligations for major maintenance expenses and therefore a certain portion (yet to be determined) from the first nine monthly capacity billings will not be available to the Company.

22.6 (i) The Deputy Commissioner of Income tax (DCIT) made assessments under section 52/86 of the Income Tax Ordinance, 1979 [ITO,79] amounting to Rs. 1,896 million stating that the Company did not withhold tax at the time of issue of shares to sponsors against project development costs incurred by them. The Company deposited tax amounting to Rs. 297 million against the above assessments in accordance with the departmental procedures. Appeals filed by the Company before the Commissioner of Income tax (Appeals) [the "CIT(A)"] and thereafter with the Income Tax Appellate Tribunal (the "ITAT") were decided against the Company. Against the decision of the ITAT, the Company filed appeals before the High Court (the "HC"). The HC granted a stay of demand for the outstanding tax liability which according to the provisions of section 136 of the ITO,79 expired on August 2, 1999. However, the HC directed the DCIT not to institute recovery measures without its permission.

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

(ii) Without prejudice to the above appeals, the Company filed an application for the resolution of the matter under the Alternate Dispute Resolution (ADR) provided under section 134A of the Income Tax Ordinance, 2001 with the Federal Board of Revenue (FBR). The Alternate Dispute Resolution Committee (ADRC) constituted by the FBR made certain recommendations to the FBR which required the Company to pay a total of Rs. 380 million (including Rs. 297 million already paid). However, the Company informed the FBR that the recommendation of the ADRC was not maintainable under the law because ADRC had gone beyond their mandate. The FBR, after reviewing the recommendations of the ADRC and the letter filed by the Company, decided not to agree with the recommendation of the ADRC and let the dispute be resolved by way of appeals pending before the HC.

Without prejudicing its rights, the Company has held several meetings with the FBR during the year in order to settle the matter in an amicable manner. Various options have been discussed but no conclusion has yet been reached.

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

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

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

Under the provisions of the Implementation Agreement (IA) between the Company and Government of Pakistan (GOP) it was agreed that payments to contractors and sub-contractors would be subject to 4% tax which would be full and final liability on account of income tax. Accordingly, the provisions of tax law were amended. However, during the construction phase, the 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 Hubco’s and other Independent Power Producers’ (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 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 has 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 is filing 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 the financial statements.

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

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

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

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

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

23. 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	2009 (Rs. '000s)	2008 (Rs. '000s)
Chief Executive			
Managerial remuneration		9,315	8,237
Bonus		2,471	2,942
House rent		4,192	3,707
Utilities		931	824
Retirement benefits		931	824
Other benefits		4,531	2,601
		22,371	19,135
Number of persons		1	1
Directors			
Fees	23.1	2,250	1,500
Number of persons		3	3
Executives			
Managerial remuneration		59,620	47,777
Bonus		10,204	10,215
House rent		22,367	19,365
Utilities		5,962	4,778
Retirement benefits		16,443	13,459
Other benefits		24,889	14,127
		139,485	109,721
Number of persons		30	28
Total			
Managerial remuneration / Fees		71,185	57,514
Bonus		12,675	13,157
House rent		26,559	23,072
Utilities		6,893	5,602
Retirement benefits		17,374	14,283
Other benefits		29,420	16,728
		164,106	130,356
Number of persons		34	32

23.1 This represents fee to three independent directors.

23.2 The Chief Executive and certain Executives are provided with the use of Company maintained automobiles in accordance with the terms of their employment.

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

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
24. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKINGS			
Amounts paid for services rendered	24.1	2,552,996	2,131,179
Reimbursement of expenses and others		1,129	2,572
Mark-up on short term borrowings		232,516	177,558
Remuneration to key management personnel			
Salaries, benefits and other allowances		56,060	46,608
Retirement benefits		4,526	3,228
	24.2	60,586	49,836
Fees	23.1	2,250	1,500
Contribution to staff retirement benefit plans	6.1	18,747	15,791

24.1 These include transactions with principal shareholders of the Company under various service agreements.

24.2 Transactions with key management personnel are carried out under the terms of their employment. Key management personnel are also provided with the use of Company maintained automobiles.

24.3 The transactions with associated companies are made under normal commercial terms and conditions.

	2009	2008
25. PLANT CAPACITY AND PRODUCTION		
Theoretical Maximum Output	10,512 GWh	10,541 GWh
Total Output	8,257 GWh	7,205 GWh
Load Factor	78.50%	68.40%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,216 GWh (2008: 9,245 GWh). Output produced by the plant is dependent on the load demanded by WAPDA and the plant availability.

	Note	2009 (Rs. '000s)	2008 (Rs. '000s)
26. WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Inventory of fuel oil		(976,704)	999,574
Trade debts		(21,758,130)	(16,934,544)
Advances, prepayments and other receivables		235,925	242,613
		(22,498,909)	(15,692,357)
Increase in current liabilities			
Trade and other payables		32,216,251	7,801,580
		9,717,342	(7,890,777)
27. CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	1,033,791	662,226
Finances under mark-up arrangements	19	(2,433,355)	(9,880,000)
		(1,399,564)	(9,217,774)

	Note	2009	2008
28. BASIC AND DILUTED EARNINGS PER SHARE			
28.1 Basic			
Profit for the year (Rupees in thousand)		3,780,991	2,600,583
Number of shares in issue during the year	16	1,157,154,387	1,157,154,387
Basic earnings per share (Rupees)		3.27	2.25

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

29. PROPOSED FINAL DIVIDEND

The Board of Directors proposed a final dividend for the year ended June 30, 2009 of Rs. 2 per share, amounting to Rs. 2,314.31 million, at their meeting held on August 12, 2009, for approval of the members at the Annual General Meeting to be held on September 30, 2009. These financial statements do not reflect this dividend payable which will be accounted for in the period in which it is declared.

30. 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 by the Company's treasury 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. 692.632 million (2008: Rs. 592.648 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Company include Rs. 398.510 million (2008: Rs. 59.280 million) in foreign currencies which are subject to currency risk exposure.

The Company believes that the foreign exchange risk exposure on foreign currency 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:

	2009 (Rs. '000s)	2008 (Rs. '000s)
Fixed rate instrument at carrying amount:		
Financial liabilities		
Long term loans	5,378,290	6,100,397
Variable rate instruments at carrying amount:		
Financial assets		
Trade debts	40,043,781	20,423,654
Cash and bank balances	1,033,716	662,176
Total	41,077,497	21,085,830
Financial liabilities		
Long term loans	6,941,685	2,170,763
Short term borrowings	3,582,245	13,326,778
Trade payables	37,893,571	7,736,771
Total	48,417,501	23,234,312

Fair value sensitivity analysis for fixed rate instrument

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 current cash flow difficulties and delays in payment by WAPDA, the Company has delayed payments to PSO (fuel supplier). The Company has also obtained short-term running finances to meet its short-term funding requirements. The Company receives interest on overdue balances from WAPDA at variable rate provided under the PPA and pays interest on overdue balances to PSO at variable rates provided under the FSA. The rates on all these three 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 power plant at variable rates. The related principal repayments and finance cost are pass-through to WAPDA under the PPA. Therefore, there is no significant impact of any change in interest rates on profit or loss.

During the year, the Company also entered into a long term loan agreement for the development of Narowal power plant with various financial institutions (see note 17.2.2). Under the Narowal PPA, the related finance cost up to a mark-up rate of 3 months KIBOR plus 3% margin is allowed as a pass through to WAPDA. Therefore, a change in interest rate at the balance sheet date does not have a significant impact on profit or loss.

During the year, the Company has also entered into another long term loan agreement for the development of Narowal power plant with various financial institutions (see note 17.2.1). The Company has to manage the related finance cost from its own sources which exposes the Company to the risk of change in 3 months KIBOR. Since the project is under construction, the related finance cost is capitalised as at balance sheet date, therefore the change in interest rate does not affect profit or loss.

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:

	2009 (Rs. '000s)	2008 (Rs. '000s)
Deposits	1,604	1,534
Trade debts	46,629,457	24,871,327
Other receivables	190,225	136,452
Cash and bank balances	1,033,716	662,176
Total	47,855,002	25,671,489

Trade debts are recoverable from WAPDA under the PPA and are secured by a guarantee from Government of Pakistan under the Implementation agreement.

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 placed 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 the sufficient funds to meet its liabilities when due without incurring unacceptable losses. The Company maintains running finance facilities (see note no.19) to meet the short-term funding requirements due to delay in payments by WAPDA. The delay in payments by WAPDA is mainly offset by the delay in payments to PSO.

The financing arrangements for Narowal project are entered in a way that there is a time lag between payments made and the drawdown available from the loans. The Company is managing this time lag in payments and receipts from its own sources.

The Company is also exposed to liquidity risk in relation to the payment of interest on long term financing facility (see note no.17.2.1). The Company is required to pay interest on quarterly basis in arrear starting from availability period from its own sources.

The Company is exposed to liquidity risk in relation to the Narowal project financing arrangements (see note no.17.2) where the Company is required to meet certain conditions precedent by September 08, 2009. If the withdrawal from these long term loan facilities is not available, the Company will be required to manage funding for Narowal project from its own sources.

The 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)					
2008-09						
Long term loans	1,396,404	1,484,026	12,001,499	7,414,476	633,248	22,929,653
Short term borrowings	3,694,843	-	-	-	-	3,694,843
Trade and other payables	43,121,871	-	-	-	-	43,121,871
Total	48,213,118	1,484,026	12,001,499	7,414,476	633,248	69,746,367
2007-08						
Long term loans	1,065,925	1,058,622	7,351,411	4,423,747	-	13,899,705
Short term borrowings	13,849,313	-	-	-	-	13,849,313
Trade and other payables	11,125,740	-	-	-	-	11,125,740
Total	26,040,978	1,058,622	7,351,411	4,423,747	-	38,874,758

Fair value estimation

The carrying amount of the financial assets and liabilities reflected in the 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.

Breaches and Default

During the year, the Company made arrangements with financial institutions for issuance of Letter of Credit (LC) in the amount of Euro 101.7 million as required under the Equipment Supply Contract (ESC) in favour of MAN Diesel. The payments of this LC were planned to be made from the long term facilities and in the absence of long term facilities, the Company was required to reimburse the LC banks from its own sources. On February 06, 2009, the long term loan facilities were not made available and therefore, the Company could not reimburse the LC banks an amount of Euro 20.340 million equivalent to Rs. 2,063.513 million. Consequently, the Company incurred liquidated damages of Rs. 8.312 million at the rate of 2% above the normal markup rate.

31. FINANCIAL INSTRUMENTS BY CATEGORY

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

	Loans and receivables (Rs. '000s)	Total June 30, 2009 (Rs. '000s)
Assets as per balance sheet		
Deposits	1,604	1,604
Trade debts	46,629,457	46,629,457
Other receivables	190,225	190,225
Cash and bank balances	1,033,791	1,033,791
Total	47,855,077	47,855,077

	Financial liabilities measured at amortised cost (Rs. '000s)	Total June 30, 2009 (Rs. '000s)
Liabilities as per balance sheet		
Long term loans	12,973,317	12,973,317
Short term borrowings	3,694,843	3,694,843
Trade and other payables	43,121,871	43,121,871
Total	59,790,031	59,790,031

	Loans and receivables (Rs. '000s)	Total June 30, 2008 (Rs. '000s)
Assets as per balance sheet		
Deposits	1,534	1,534
Trade debts	24,871,327	24,871,327
Other receivables	136,452	136,452
Cash and bank balances	662,226	662,226
Total	25,671,539	25,671,539

	Financial liabilities measured at amortised cost (Rs. '000s)	Total June 30, 2008 (Rs. '000s)
Liabilities as per balance sheet		
Long term loans	8,820,219	8,820,219
Short term borrowings	13,640,750	13,640,750
Trade and other payables	11,125,740	11,125,740
Total	33,586,709	33,586,709

32. INITIAL APPLICATION OF STANDARDS OR INTERPRETATION

Standard effective and adopted in 2009

IFRS 7 - "Financial Instrument : Disclosures", requires extensive disclosures about the significance of financial instruments for the Company's financial position and performance, and quantitative and qualitative disclosure on the nature and extent of risks. Adoption of this standard has resulted in additional disclosures given in notes 30 and 31 to the financial statements.

Standard not yet effective

The following standard is effective and applicable to the Company for accounting periods beginning from the date specified below.

IAS 1 - Presentation of financial statements

This standard is effective for periods beginning on or after January 1, 2009 and requires various changes in the presentation and disclosure requirements. The management believes that adoption of this standard in future periods will have no material impact on the Company's financial statements.

Exemption from applicability of IFRIC - 4 "Determining Whether an Arrangement Contains a Lease"

On June 22, 2009, the Securities and Exchange Commission of Pakistan (SECP) has exempted the application of International Financial Reporting Interpretation Committee (IFRIC) - 4 "Determining Whether an Arrangement Contains a Lease" for power sector companies where Letter of Intent (LOI) is issued by the Government on or before June 30, 2010. However, the SECP has made it mandatory to disclose the impact on the results of the application of IFRIC - 4.

Under IFRIC 4, the consideration required to be made by lessee (WAPDA) 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 financial statements would be as follows:

	2009 (Rs. '000s)	2008 (Rs. '000s)
Decrease in unappropriated profit at the beginning of the year	(12,270,485)	(13,343,217)
Increase in profit for the year	520,626	1,072,732
Decrease in unappropriated profit at the end of the year	(11,749,859)	(12,270,485)

33. DATE OF AUTHORISATION

These financial statements were authorised for issue on August 12, 2009 in accordance with the resolution of the Board of Directors.

34. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

Pattern of Shareholding
as at June 30, 2009

Number of Shares		Number of Shareholders	Number Shares Held
From	To		
1	100	248	19,068
101	500	6,008	2,968,248
501	1000	1,776	1,706,815
1001	5000	2,941	8,930,000
5001	10000	1,024	8,454,483
10001	15000	401	5,271,087
15001	20000	299	5,533,315
20001	25000	191	4,512,500
25001	30000	147	4,222,326
30001	35000	80	2,672,226
35001	40000	87	3,380,996
40001	45000	64	2,765,408
45001	50000	108	5,325,975
50001	55000	37	1,972,400
55001	60000	33	1,950,800
60001	65000	25	1,590,200
65001	70000	27	1,857,300
70001	75000	23	1,703,500
75001	80000	23	1,808,000
80001	85000	14	1,170,600
85001	90000	18	1,599,200
90001	95000	7	654,000
95001	100000	67	6,678,500
100001	105000	5	511,000
105001	110000	10	1,084,500
110001	115000	13	1,479,799
115001	120000	8	952,500
120001	125000	9	1,113,500
125001	130000	4	517,974
130001	135000	5	664,687
135001	140000	5	700,000
140001	145000	10	1,434,944
145001	150000	17	2,543,459
150001	155000	4	611,000
155001	160000	7	1,117,000
160001	165000	2	329,000
165001	170000	3	507,500
170001	175000	4	695,000
175001	180000	3	535,600
180001	185000	3	548,100
185001	190000	4	757,000
190001	195000	4	766,598
195001	200000	21	4,198,000
200001	205000	1	205,000
205001	210000	1	205,174
210001	215000	2	428,900
215001	220000	3	658,000
220001	225000	3	670,000
225001	230000	3	689,000
240001	245000	5	1,217,500
245001	250000	7	1,747,000
250001	255000	2	504,000

Number of Shares		Number of Shareholders	Number Shares Held
From	To		
255001	260000	2	520,000
260001	265000	1	262,500
265001	270000	1	270,000
270001	275000	4	1,099,500
275001	280000	3	834,500
280001	285000	2	567,500
285001	290000	4	1,157,800
295001	300000	4	1,200,000
300001	305000	2	603,000
305001	310000	3	928,000
310001	315000	2	623,000
315001	320000	1	315,500
320001	325000	4	1,290,000
330001	335000	3	1,000,001
335001	340000	2	671,500
340001	345000	3	1,031,500
345001	350000	3	1,046,000
355001	360000	2	718,607
360001	365000	3	1,087,500
365001	370000	2	740,000
370001	375000	2	742,526
375001	380000	2	760,000
385001	390000	1	390,000
395001	400000	4	1,600,000
400001	405000	2	806,400
405001	410000	1	410,000
410001	415000	1	412,000
420001	425000	1	425,000
425001	430000	4	1,710,600
435001	440000	1	440,000
440001	445000	1	445,000
445001	450000	1	450,000
450001	455000	2	904,885
470001	475000	1	472,000
480001	485000	1	480,500
495001	500000	5	2,498,930
500001	505000	1	505,000
505001	510000	1	509,500
520001	525000	1	523,000
525001	530000	1	530,000
530001	535000	1	534,500
535001	540000	1	540,000
540001	545000	3	1,630,000
545001	550000	1	550,000
570001	575000	1	573,500
575001	580000	1	578,500
590001	595000	1	594,000
595001	600000	2	1,200,000
600001	605000	2	1,207,500
610001	615000	1	611,000
620001	625000	2	1,250,000
630001	635000	3	1,898,500
640001	645000	1	645,000
645001	650000	1	650,000
680001	685000	2	1,368,500
695001	700000	1	700,000
715001	720000	1	716,829
730001	735000	1	731,200
740001	745000	1	744,500

Number of Shares		Number of Shareholders	Number Shares Held
From	To		
745001	750000	1	750,000
750001	755000	1	751,000
795001	800000	3	2,400,000
800001	805000	1	805,000
805001	810000	1	806,000
820001	825000	1	825,000
825001	830000	1	829,000
855001	860000	1	857,000
870001	875000	1	874,000
880001	885000	2	1,768,000
885001	890000	1	885,171
890001	895000	1	891,361
895001	900000	2	1,800,000
915001	920000	1	919,500
920001	925000	1	923,500
945001	950000	3	2,847,500
995001	1000000	3	3,000,000
1005001	1010000	1	1,007,000
1025001	1030000	1	1,027,500
1040001	1045000	1	1,044,250
1065001	1070000	1	1,070,000
1070001	1075000	1	1,075,000
1090001	1095000	1	1,091,500
1095001	1100000	1	1,100,000
1145001	1150000	1	1,150,000
1150001	1155000	1	1,155,000
1180001	1185000	1	1,185,000
1190001	1195000	1	1,191,500
1195001	1200000	2	2,395,500
1205001	1210000	1	1,208,500
1210001	1215000	1	1,213,500
1235001	1240000	2	2,477,675
1285001	1290000	1	1,287,200
1370001	1375000	1	1,375,000
1420001	1425000	1	1,425,000
1460001	1465000	1	1,465,000
1470001	1475000	1	1,473,500
1495001	1500000	3	4,497,500
1595001	1600000	1	1,597,500
1640001	1645000	1	1,641,500
1670001	1675000	1	1,675,000
1680001	1685000	1	1,680,201
1695001	1700000	1	1,699,000
1760001	1765000	1	1,764,500
1770001	1775000	1	1,772,500
1890001	1895000	1	1,890,500
1930001	1935000	1	1,933,500
1940001	1945000	1	1,945,000
1950001	1955000	1	1,954,500
1995001	2000000	2	4,000,000
2030001	2035000	1	2,032,500
2065001	2070000	1	2,069,000
2155001	2160000	1	2,160,000
2185001	2190000	1	2,186,000
2205001	2210000	1	2,209,000
2210001	2215000	1	2,211,000
2230001	2235000	1	2,230,500
2300001	2305000	1	2,304,000
2310001	2315000	1	2,310,500

Number of Shares		Number of	Number
From	To	Shareholders	Shares Held
2315001	2320000	1	2,319,500
2325001	2330000	1	2,328,703
2340001	2345000	1	2,341,000
2410001	2415000	1	2,414,500
2440001	2445000	1	2,442,500
2505001	2510000	1	2,508,000
2625001	2630000	1	2,630,000
2710001	2715000	1	2,713,000
2745001	2750000	1	2,750,000
2775001	2780000	1	2,776,800
2845001	2850000	1	2,850,000
2910001	2915000	1	2,912,500
3015001	3020000	1	3,018,829
3185001	3190000	1	3,186,000
3195001	3200000	1	3,200,000
3200001	3205000	1	3,201,000
3340001	3345000	1	3,341,000
3370001	3375000	1	3,370,500
3470001	3475000	1	3,475,000
3540001	3545000	1	3,543,000
3695001	3700000	1	3,699,500
3790001	3795000	1	3,791,500
3970001	3975000	1	3,975,000
3995001	4000000	1	4,000,000
4045001	4050000	1	4,049,850
4325001	4330000	1	4,329,000
4385001	4390000	1	4,387,158
4590001	4595000	1	4,592,000
5265001	5270000	1	5,266,539
5545001	5550000	1	5,550,000
5770001	5775000	1	5,772,000
6075001	6080000	1	6,076,500
6245001	6250000	1	6,246,000
6440001	6445000	1	6,442,000
6995001	7000000	1	7,000,000
9225001	9230000	1	9,228,350
10095001	10100000	1	10,100,000
11380001	11385000	1	11,384,000
11905001	11910000	1	11,908,000
13410001	13415000	1	13,414,500
13750001	13755000	1	13,752,000
14940001	14945000	1	14,941,736
15365001	15370000	1	15,367,500
16010001	16015000	1	16,013,664
17350001	17355000	1	17,351,561
17380001	17385000	1	17,382,696
19645001	19650000	1	19,650,000
20430001	20435000	1	20,432,459
21245001	21250000	1	21,248,016
23980001	23985000	1	23,983,200
24355001	24360000	1	24,359,316
28380001	28385000	1	28,380,550
47325001	47330000	1	47,325,500
98390001	98395000	1	98,391,000
140280001	140285000	1	140,280,633
201800001	201805000	1	201,803,509
	TOTAL:	**14,056**	**1,157,154,387**

Categories of Shareholding

as at June 30, 2009

Categories	No. of Shareholders	No. of Shares held	Percentage
Individuals	13,570	157,368,776	13.60
Joint Stock Companies	163	502,619,206	43.43
Financial Institutions	48	206,126,986	17.81
Investment Companies	41	56,550,116	4.89
Insurance Companies	27	41,744,081	3.61
Modaraba/Mutual Fund & Leasing Cos.	68	103,216,261	8.92
OTHERS			
Government of Balochistan	1	358,607	0.03
GDR Depository	1	24,359,316	2.11
Charitable Trusts	33	9,841,219	0.85
Cooperative Societies	9	939,000	0.08
Provident/Pension/Gratuity Fund	93	33,636,319	2.91
Employee's Old Age Benefits Institution	1	19,650,000	1.70
Capital Development Authority	1	744,500	0.06
	14,056	1,157,154,387	100

The above two statements include 8,343 shareholders holding 1,084,526,648 shares through the Central Depository Company of Pakistan Limited (CDC).

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

Mitsui & Co., Ltd.,	21,248,016
National Power International Holding B.V.	201,803,509
Adamjee Insurance Company Limited	115,500
Xenel International	140,280,633
MCB Bank Limited - Treasury	1,239,925
Committee of Admin. Fauji Foundation	98,391,000
Golden Arrow Selected Stock Fund	1,490,000

NIT & ICP

Investment Corporation of Pakistan	1,100
National Bank of Pakistan, Trustee Deptt.	16,013,664

Directors

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

Executives

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

Banks, Development Financial Institutions, Non-Banking Financial Institutions

Allied Bank Limited	47,325,500
Askari Bank Limited	3,975,000
Australian Retirement Fund Pty Ltd.	1,954,500
Bank Al Habib Limited	1,597,500
Bank Alfalah Limited	3,910,536
Brown Brothers Harriman & Co.	685,000
Citigroup Global Markets Limited	1,772,500
Credit Suisse Zurich	50,000
Deutsche Bank Frankfurt	1,500,000
Deutsche Bank London Global Equities	141,444
Faysal Bank Limited	891,361
FMG Middle East North Africa (Mena) Fund Ltd	200,000
Goldman Sachs International	829,000
Habib Bank AG Zurich, Deira Dubai	3,201,000
Habib Bank AG Zurich, London	950,000
Habib Bank AG Zurich, Zurich,Switzerland	5,266,539
Habib Bank Limited-Treasury Division	17,351,561
Habib Metropolitan Bank Limited	600,000
Habibsons Bank Ltd - Client Account	6,076,500

Indus Bank Limited	594,000
Industrial Development Bank of Pakistan	41,508
KASB Bank Limited	3,475,000
Meezan Bank Limited	3,543,000
Merrill Lynch Pierce Fenner & Smith Inc	28,380,550
Morgan Stanley Trust Co.	1,474,700
Mybank Limited	500,000
National Bank of Pakistan	9,229,250
National Dev. Finance Corp. (Investar)	1,500
National Investment Trust Limited (Emof-2008)	1,680,201
NBP Trustee - NI(U)T (Loc) Fund	14,941,736
NIB Bank Limited	11,384,000
Pak Iran Joint Investment Company Limited	751,000
Prudential Discount & Guarantee House Ltd	15,000
Prudential Stocks Fund Limited	100
Saudi Pak Inv. Co.	1,000,000
Silkbank Limited	625,000
SME Bank Limited	107,000
State Street Bank And Trust Co., U.S.A.	23,984,700
The Bank of New York Mellon	5,967,700
The Northern Trust Company	100
DCD Services Limited	153,000

Insurance Companies

The Universal Insurance Company Limited	40,000
New Hampshire Insurance Co.	225,000
Premier Insurance Limited	117,500
New Jubilee Insurance Company Limited	4,719,000
State Life Insurance Corp. of Pakistan	18,882,696
Central Insurance Co. Ltd.	2,230,500
EFU General Insurance Limited	500,000
EFU Life Assurance Ltd.	2,069,000
National Insurance Company Limited	6,246,000
Pakistan Reinsurance Company Limited	451,885
Reliance Insurance Company Ltd.	150,000
Excel Insurance Co. Ltd.	1,070,000
Habib Insurance Co. Limited	311,000
Century Insurance Company Ltd.	573,500
Saudi Pak Insurrance Company Ltd	10,000
Takaful Pakistan Limited	22,000
Atlas Insurance Limited	145,000
Asia Care Health & Life Insurance Co. Ltd.	50,000
Security General Insurance Co. Ltd.	2,341,000
Pak Qatar Family Takaful Ltd.	110,000
Pak Qatar General Takaful Ltd.	100,000
Trakker Direct Insurance Ltd.	10,000
Security General Insurance Company Ltd.	1,322,500
Alfalah Insurance Co. Ltd.	47,500

Modaraba/Mutual Fund and Leasing Companies

B.R.R. Gaurdian Modaraba	90,100
First Habib Bank Modaraba	250,000
Security Leasing Corporation Limited	100,000
First Prudential Modaraba	62,500
B.F. Modaraba	100,000
First Alnoor Modaraba	169,500
First Pak Modaraba	65,000
Al-Zamin Leasing Modaraba	2,500
First Elite Capital Modaraba	16,000
Al-Zamin Leasing Corporation Limited	130,000
CDC Trustee-Pakistan Stock Market Fund	2,442,500
JS Value Fund Limited	857,000
CDC Trustee-Pakistan Capital Market Fund	631,500

Golden Arrow Selected Stocks Fund Ltd.	1,490,000
CDC - Trustee PCIC Investment Fund	6,442,000
CDC - Trustee JS Large Cap. Fund	1,890,500
CDC - Trustee PCIC Growth Fund	13,414,500
CDC - Trustee Pak Strategic Alloc. Fund	2,414,500
CDC - Trustee Atlas Stock Market Fund	1,200,000
CDC - Trustee Meezan Balanced Fund	3,370,500
CDC - Trustee UTP Islamic Fund	361,500
CDC - Trustee Faysal Balanced Growth Fund	800,000
CDC - Trustee Alfalah GHP Value Fund	2,032,500
CDC - Trustee Unit Trust of Pakistan	2,713,000
CDC - Trustee JS Aggressive Asset Allocation Fund	175,000
Pakistan Premier Fund Limited	1,191,500
CDC - Trustee AKD Index Tracker Fund	111,900
CDC - Trustee PCIC Energy Fund	5,772,000
CDC - Trustee AKD Opportunity Fund	1,208,500
CDC - Trustee Pakistan International Element Islamic Fund	2,310,500
Trustee - UTP A30+Fund	214,900
Al Meezan Mutual Fund Limited	3,186,000
CDC - Trustee Meezan Islamic Fund	11,908,000
FDIBL Trustee - Namco Balanced Fund	602,500
CDC - Trustee United Stock Advantage Fund	1,425,000
CDC - Trustee Atlas Islamic Fund	1,375,000
CDC - Trustee United Composite Islamic Fund	950,000
CDC - Trustee NAFA Stock Fund	2,912,500
CDC - Trustee NAFA Multi Asset Fund	4,387,158
CDC - Trustee MCB Dynamic Stock Fund	2,328,703
CDC - Trustee KASB Stock Market Fund	534,500
CDC - Trustee Askari Asset Allocation Fund	100,000
CDC - Trustee JS Capital Protected Fund II	221,500
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Fund	190,000
Trustee - PPF Equity (Sub-Fund)	60,000
CDC - Trustee APF-Equity Sub Fund	65,000
CDC - Trustee JS Pension Savings Fund - Equity Account	35,000
CDC - Trustee Alfalah GHP Islamic Fund	1,641,500
CDC - Trustee HBL - Stock Fund	2,304,000
CDC - Trustee NAFA Islamic Multi Asset Fund	1,497,500
Trustee PIPF Equity Sub - Fund	68,000
CDC - Trustee APIF- Equity Sub Fund	185,000
MC FSL - Trustee JS Growth Fund	5,550,000
CDC - Trustee HBL Multi - Asset Fund	480,500
CDC - Trustee KASB Balanced Fund	530,000
Trustee - Crosby Dragon Fund	4,000,000
CDC - Trustee MCB Dynamic Allocation Fund	2,186,000
CDC - Trustee JS Islamic Pension Savings Fund - Equity A/C	80,000
CDC - Trustee Meezan Capital Protected Fund	198,000
MC FSL Trustee Alfalah GHP Principal Protected Fund	400,000
CDC - Trustee IGI Stock Fund	806,000
CDC - Trustee Alfalah GHP Alpha Fund	429,000
CDC - Trustee Pak Oman Advantage Islamic Fund	275,000
CDC - Trustee Pak Oman Advantage Stock Fund	275,000

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

National Power International Holding B.V.	201,803,509
Xenel International	140,280,633

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

None of the Director, CEO, Chief Financial Officer, Company Secretary and their spouses and minor children have traded in Hubco Shares during the financial year ended June 30, 2009.

Shareholders' Information

Shareholders' Enquiries

General enquiries relating to the Company should be addressed to:

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

Enquiries relating to Shares should be addressed to:

Famco Associates (Pvt) Limited,
(Formerly Ferguson Associates (Pvt) Ltd)
State Life Building 1-A, 1st Floor, I. I. Chundrigar Road,
Karachi.

Enquiries relating to GDRs should be addressed to either:

(1) Bank of New York,
ADR Division,
101 Barclay Street,
22, West New York,
NY 12086, U. S. A.

(2) Standard Chartered Bank (Pakistan) Limited,
I. I. Chundrigar Road,
Karachi.

Consolidated Financial Statements

THE HUB POWER COMPANY LIMITED and its Subsidiary Company
LARAIB ENERGY LIMITED

Report of the Directors on Consolidated Financial Statements

The Board of Directors have pleasure in presenting the Audited Financial Statements of The Hub Power Company Limited (the Company) and its Subsidiary Laraib Energy Limited (the Subsidiary) for the year ended June 30, 2009.

The Company holds 75.5% shares in the Subsidiary. The Subsidiary is developing the 84 MW hydropower generating complex near the New Bong Escape 8 km downstream of the Mangla Dam in Azad Jammu & Kashmir. The Financial Close of the Subsidiary is expected by September 30, 2009 with a targeted Commercial Operation Date of end 2012.

The combined financials are as follows:

	2009 (Rs. '000s)
Turnover	82,783,924
Gross profit	6,096,811
Profit for the year	3,717,099
Attributable to:	
- Equity holders of the holding company	3,732,753
- Minority interest	(15,654)
	3,717,099
Earnings per share attributable to equity holders of the holding company (Rupees)	3.23

The Directors would like to draw your attention to the last paragraph of the Auditors' Report relating to note 23.7 to the financial statements.

The Directors Report on The Hub Power Company Limited for the year ended June 30, 2009 has been separately presented in this report.

By Order of the Board

Javed Mahmood
Chief Executive

Karachi - August 12, 2009

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of The Hub Power Company Limited and its subsidiary company (Laraib Energy Limited) as at June 30, 2009 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. The financial statements of subsidiary company were audited by another firm of chartered accountants, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit is 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 Hub Power Company and its subsidiary company as at June 30, 2009 and the results of their operations for the year then ended.

Without qualifying our opinion, we draw attention to the matter described in note 23.7 to the consolidated financial statements. The ultimate outcome of this contingency cannot presently be determined and accordingly, no provision for any liability that may result has been made in the consolidated financial statements.

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Engagement Partner
Nadeem Yousuf Adil

Karachi
Date: August 12, 2009

Consolidated
Profit and Loss Account
for the year ended June 30, 2009

	Note	2009 (Rs. '000s)
Turnover	4	82,783,924
Operating costs	5	(76,687,113)
GROSS PROFIT		6,096,811
Other income	6	133,472
General and administration expenses	7	(415,046)
Finance costs	8	(2,098,138)
Workers' profit participation fund	9	-
PROFIT FOR THE YEAR		3,717,099
Attributable to:		
- Equity holders of the holding company		3,732,753
- Minority interest		(15,654)
		3,717,099
Basic and diluted earnings per share attributable to equity holders of the holding company (rupees)	29	3.23

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

Consolidated Balance Sheet
as at June 30, 2009

	Note	2009 (Rs. '000s)
ASSETS		
NON-CURRENT ASSETS		
Fixed Assets		
Property, plant and equipment	10	38,221,895
Intangibles	11	1,661,733
Stores and spares		637,023
Other assets	12	323,009
CURRENT ASSETS		
Inventory of fuel oil		2,540,887
Trade debts	13	46,629,457
Advances, deposits, prepayments and other receivables	14	791,542
Cash and bank balances	15	1,034,660
		50,996,546
TOTAL ASSETS		91,840,206
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVE		
Share Capital		
Authorised	16	12,000,000
Issued, subscribed and paid-up	16	11,571,544
Revenue Reserve		
Unappropriated profit		17,912,568
Attributable to equity holders of the holding company		29,484,112
MINORITY INTEREST		95,687
		29,579,799
NON-CURRENT LIABILITIES		
Long term loans	17	11,340,913
Liabilities against assets subject to finance lease	18	1,570
Deferred liabilities	19	15,250
CURRENT LIABILITIES		
Current maturity of long term loans	17	979,062
Current maturity of liabilities against assets subject to finance lease	18	1,510
Short term borrowings	20	3,593,760
Trade and other payables	21	45,562,388
Interest / mark-up accrued	22	765,954
		50,902,674
COMMITMENTS AND CONTINGENCIES	23	-
TOTAL EQUITY AND LIABILITIES		91,840,206

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

Consolidated
Cash Flow Statement
for the year ended June 30, 2009

	Note	2009 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year		3,717,099
Adjustments for:		
Depreciation		1,709,616
Amortisation		1,863
Gain on disposal of fixed assets		(1,125)
Deferred income realised during the period		(144)
Staff gratuity		12,260
Interest income		(20,577)
Interest / mark-up		2,002,611
Operating profit before working capital changes		7,421,603
Working capital changes	27	9,682,221
Cash generated from operations		17,103,824
Interest received		25,307
Interest / mark-up paid		(2,099,861)
Staff gratuity paid		(11,851)
Net cash from operating activities		15,017,419
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure - net		(5,708,638)
Proceeds from disposal of fixed assets		2,694
Acquisition of a subsidiary - net of cash acquired	3.1	(489,119)
Stores and spares		(14,051)
Other assets		(34,787)
Net cash used in investing activities		(6,243,901)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loans		(979,062)
Proceeds from long term loans - net (Narowal)		5,027,877
Dividends paid to equity holders of the holding company		(2,715,920)
Finances under mark-up arrangements - (Narowal)		(2,297,888)
Repayment of liabilities against assets subject to finance lease		(961)
Net cash used in financing activities		(965,954)
Net increase in cash and cash equivalents		7,807,564
Cash and cash equivalents at the beginning of the year		(9,217,774)
Cash and cash equivalents at the end of the year	28	(1,410,210)

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

Consolidated
Statement of Changes in Equity
for the year ended June 30, 2009

	Note	2009 (Rs. '000s)
Attributable to equity holders of the holding company		
Issued capital		
Balance at the beginning of the year		11,571,544
Balance at the end of the year	16	11,571,544
Unappropriated Profit		
Balance at the beginning of the year		16,899,127
Profit for the year		3,732,753
Total recognised income and expenses for the year		3,732,753
Final dividend for the fiscal year 2007-2008 @ Rs. 1.00 per share		(1,157,154)
Interim dividend for the fiscal year 2008-2009 @ Rs.1.35 per share		(1,562,158)
Balance at the end of the year		17,912,568
Attributable to equity holders of the holding company		29,484,112
Minority interest		
Balance at the beginning of the year		-
Minority interest arising on business combination	3.1	111,341
Loss for the year		(15,654)
Balance at the end of the year		95,687
Total equity		29,579,799

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

Notes to the Consolidated Financial Statements
for the year ended June 30, 2009

1. STATUS AND NATURE OF BUSINESS

1.1 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 own, operate and maintain an oil-fired power station with four generating units with an installed net capacity of 1,200 MW in Tehsil Hub, District Lasbella, Balochistan and to carry out the business of power generation, distribution and sale at other places in Pakistan.

On August 02, 2008, the holding company acquired 75.5% controlling interest in Laraib Energy Limited (“the subsidiary”), a company incorporated in Pakistan on August 9, 1995 as a public limited company under the Companies Ordinance, 1984 through a Share Purchase Agreement (SPA). The subsidiary is developing a 84 MW hydropower generating complex near the New Bong Escape, which is 8 km downstream of the Mangla Dam in Azad Jammu & Kashmir, under a Letter of Support (LOS) from the Government of Azad Jammu & Kashmir and Implementation Agreements with the Governments of Pakistan and Azad Jammu & Kashmir. The Government of Azad Jammu & Kashmir is in the process of extending the validity of LOS which expired on June 30, 2009. This project is being developed under the 2002 Hydel Policy and is expected to commence commercial operations by end of 2012. Electricity will be supplied to National Transmission and Dispatch Company Limited (NTDC) under a long term Power Purchase Agreement which has been initialed and is subject to approval by NEPRA.

On February 02, 2009, the terms of SPA were amended for a period of three months. On April 17, 2009, the terms of SPA were again amended to extend the Financial Close and Seller’s Call Option dates for further three months period. According to the amended SPA, if the financial close is not achieved by August 02, 2009, then the following shall occur:

(i) advance share premium of Rs. 86 million (see note 3.1) will be refunded or 8.6 million shares will be transferred to the holding company based on the seller’s intention; and

(ii) the Seller may on October 02, 2009 elect to exercise its option to purchase back all shares (including subscription shares) from the holding company at par value (Seller’s Call Option).

At present, both parties to the SPA are in discussion to finalise the agreement.

The holding company is committed to maintain its 75.5% equity interest in the subsidiary on the basis of 75:25 debt to equity ratio. Based on the current estimates of the project cost, the holding company’s remaining equity commitment is USD 34 million.

1.2 The Group consists of:

- The Hub Power Company Limited (the holding company); and
- Laraib Energy Limited (the subsidiary) – Holding of 75.5%.

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 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 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 minority 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 include the financial statements of the holding company and its subsidiary – "the Group".

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 over the subsidiary is established and is excluded from consolidation from the date of disposal or cessation of control.

The financial statements of the subsidiary are prepared for the same reporting period as the holding company, using consistent accounting policies.

The assets and liabilities of the subsidiary company have been consolidated on a line-by-line basis and the carrying value of investment held by the holding company is eliminated against the subsidiary's share capital and pre-acquisition reserves in the consolidated financial statements.

Material intra-group balances and transactions are eliminated.

Minority interest is that part of the net results of operations and of net assets of the subsidiary company attributable to interest which is not owned by the holding company.

2.4 Property, plant and equipment

(a) Operating property, plant, equipment and depreciation

Owned assets

These are stated at cost less accumulated depreciation except for freehold land which is stated at cost.

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

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

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

Leased assets

Assets held under finance lease are initially stated at lower of fair value of asset and present value of minimum lease payments at the inception of lease. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. Finance charges are allocated over the period of lease term so as to provide a constant periodic rate of finance charge on the outstanding liability. Depreciation is charged on the basis similar to owned assets.

(b) Capital work-in-progress

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

2.5 Intangible assets and amortisation

(a) Goodwill

Goodwill represents the excess of cost of an 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. 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 Stores and spares

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

2.7 Impairment of assets

The carrying amounts of non-current assets except goodwill are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed these estimated recoverable amounts, assets are written down to their recoverable amounts. Impairment losses are recognised as expense in the profit and loss account. An impairment loss on non-current assets except goodwill is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.8 Inventory of fuel oil

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

2.9 Cash and cash equivalents

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

2.10 Revenue recognition

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

2.11 Interest income

Interest income is recorded on accrual basis.

2.12 Staff retirement benefits

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

The holding company operates 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.

2.13 Deferred income

Gains on sale and lease back transactions are deferred and recognised as income over the lease term of respective assets.

2.14 Foreign currency translation

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

2.15 Taxation

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

2.16 Dividend

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

2.17 Financial instruments

(a) Trade and other receivables

Trade 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 its cost being the fair value of consideration received 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 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.

2.18 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.

2.19 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.

3. BUSINESS COMBINATION

3.1 The acquisition of the subsidiary disclosed in note 1, has been accounted for under the 'purchase method'. Accordingly, these consolidated financial statements reflect the assets acquired and liabilities assumed including contingent liabilities of the subsidiary on the effective date of business combination i.e. August 02, 2008.

The fair value of the identifiable assets and liabilities of the subsidiary as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Note	Fair value recognised on acquisition (Rs. '000s)	Previous carrying value (Rs. '000s)
Property, plant and equipment		287,978	287,978
Other assets		279,222	296,392
Advances, deposits, prepayments and other receivables		4,055	4,055
Cash and bank balances		173,840	173,840
		745,095	762,265
Liabilities against assets subject to finance lease		4,041	4,041
Deferred income	19.2	550	550
Short term borrowings		6,500	6,500
Trade and other payables		221,200	238,371
Provision for contingent liabilities	3.5 & 21	58,179	-
Interest / mark-up accrued		173	173
		290,643	249,635
Net assets		454,452	512,630
Minority interest (24.5%)		(111,341)	
Total net assets acquired		343,111	
Goodwill arising on acquisition	3.3 & 11	1,659,483	
Total consideration		2,002,594	
Cost			
Cash paid at the time of acquisition	3.2		560,000
Contingent consideration			
- share premium paid in advance	3.2		86,000
- balance share premium payable	3.2 & 21		1,346,135
Direct cost relating to the acquisition			10,459
Total cost of business combination			2,002,594
Cash outflow on acquisition:			
Net cash acquired with the subsidiary			167,340
Cash paid			(656,459)
Net cash outflow			(489,119)

3.2 The holding company has made total payment of Rs. 646 million, out of which Rs. 476 million including advance share premium of Rs. 86 million was for acquisition of existing shares and Rs. 170 million for subscription of new shares. The holding company is required to pay minimum share premium of USD 12 million if financial close is achieved by August 02, 2009 as per the amended SPA (see note 1.1 for current status). This premium can increase by a maximum of USD 5.5 million (based on current estimates of project cost) if the holding company achieves a target rate of return on its investment. The advance share premium of Rs. 86 million is secured with an Escrow Agent against blank executed share transfer deeds of 8.6 million shares.

3.3 The goodwill of Rs. 1,659.483 million includes contingent share premium as mentioned above and effectively comprises the value of expected synergies and future revenue growth arising from the acquisition. The amount of goodwill is subject to change on the basis of revised project cost at financial close and achieving target rate of return on its investment.

3.4 From the date of acquisition, the profit for the year of the Group has been reduced by Rs. 63.892 million due to the acquisition of the subsidiary. If the combination had taken place at the beginning of the year, the profit for the year of the Group would have been Rs. 3,704.786 million and revenue of the Group would have been Rs. 82,783.924 million.

3.5 Prior to the acquisition, the subsidiary's Board of Directors in its meeting held on May 20, 2002 had agreed and approved a payment of US$ 0.500 million net of tax to its Chief Executive upon successful completion of the project's financial close. This payment is in recognition of services rendered for project development during the period from 1998 to 2001. The provision recognised above was a present obligation of the subsidiary immediately prior to the business combination, however, it is not recognised in the subsidiary's financial statements as it is a contingent liability as per the requirements of IAS-37 'Provisions, Contingent Liabilities and Contingent Assets'.

	Note	2009 (Rs. '000s)
4. TURNOVER		
Turnover		93,609,789
Less: Sales tax		(10,825,865)
		82,783,924
5. OPERATING COSTS		
Residual fuel oil		71,894,694
Operation and Maintenance	5.1 & 23.1	2,360,427
Insurance		409,800
Depreciation	10.3	1,690,968
Amortisation	11.1	958
Miscellaneous		330,266
		76,687,113
5.1 This represents services rendered by an associated company.		
6. OTHER INCOME		
Interest income		20,577
Gain on disposal of fixed assets		1,125
Deferred income realised during the period	19.2	144
Exchange gain		111,596
Other		30
		133,472

7. GENERAL AND ADMINISTRATION EXPENSES

	Note	2009 (Rs. '000s)
Salaries, benefits and other allowances	7.1	210,845
Fuel and power		4,914
Property, vehicles and equipment rentals		11,979
Repairs and maintenance		8,462
Legal and professional		38,356
Insurance		6,990
Auditors' remuneration	7.2	3,085
Depreciation	10.3	18,648
Amortisation	11.1	905
Miscellaneous	7.3	110,862
		415,046

7.1 These include Rs. 19.662 million in respect of staff retirement benefits.

7.2 Auditors' remuneration

Statutory audits	1,800
Half yearly review	425
Other services	685
Out-of-pocket expenses	175
	3,085

7.3 Includes donation of Rs. 25.649 million. No directors or their spouses had any interest in any donee to which donations were made.

	Note	2009 (Rs. '000s)
8. FINANCE COSTS		
Holding company		
Interest / mark-up on long term loans		1,105,124
Mark-up on short term borrowings		807,556
Miscellaneous finance costs		88,702
Bank charges		58
		2,001,440
Narowal		
Interest / mark-up on long term loans		151,203
Mark-up on short term borrowings		561,794
Other finance costs		533,540
Liquidated damages		8,312
		1,254,849
Laraib's acquisition		
Mark-up on short term borrowings		72,240
Other finance costs		6,361
		78,601
		3,334,890
Less: amount capitalised in the cost of qualifying assets - Narowal	10.5	(1,240,390)
Finance cost of the holding company		2,094,500
Subsidiary		
Mark-up on leased assets		348
Mark-up on salary payable to CEO		1,846
Mark-up on short term borrowings from CEO		1,024
Mark-up on short term borrowings		14
Transaction cost of borrowings		40,061
Other finance costs		19,886
Late payment surcharge on payables		183
Bank charges		223
		63,585
Less: amount capitalised in the cost of qualifying assets - subsidiary	10.6	(59,947)
		3,638
		2,098,138
9. WORKERS' PROFIT PARTICIPATION FUND		
Provision for Workers' profit participation fund	21	189,050
Payment of Workers' profit participation fund recoverable from WAPDA	14	(189,050)
		-

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

	Note	2009 (Rs. '000s)
10. PROPERTY, PLANT AND EQUIPMENT		
Operating property, plant and equipment	10.1	29,225,249
Capital work-in-progress		
Plant betterments	10.4	112,636
Narowal	10.5	8,563,800
Subsidiary	10.6	320,210
		8,996,646
		38,221,895

10.1 Operating property, plant and equipment

	Freehold land	Building on freehold land	Leasehold property	Owned Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Leased vehicles	Total
	(Rs. '000s)								
Cost:									
As at July 1, 2008	18,890	186,495	862	48,664,612	27,645	67,853	7,126	-	48,973,483
Acquisition of a subsidiary	-	-	-	1,382	7,417	3,289	2,804	5,871	20,763
Additions	-	-	-	645,398	4,208	19,139	167	-	668,912
Disposals	-	-	-	(457)	-	(9,471)	(78)	-	(10,006)
As at June 30, 2009	18,890	186,495	862	49,310,935	39,270	80,810	10,019	5,871	49,653,152
Depreciation:									
Rate (%)	-	3.33, 10 & 20	3.33	3.33 to 33.33	10 to 20	20 to 25	10 to 20	20	-
As at July 1, 2008	-	81,965	395	18,568,049	24,225	35,017	4,659	-	18,714,310
Acqusition of a subsidiary	-	-	-	1,374	4,372	3,054	964	2,650	12,414
Charge for the year	-	5,862	29	1,686,536	3,185	12,119	815	1,070	1,709,616
Disposals	-	-	-	(457)	-	(7,941)	(39)	-	(8,437)
As at June 30, 2009	-	87,827	424	20,255,502	31,782	42,249	6,399	3,720	20,427,903
Net book value as at June 30, 2009	18,890	98,668	438	29,055,433	7,488	38,561	3,620	2,151	29,225,249
Cost of fully depreciated assets as at June 30, 2009	-	18,372	-	121,490	20,322	20,929	3,456	-	184,569

10.2 Disposal of operating property, plant and equipment

Assets	Cost	Accumulated depreciation	Net book value	Sale price	Mode of disposal	Particulars of buyer
	(Rs. '000s)					
Vehicle	630	210	420	430	Holding company policy	Shahzad Ragadia - Ex-employee
Vehicle	1,236	283	953	963	Holding company policy	Waqar Ahmed Farooqi - Ex-employee
Vehicle	629	472	157	167	Holding company policy	Mohsin Maqsood - Employee
Items having a net book value not exceeding Rs. 50,000 each						
Vehicles	6,976	6,976	-	1,115	Various	Various
Computers	457	457	-	13	Various	Various
Equipments	78	39	39	6	Various	Various
Total - June 30, 2009	10,006	8,437	1,569	2,694		

		Note	2009 (Rs. '000s)
10.3	**Depreciation charge for the year has been allocated as follows:**		
	Operating costs	5	1,690,968
	General and administration expenses	7	18,648
			1,709,616
10.4	**Capital work-in-progress - Plant betterments**		
	Opening balance		36,642
	Additions during the year		82,394
	Transfers during the year		(6,400)
			112,636
10.5	**Capital work-in-progress - Narowal**		
	Opening balance		3,642,242
	Additions during the year		
	Payments for land		10,952
	Payments to contractors		3,615,240
	Professional services		120,643
	Insurance cost		182,586
	Land development		214,547
	Borrowing & related transaction cost	8 & 10.5.1	1,102,523
	Other finance costs	8	137,867
	Government fees		2,387
	Miscellaneous		2,576
			5,389,321
	Transfers during the year		-
	Transaction cost directly attributable to borrowings	17	(467,763)
			(467,763)
			8,563,800

10.5.1 This includes interest / mark-up capitalisation of Rs. 86.077 million using weighted average borrowing capitalisation rate of 14.42% per annum on general purpose borrowings used for Narowal.

		Note	2009 (Rs. '000s)
10.6	**Capital work-in-progress - subsidiary**		
	Opening balance		-
	Acquisition of a subsidiary		279,629
	Additions during the period		
	Technical studies and consultancy		4,001
	Legal advisors' consultancy		16,694
	Transaction cost of borrowings	8	40,061
	Other finance costs	8	19,886
			80,642
	Transfers during the year		-
	Transaction cost directly attributable to borrowings	12.1	(40,061)
			(40,061)
			320,210

11. INTANGIBLES

	Cost as at July 1, 2008	Acquisition of a subsidiary	Additions	Disposals	Cost as at June 30, 2009	Accumulated amortisation as at July 1, 2008 (Rs. '000s)	Charge for the year	Disposals	Accumulated amortisation as at June 30, 2009	Net Book value as at June 30, 2009
Goodwill (note 3.1)	-	1,659,483	-	-	1,659,483	-	-	-	-	1,659,483
Computer Software	27,070	-	1,593	-	28,663	24,550	1,863	-	26,413	2,250
	27,070	1,659,483	1,593	-	1,688,146	24,550	1,863	-	26,413	1,661,733

	Note	2009 (Rs. '000s)
11.1 Amortisation charge for the year at 33.33% has been allocated as follows:		
Operating costs	5	958
General and administration expenses	7	905
		1,863
12. OTHER ASSETS		
Deposits		2,497
Prepayments		2,671
Transaction cost of borrowings	12.1	317,841
		323,009
12.1 Transaction cost of borrowings		
Opening balance		-
Acquisition of a subsidiary	12.1.1	277,780
Additions during the period	10.6	40,061
		317,841

12.1.1 This represents directly attributable transaction cost incurred on long term loans of the subsidiary which will be netted against proceeds of long term loans and subsequently recognised in the profit and loss account over the period of the loans using the effective interest method.

13. TRADE DEBTS - Secured

	Note	2009 (Rs. '000s)
Considered good	13.1 & 13.2	46,629,457

13.1 This includes an amount of Rs. 40,044 million from WAPDA which is overdue but not impaired because the trade debts are secured by a guarantee from the Government of Pakistan under the Implementation Agreement. The overdue amount carries interest / mark-up at SBP discount rate plus 2% per annum compounded semi-annually. The aging of these overdue receivables is as follows:

Up to 3 months	16,789,462
3 to 6 months	13,924,942
Over 6 months	9,329,377
	40,043,781

13.2 This includes Rs. 373 million relating to a tax matter (see note 23.8).

	Note	2009 (Rs. '000s)
14. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advances - considered good		
Executives		1,212
Employees		248
Suppliers		20,674
		22,134
Current portion of lease deposits		549
Prepayments		
Guarantee fees and other loan related costs		68
Miscellaneous		11,425
		11,493
Other receivables		
Interest accrued		589
Income tax	23.7	296,872
Sales tax		268,488
Receivable from an associated company		353
Payment of Workers' profit participation fund recoverable from WAPDA	9	189,050
Miscellaneous		2,014
		757,366
		791,542

	Note	2009 (Rs. '000s)
15. CASH AND BANK BALANCES		
Savings accounts		283,248
Call and term deposits		685,165
Current accounts		323
Savings accounts - Narowal	15.1	65,686
In hand		238
		1,034,660

15.1 This balance is available only for Narowal expenditures.

15.2 Savings, call and term deposits accounts carry mark-up rates ranging between 0.38% to 13.00% per annum.

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

2009 (No. of Shares)		2009 (Rs. '000s)
	Authorised :	
1,200,000,000	Ordinary shares of Rs.10/- each	12,000,000
	Issued, subscribed and paid-up :	
	Ordinary shares of Rs.10/- each	
818,773,317	For cash	8,187,733
	For consideration other than cash	
338,022,463	- against project development cost	3,380,225
358,607	- against land	3,586
338,381,070		3,383,811
1,157,154,387		11,571,544

16.1 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 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.

16.2 Associated companies held 464,568,583 shares in the holding company as at year end.

17. LONG TERM LOANS - Secured

The holding company

From Banks / Financial Institution	Note	As at July 01, 2008	drawn	repaid	current portion	transaction cost	As at June 30, 2009
		(Rs. '000)					
Under the Private Sector Energy Development Fund's (PSEDF) 1 Facility	17.1 & 17.1.1	6,100,397	-	(722,107)	(722,107)	-	4,656,183
Under the Private Sector Energy Development Fund's (PSEDF) 2 Facility	17.1 & 17.1.2	2,170,763	-	(256,955)	(256,955)	-	1,656,853
Sub Total		8,271,160	-	(979,062)	(979,062)	-	6,313,036
For Narowal							
Commercial Facility	17.2.1	-	1,648,692	-	-	-	1,648,692
Expansion Facility	17.2.2	-	3,846,948	-	-	-	3,846,948
Transaction cost paid	10.5	-	-	-	-	(467,763)	(467,763)
Sub Total		-	5,495,640	-	-	(467,763)	5,027,877
Total		8,271,160	5,495,640	(979,062)	(979,062)	(467,763)	11,340,913

The holding company

17.1 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.

(b) a floating charge on the whole of the holding company's undertaking and assets, present and future, other than any assets for the time being effectively charged by way of fixed charge;

(c) an assignment of all rights, title and interest, present and future, in and to the insurances and all rights of the holding company to make recovery under the insurances and all proceeds of the insurances receivable by the holding company; 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.

The securities mentioned in (a), (b) and (c) above do not include those relating to the 213.6 MW RFO fired power plant of the holding company in district of Narowal, province of Punjab, Pakistan.

17.1.1 Interest is payable @ 14% per annum.

17.1.2 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%.

17.2 In connection with the development of Narowal power plant, the holding company has entered into long term financing arrangements for debt financing of the project and to meet its obligations for equity funding commitments with various banks / financial institution.

17.2.1 The facility of Rs. 6,750 million has been signed for 30% equity commitment with various banks / financial institution. Disbursements under the facility are subject to fulfilment of certain conditions precedent. The loan is repayable in 40 installments on quarterly basis following the 3 months after the end of availability period (earlier of 18 months from the facility effective date or three months after the COD) at a mark-up rate of three months KIBOR plus 0.25% per annum. The mark-up is payable on quarterly basis in arrear starting from the availability period (the loans became available on April 16, 2009).

This loan is 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.

(b) a floating charge on the whole of the holding company's undertaking and assets, present and future, other than any assets for the time being effectively charged by way of fixed charge;

(c) an assignment of all rights, title and interest, present and future, in and to the insurances and all rights of the holding company to make recovery under the insurances and all proceeds of the insurances receivable by the holding company;

(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; and

(e) a first ranking floating charge over the Commercial Facility Disbursement Account (as defined in the LC and Commercial Facility Agreement) and all credit balances held therein from time to time and all rights, property and benefits arising therefrom at any time and from time to time.

The securities mentioned in (a), (b) and (c) above do not include those relating to the 213.6 MW RFO fired power plant of the holding company in district of Narowal, province of Punjab, Pakistan.

17.2.2 The holding company also entered into another long term financing agreement with various banks / financial institution for an amount of Rs. 15,750 million. Disbursements under the facility are subject to fulfilment of certain conditions precedent. The loan is repayable in 40 installments on quarterly basis following the 3 months after the end of availability period (earlier of 18 months from the facility effective date or three months after the COD) at a mark-up rate of three months KIBOR plus 3.47% per annum. The mark-up is payable on quarterly basis in arrear starting from the availability period (the loans became available on April 16, 2009).

This 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 Project;

(b) a first ranking floating charge over the Project Company's undertaking and assets (both present and future), fixed and current, 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 Project;

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

(d) mortgage and assignment of 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 Project) 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 holding company withdrew Rs. 5,496 million after obtaining lenders' consent for deferment of certain conditions precedent. The holding company is committed to fulfil the remaining conditions precedent by September 08, 2009.

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The subsidiary has entered into lease agreements with a commercial bank to acquire vehicles. The lease rentals are payable on monthly basis and the financing rate used as discounting factor ranging from 12.84% to 18.17% per annum. The amounts of future payments and the periods in which these will be due are as follows:

	2009 (Rs.'000s)		
	Minimum lease payments	Finance cost	Present value of minimum lease payments
Not later than one year	1,730	220	1,510
Later than one year but not later than five years	1,776	206	1,570
	3,506	426	3,080

19. DEFERRED LIABILITIES

	Note	2009 (Rs. '000s)
Staff gratuity	19.1	15,001
Deferred income	19.2	249
		15,250

19.1 Staff gratuity

Actuarial valuation was carried out as on June 30, 2009. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost method.

Reconciliation of the liability recognised in the balance sheet

Present value of defined benefit obligation	92,557
Fair value of plan assets	(70,391)
Net actuarial losses not recognised	(7,165)
Net liability recognised in the balance sheet	15,001

Reconciliation of the movements during the year in the net liability recognised in the balance sheet

Opening net liability		14,592
Expense recognised	19.1.1	12,315
Contributions to the fund made during the year		(11,906)
Closing net liability		15,001

Expense recognised

Current service cost	10,078
Interest cost	8,832
Expected return on plan assets	(6,595)
Expense recognised	12,315

19.1.1 The total expense recognised is included in general and administration expenses and capital work-in-progress.

Actual return on plan assets

Expected return on plan assets	6,595
Actuarial loss on plan assets	(2,308)
Actual return on plan assets	4,287

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

- Valuation discount rate — 14% per annum
- Expected return on plan assets — 14% per annum
- Expected rate of increase in salary level — 14% per annum

19.2 Deferred income

This represents excess of sale proceeds over book value of vehicles in respect of sale and lease back transactions.

	Note	2009 (Rs. '000s)
Opening balance of gain on sale and lease back of vehicles		-
Acquisition of a subsidiary	3.1	550
Gain recognised during the period	6	(144)
		406
Less: Current portion shown under trade and other payables	21	(157)
		249

20. SHORT TERM BORROWINGS

	Note	2009 (Rs. '000s)
Secured		
Finances under mark-up arrangements		2,433,355
Finances under mark-up arrangements - Narowal		1,148,890
	20.1 & 20.2	3,582,245
Finance under mark-up arrangement - subsidiary	20.3	10,015
Unsecured		
Short term running finance - subsidiary	20.4	1,500
		3,593,760

20.1 The facilities for running finance available to the holding company from various banks amounted to Rs. 8,519 million at a mark-up ranging between 0.75% to 3.00% per annum above one month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrears. The facilities will expire during the period from September 30, 2009 to April 30, 2010. These facilities are secured by way of charge over the trade debts and stocks of the holding company pari passu with the existing charge. Any late payment by the holding company is subject to an additional payment of 2% per annum above the normal mark-up rate.

20.2 Included herein is a sum of Rs. Nil payable to an associated undertaking. The available facility amounts to Rs. 2,019 million.

20.3 The facility for running finance available to the subsidiary from a commercial bank amount to Rs. 20 million at a mark-up rate of 3.00% per annum above one month KIBOR. The mark-up on the facility is payable on quarterly basis in arrears. The facility will expire on December 31, 2009. The facility is secured against the property of a related party of the directors representing minority interest in the subsidiary company.

20.4 This represents short term finance from Chief Executive of the subsidiary in his personal capacity from a facility which carries mark-up at 3.75% per annum above three months KIBOR. This will be repaid before financial close of the subsidiary alongwith interest.

	Note	2009 (Rs. '000s)
21. TRADE AND OTHER PAYABLES		
Creditor	21.1 & 21.2	41,992,353
Accrued liabilities		
Due to operation and maintenance contractor	21.3	130,142
Miscellaneous finance costs		15,575
Miscellaneous	21.4 & 21.5	725,908
		871,625
Advance payment	21.6	848,232
Unclaimed dividend		62,758
Current portion of deferred income	19.2	157
Provision for contingent consideration - balance share premium	3.1	1,346,135
Other payables		
Provision for Workers' profit participation fund	9	189,050
Provision for contingent liability	3.5	58,179
Payable in respect of project development cost of the subsidiary		173,887
Retention money		19,955
Withholding tax		57
		441,128
		45,562,388

21.1 This represents amount payable to Pakistan State Oil.

21.2 This includes an overdue amount of Rs. 37,894 million which carries interest / mark-up of SBP discount rate plus 2% per annum compounded semi-annually.

21.3 This represents amount payable in respect of services rendered by an associated company.

21.4 This includes a sum of Rs. 406.222 million in respect of services rendered by an associated company.

21.5 This includes deferred salary payable to CEO of the subsidiary for an amount of Rs. 10.322 million which carries mark-up at three months KIBOR plus 3.75% per annum.

21.6 This represents Capacity Purchase Price invoiced for the succeeding month under the terms of Power Purchase Agreement (PPA).

22. INTEREST / MARK-UP ACCRUED

	Note	2009 (Rs. '000s)
Interest / mark-up accrued on long term loans		653,342
Interest / mark-up accrued on short term borrowings	22.1	112,612
		765,954

22.1 Included herein is a sum of Rs. 13.01 million payable to an associated undertaking.

23. COMMITMENTS AND CONTINGENCIES

23.1 The holding company's Operation and Maintenance (O&M) Agreement has been renegotiated and extended for a further period of 12 years starting from July 01, 2009.

23.2 The holding company has entered into a Fuel Supply Agreement (FSA) under which it is committed to purchase a certain quantity of oil from Pakistan State Oil (PSO) every year.

23.3 Counter guarantees by the holding company, to meet the requirements under the FSA, issued to various banks which are secured pari passu with long term loans (as mentioned in note 17.1) amount to Rs. 5,899 million.

23.4 Commitments by the holding company in respect of capital and revenue expenditure amount to Rs. 222.201 million.

23.5 In connection with the development of the Narowal project:

(i) the holding company has entered into contracts for construction of a power plant with an installed net capacity of 213.60 MW. The holding company's remaining capital commitments against these contracts amount to Rs. 9,924.538 million.

(ii) the holding company has entered into a facility agreement with a commercial bank (an associated undertaking) for issuance of performance guarantee to the Private Power and Infrastructure Board (PPIB) for an amount of Rs. 91.631 million (USD 1.125 million). This guarantee is valid up to September 30, 2010 and is secured by way of a second charge over the holding company's entire immovable assets. The performance guarantee shall secure the holding company's obligation to achieve Commercial Operations Date (COD) by not later than March 31, 2010.

(iii) the holding company has entered into a Power Purchase Agreement (PPA) on November 20, 2008, with NTDC/CPPA/WAPDA (Power Purchaser) for the sale of all the available capacity and delivery and dispatch of Net Electrical Output generated from the Narowal Power Project with a net capacity of 213.60 MW. Under the PPA, the holding company is committed to achieve the COD by March 31, 2010 failing which the holding company will be required to pay the liquidated damages to the Power Purchaser at the rate of USD 17,800 per day. In order to meet this obligation, on March 09, 2009, the holding company has arranged the issuance of letter of credit (LC) in favour of the power purchaser for an amount of Rs. 478.437 million (USD 5.874 million) from a commercial bank. The LC will expire on March 31, 2010 and will automatically be extended for one year from each expiration date. This LC is secured by way of securities mentioned in note 17.2.2. Any late payment by the holding company is subject to a mark-up rate of three months KIBOR plus 4% per annum compounded semi-annually.

(iv) the holding company has made arrangements with financial institutions for issuance of Letter of Credit (LC) in the amount of Euro 101.7 million as required under the Equipment Supply Contract (ESC) in favour of MAN Diesel. The payments of this LC are planned to be made from the long term loan facilities mentioned in note 17.2. If the holding company is unable to withdraw from long term loan facilities, it will be required to reimburse the banks from its own sources. As at June 30, 2009, the holding company's remaining commitment was Euro 74 million. Any late payment by the holding company is subject to a mark-up rate of three months KIBOR plus a margin of 2.50% and 2% of liquidated damages.

This LC is 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.

(b) a floating charge on the whole of the holding company's undertaking and assets, present and future, other than any assets for the time being effectively charged by way of fixed charge;

(c) an assignment of all rights, title and interest, present and future, in and to the insurances and all rights of the holding company to make recovery under the insurances and all proceeds of the insurances receivable by the holding company; and

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

(v) on April 29, 2009, the holding company has signed addendum to the Equipment Supply Contract with MAN Diesel under which the holding company is obligated to provide confirmed LC for an amount of Euro 74 million out of the total LC commitment as mentioned in note 23.5 (iv) through Citibank Europe plc in favour of MAN Diesel. The holding company's maximum obligation at any point in time for LC confirmation is Euro 48 million before the shipment of equipment.

(vi) on March 02, 2009 the holding company has entered into Fuel Supply Agreement (FSA) with Bakri Trading Company Pakistan (Pvt.) Ltd. The pricing mechanism of the FSA is required to be approved by power purchaser under the PPA. After approval, no such provision in the FSA shall be changed, amended or modified without the prior written approval of the power purchaser (not to be unreasonably withheld or delayed); provided further that no approval from the power purchaser shall be required if such terms are determined by an independent regulatory authority having jurisdiction under the laws of Pakistan.

(vii) on April 30, 2009, the holding company has provided a guarantee of Rs. 259.99 million [equivalent to the 15% of total contract value (USD 21.545 million)] in favour of construction contractor [MAN Diesel Pakistan (Pvt.) Ltd]. This guarantee is valid upto April 15, 2010 and is secured by way of securities mentioned in note 17.2.2.

(viii) as per the PPA, the holding company is allowed to claim a margin of 3% over KIBOR in its tariff determination for the long term loans. The loans were signed at a rate of 3.47% over KIBOR as mentioned in note 17.2.2. The holding company plans to approach NEPRA for Tariff redetermination and the management believes that it is probable that NEPRA will approve the revised terms.

(ix) under the Narowal PPA, the holding company is required to maintain a reserve fund to meet the obligations for major maintenance expenses and therefore a certain portion (yet to be determined) from the first nine monthly capacity billings will not be available to the holding company.

23.6 In connection with the development of the power project of the subsidiary:

(i) the subsidiary has entered into contracts for construction of a power plant with an installed capacity of 84 MW. The subsidiary's remaining capital commitments against these contracts amount to Rs. 12,470.966 million.

(ii) a local bank has issued a performance guarantee of Rs. 8.4 million on behalf of the subsidiary to Government of Azad Jammu & Kashmir. This guarantee is secured against the property of a related party of the directors representing minority interest in the subsidiary company.

(iii) the subsidiary is committed for the payment of Rs. 0.170 million per annum in lieu of the lease payments for 424 kanals of land pursuant to notification issued by Government of Azad Jammu and Kashmir for lease till the term of the notification i.e. 30 years starting from the year 2003.

(iv) the subsidiary has entered into the following financing agreements:

Lender	Total Amount	Interest rate per anum	Repayment Period
Islamic Development Bank (IDB)	US$ 37.3 million	6 months LIBOR plus 4.75%	11.5 years
Asian Development Bank (ADB)	US$ 37.3 million	6 months LIBOR plus 4.75%	11.5 years
Habib Bank Limited/ National Bank Limited (HBL/NBP)	Rs. 2,797 million	6 months KIBOR plus 3.25%	9 years

These financing agreements have grace period of 39 months and are payable in semi annual installments. No amount has been withdrawn as at June 30, 2009. The validity of the facilities has been extended to September 30, 2009 by the lenders.

23.7 (i) The Deputy Commissioner of Income tax (DCIT) made assessments under section 52/86 of the Income Tax Ordinance, 1979 [ITO,79] amounting to Rs. 1,896 million stating that the 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 tax amounting to Rs. 297 million against the above assessments in accordance with the departmental procedures. Appeals filed by the holding company before the Commissioner of Income tax (Appeals) [the "CIT(A)"] and thereafter with the Income Tax Appellate Tribunal (the "ITAT") were decided against the holding company. Against the decision of the ITAT, the holding company filed appeals before the High Court (the "HC"). The HC granted a stay of demand for the outstanding tax liability which according to the provisions of section 136 of the ITO,79 expired on August 2, 1999. However, the HC directed the DCIT not to institute recovery measures without its permission.

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 will be in favour of the holding company.

(ii) Without prejudice to the above appeals, the holding company filed an application for the resolution of the matter under the Alternate Dispute Resolution (ADR) provided under section 134A of the Income Tax Ordinance, 2001 with the Federal Board of Revenue (FBR). The Alternate Dispute Resolution Committee (ADRC) constituted by the FBR made certain recommendations to the FBR which required the holding company to pay a total of Rs. 380 million (including Rs. 297 million already paid). However, the holding company informed the FBR that the recommendation of the ADRC was not maintainable under the law because ADRC had gone beyond their mandate. The FBR, after reviewing the recommendations of the ADRC and the letter filed by the holding company, decided not to agree with the recommendation of the ADRC and let the dispute be resolved by way of appeals pending before the HC.

Without prejudicing its rights, the holding company has held several meetings with the FBR during the year in order to settle the matter in an amicable manner. Various options have been discussed but no conclusion has yet been reached.

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

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

23.8 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 subcontractors. Under the Power Purchase Agreement (PPA), 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 Government of Pakistan (GOP) it was agreed that payments to contractors and sub-contractors would be subject to 4% tax which would be full and final liability on account of income tax. Accordingly, the provisions of tax law were amended. However, during the construction phase, the 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 the holding company and other Independent Power Producers’ (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 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 has 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 is filing 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 the financial statements.

23.9 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 persons who fall within the definition of the term "Worker" as it has been defined in the Act.

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

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

Both the holding company and WAPDA have agreed that this petition should proceed and a judgment obtained on merits. No provision has been made in these financial statements as any payment made by the 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 (see note 9).

24. 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	2009 (Rs. '000s)
		Chief Executives
Managerial remuneration		24,175
Bonus		2,471
House rent		4,192
Utilities		931
Retirement benefits		931
Other benefits		4,531
		37,231
Number of persons		2
		Directors
Fees	24.1	2,250
Number of persons		3
		Executives
Managerial remuneration		67,633
Bonus		10,204
House rent		24,999
Utilities		6,459
Retirement benefits		17,547
Other benefits		25,319
		152,161
Number of persons		36
		Total
Managerial remuneration / Fees		94,058
Bonus		12,675
House rent		29,191
Utilities		7,390
Retirement benefits		18,478
Other benefits		29,850
		191,642
Number of persons		41

24.1 This represents fee to three independent directors.

24.2 The Chief Executives and certain Executives are provided with the use of Company maintained automobiles in accordance with the terms of their employment.

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

25. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKINGS

	Note	2009 (Rs. '000s)
Amounts paid for services rendered	25.1	2,552,996
Reimbursement of expenses and others		1,129
Mark-up on short term borrowings		232,516
Mark-up on short term borrowings from subsidiary's CEO	20.4	1,024
Mark-up on salary payable to subsidiary's CEO	21.5	1,846
Remuneration to key management personnel		
Salaries, benefits and other allowances		74,298
Retirement benefits		5,630
	25.2	79,928
Fees	24.1	2,250
Contribution to staff retirement benefit plans	7.1	19,662

25.1 These include transactions with principal shareholders of the holding company under various service agreements.

25.2 Transactions with key management personnel are carried out under the terms of their employment. Key management personnel are also provided with the use of Company maintained automobiles.

25.3 The transactions with associated companies are made under normal commercial terms and conditions.

26. PLANT CAPACITY AND PRODUCTION

	2009
Theoretical Maximum Output	10,512 GWh
Total Output	8,257 GWh
Load Factor	78.50%

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

27. WORKING CAPITAL CHANGES

	2009 (Rs. '000s)
(Increase) / decrease in current assets	
Inventory of fuel oil	(976,704)
Trade debts	(21,758,130)
Advances, deposits, prepayments and other receivables	234,247
	(22,500,587)
Increase in current liabilities	
Trade and other payables	32,182,808
	9,682,221

	Note	2009 (Rs. '000s)
28. CASH AND CASH EQUIVALENTS		
Cash and bank balances	15	1,034,660
Finances under mark-up arrangements	20	(2,444,870)
		(1,410,210)

29. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE HOLDING COMPANY

		2009
29.1 Basic		
Profit for the year attributable to the equity holders of the holding company (Rupees in thousand)		3,732,753
Number of shares in issue during the year	16	1,157,154,387
Basic earnings per share (Rupees)		3.23

29.2 There is no dilutive effect on the earnings per share of the holding company.

30. PROPOSED FINAL DIVIDEND

The Board of Directors of the holding company proposed a final dividend for the year ended June 30, 2009 of Rs. 2 per share, amounting to Rs. 2,314.31 million, at their meeting held on August 12, 2009, for approval of the members at the Annual General Meeting to be held on September 30, 2009. These consolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is declared.

31. 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 by the treasuries under policies approved by the Boards 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. 693.032 million in foreign currencies which are subject to currency risk exposure and financial liabilities of the Group include Rs. 1,922.724 million in foreign currencies which are subject to currency risk exposure.

The above foreign currency liabilities include Rs. 1,404.314 million in respect of provision for contingent consideration and contingent liability (see note 3.1) which are payable at financial close.

The Group believes that the foreign exchange risk exposure on its foreign currency assets and other 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 Group's exposure to the risk of changes in interest rates relates primarily to the following:

	2009 (Rs. '000s)
Fixed rate instrument at carrying amount:	
Financial liabilities	
Long term loans	5,378,290
Variable rate instruments at carrying amount:	
Financial assets	
Trade debts	40,043,781
Cash and bank balances	1,034,099
Total	41,077,880
Financial liabilities	
Long term loans	6,941,685
Liabilities against assets subject to finance lease	3,080
Short term borrowings	3,593,760
Trade payables	37,903,893
Total	48,442,418

Fair value sensitivity analysis for fixed rate instrument

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 current cash flow difficulties and delays in payment by WAPDA, the holding company has delayed payments to PSO (fuel supplier). The holding company has also obtained short-term running finances to meet its short-term funding requirements. The holding company receives interest on overdue balances from WAPDA at variable rate provided under the PPA and pays interest on overdue balances to PSO at variable rates provided under the FSA. The rates on all these three 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 power plant at variable rates. The related principal repayments and finance cost are pass-through to WAPDA under the PPA. Therefore, there is no significant impact of any change in interest rates on profit or loss.

During the year, the holding company also entered into a long term loan agreement for the development of Narowal power plant with various financial institutions (see note 17.2.2). Under the Narowal PPA, the related finance cost up to a mark-up rate of 3 months KIBOR plus 3% margin is allowed as a pass through to WAPDA. Therefore, a change in interest rate at the balance sheet date does not have a significant impact on profit or loss.

During the year, the holding company has also entered into another long term loan agreement for the development of Narowal power plant with various financial institutions (see note 17.2.1). The holding company has to manage the related finance cost from its own sources which exposes it to the risk of change in 3 months KIBOR. Since the project is under construction, the related finance cost is capitalised as at balance sheet date, therefore the change in interest rate does not affect profit or loss.

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:

	2009 (Rs. '000s)
Deposits	2,497
Trade debts	46,629,457
Other receivables	192,555
Cash and bank balances	1,034,422
Total	47,858,931

Trade debts of the holding company are recoverable from WAPDA under the PPA and are secured by a guarantee from Government of Pakistan under the Implementation agreement.

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 placed with foreign and local banks having good credit ratings assigned by local and international credit rating agencies. The holding 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 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 the sufficient funds to meet its liabilities when due without incurring unacceptable losses. The holding company maintains running finance facilities (see note no.20) to meet the short-term funding requirements due to delay in payments by WAPDA. The delay in payments by WAPDA is mainly offset by the delay in payments to PSO.

The financing arrangements for Narowal project are entered in a way that there is a time lag between payments made and the drawdown available from the loans. The holding company is managing this time lag in payments and receipts from its own sources.

The holding company is also exposed to liquidity risk in relation to the payment of interest on long term financing facility (see note no.17.2.1). The holding company is required to pay interest on quarterly basis in arrear starting from availability period from its own sources.

The holding company is exposed to liquidity risk in relation to the Narowal project financing arrangements (see note no.17.2) where the holding company is required to meet certain conditions precedent by September 08, 2009. If the withdrawal from these long term loan facilities is not available, the holding company will be required to manage funding for Narowal project from its own sources.

The 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)					
2008-09						
Long term loans	1,396,404	1,484,026	12,001,499	7,414,476	633,248	22,929,653
Liabilities against assets subject to finance lease	689	1,041	1,776	-	-	3,506
Short term borrowings	3,706,372	-	-	-	-	3,706,372
Trade and other payables	44,713,942	-	-	-	-	44,713,942
Total	49,817,407	1,485,067	12,003,275	7,414,476	633,248	71,353,473

Fair value estimation

The carrying amount of the financial assets and liabilities reflected in the 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.

Breaches and Default

During the year, the holding company made arrangements with financial institutions for issuance of Letter of Credit (LC) in the amount of Euro 101.7 million as required under the Equipment Supply Contract (ESC) in favour of MAN Diesel. The payments of this LC were planned to be made from the long term facilities and in the absence of long term facilities, the holding company was required to reimburse the LC banks from its own sources. On February 06, 2009, the long term loan facilities were not made available and therefore, the holding company could not reimburse the LC banks an amount of Euro 20.340 million equivalent to Rs. 2,063.513 million. Consequently, the holding company incurred liquidated damages of Rs. 8.312 million at the rate of 2% above the normal mark-up rate.

32. FINANCIAL INSTRUMENTS BY CATEGORY

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

	Loans and receivables (Rs. '000s)	Total June 30, 2009 (Rs. '000s)
Assets as per balance sheet		
Deposits	2,497	2,497
Trade debts	46,629,457	46,629,457
Other receivables	192,555	192,555
Cash and bank balances	1,034,660	1,034,660
Total	47,859,169	47,859,169

	Financial liabilities measured at amortised cost (Rs. '000s)	Total June 30, 2009 (Rs. '000s)
Liabilities as per balance sheet		
Long term loans	12,973,317	12,973,317
Liabilities against assets subject to finance lease	3,080	3,080
Short term borrowings	3,706,372	3,706,372
Trade and other payables	44,713,942	44,713,942
Total	61,396,711	61,396,711

33. INITIAL APPLICATION OF STANDARDS OR INTERPRETATIONS

Standard effective and adopted in 2009

IFRS 7 - "Financial Instrument : Disclosures", requires extensive disclosures about the significance of financial instruments for the Group's financial position and performance, and quantitative and qualitative disclosure on the nature and extent of risks. Adoption of this standard has resulted in additional disclosures given in notes 31 and 32 to the consolidated financial statements.

Standards not yet effective

The following standards are effective and applicable to the Group for accounting periods beginning from the dates specified below.

IAS 1 - Presentation of financial statements

This standard is effective for periods beginning on or after January 1, 2009 and requires various changes in the presentation and disclosure requirements.

IFRS 8 - Operating segments

This standard is effective for periods beginning on or after January 1, 2009 and introduces the 'management approach' to segment reporting. This standard will require the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Group's 'chief operating decision maker' in order to assess each segment's performance and to allocate resources to them.

The management believes that adoption of these standards in future periods will have no material impact on the Group's consolidated financial statements.

Exemption from applicability of IFRIC - 4 “Determining Whether an Arrangement Contains a Lease”

The holding company

On June 22, 2009, the Securities and Exchange Commission of Pakistan (SECP) has exempted the application of International Financial Reporting Interpretation Committee (IFRIC) - 4 “Determining Whether an Arrangement Contains a Lease” for power sector companies where Letter of Intent (LOI) is issued by the Government on or before June 30, 2010. However, the SECP has made it mandatory to disclose the impact on the results of the application of IFRIC - 4.

Under IFRIC 4, the consideration required to be made by lessee (WAPDA) 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:

	2009 (Rs. ‘000s)
Decrease in unappropriated profit at the beginning of the year	(12,270,485)
Increase in profit for the year	520,626
Decrease in unappropriated profit at the end of the year	(11,749,859)

Exemption from applicability of IFRIC - 12 “Service Concession Arrangements”

The subsidiary

On June 22, 2009, the Securities and Exchange Commission of Pakistan (SECP) has exempted the application of International Financial Reporting Interpretation Committee (IFRIC) - 12 “Service Concession Arrangements” for power sector companies where Letter of Intent (LOI) is issued by the Government on or before June 30, 2010. However, the SECP has 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 the Company has an unconditional contractual right to receive cash irrespective of the usage of infrastructure. If the subsidiary were to follow IFRIC - 12 and IAS - 11, the profit for the year and unappropriated profit as at balance sheet date would have increased by Rs. 63.892 million in the consolidated financial statements.

34. CORRESPONDING FIGURES

The holding company has acquired the subsidiary during the year and therefore no consolidated financial statements were prepared for the previous year. Hence, no comparative figures have been presented in these consolidated financial statements.

35. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on August 12, 2009 in accordance with the resolution of the Board of Directors of the holding company.

36. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

Proxy
Form

The Company Secretary,
The Hub Power Company Limited,
3rd Floor, Islamic Chamber Building,
ST-2/A, Block 9, Clifton,
P.O.Box No. 13841,
Karachi.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 18th Annual General Meeting of the Company to be held at Marriot Hotel, Islamabad on September 30, 2009 at 11.30 AM and at any adjournment thereof.

Signature on Revenue Stamp of Rs.5/-

Signature of Shareholder ______________

Folio / CDC No. ______________

(1) Signature ______________
Name ______________
Address ______________
____
NIC or Passport No. ______________

(2) Signature ______________
Name ______________
Address ______________
____
NIC or Passport No. ______________

Notes:

- A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.
- If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, The Hub Power Company Limited, Head Office at 3rd Floor, Islamic Chamber Building, ST-2/A, Block 9, Clifton, Karachi 75600 so as to reach not less than 48 hours before the time appointed for holding the Meeting.
- **For CDC Account Holders / Corporate Entities**

  In addition to the above the following requirements have to be met.
  (i) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be stated on the form.
  (ii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
  (iii) The proxy shall produce his original NIC or original passport at the time of the meeting. In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

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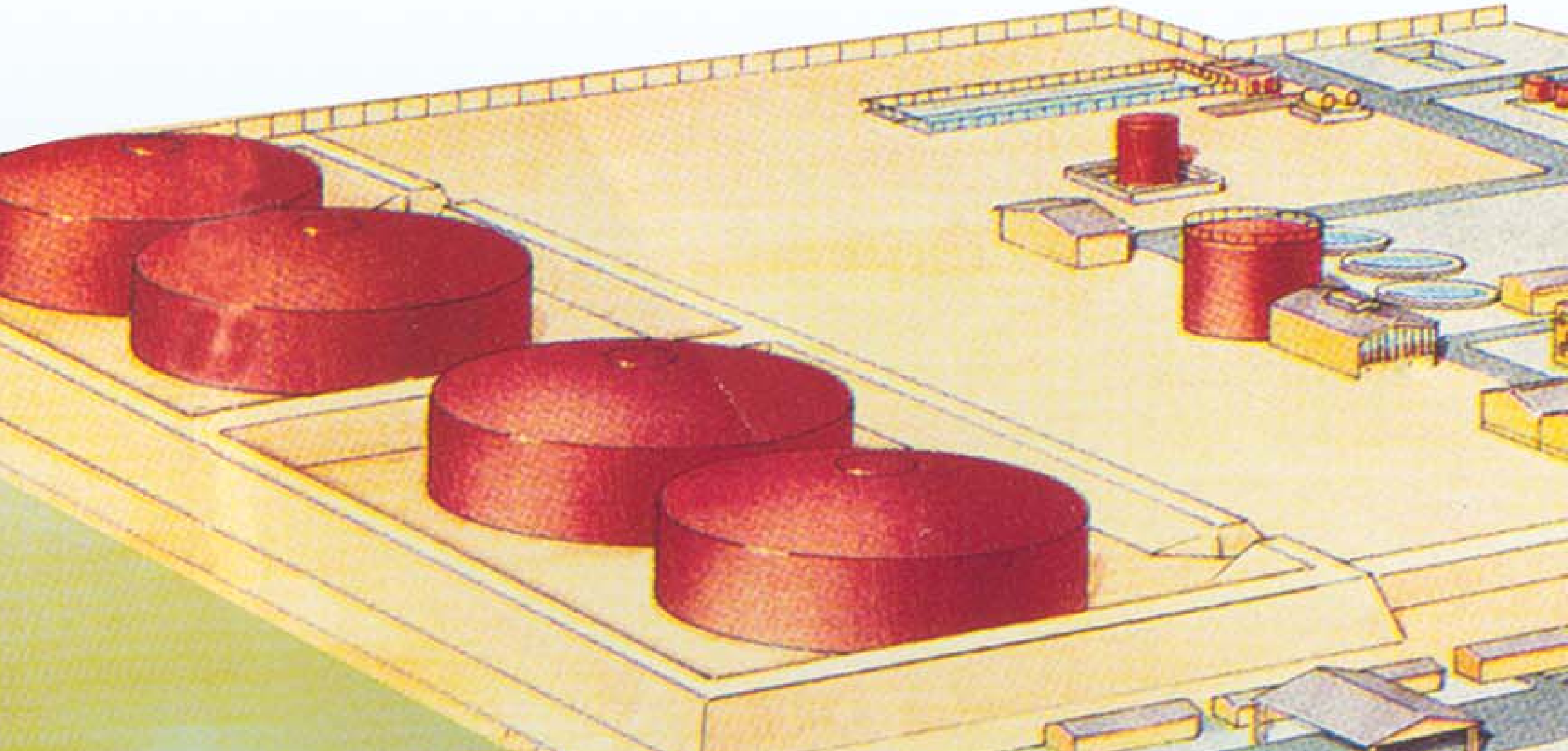
AFFIX
CORRECT
POSTAGE

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



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

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