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THE HUB POWER COMPANY LIMITED

UNAUDITED QUARTERLY FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS:	Mr. Mohamed A. Alireza H.I.	Chairman
	Mr. Yousuf Ahmed Y. Alireza	
	Dr. Fereydoon Abtahi	
	Mr. Robin A. Bramley	
	Mr. Malcolm P. Clampin	
	Mr. Taufique Habib	
	Mr. Vince R. Harris, OBE	
	Mr. M. Jawaid Iqbal	
	Mr. Qaiser Javed	
	Mr. Ahmad Raza Khan	
	Mr. Ali Munir	
	Mr. Javed Mahmood	Chief Executive
	Mr. S. Ali Raza	
	Mr. S. Nizam A. Shah	
	M. Ashraf Tumbi	

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
	S. 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 Alfalah 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

COMPANY INFORMATION

REGISTERED OFFICE:	C/o. Famco Associates (Pvt) Ltd., (Formerly Ferguson Associates (Pvt) Limited) 12, Capital Shopping Centre, Second Floor, G-11 Markaz, Islamabad
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
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) Limited)
HUBCO NAROWAL PROJECT	House No. 8, Street 15, Cavalry Ground Extension, Lahore Cantt

THE HUB POWER COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30 SEPTEMBER 2009

The Board of Directors has pleasure in presenting the financial statements (un-audited) for the first quarter ended 30 September 2009.

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

In its second tranche of the Circular Debt settlement of the Wapda outstanding by the Government of Pakistan, Hubco received a total amount of Rs. 28.399 billion of which Rs.26.938 billion was immediately paid to PSO. Today an amount of Rs.31 billion is outstanding against WAPDA and we in turn owe Rs 29 billion to PSO. The WAPDA outstanding has also resulted in your Company having to maintain its Running Finance Facility of Rs 7.5 billion.

WAPDA remains unable to renew its contractual Standby L/C for 2009-10 favoring Hubco for an amount of Rs 12.31 billion although in accordance with the Power Purchase Agreement this L/C had to be in place by May 31, 2009. The Company continues to pursue Wapda to secure this L/C at the earliest in order to safeguard the outstanding.

During the review period the Hub Plant operated at an average load factor of 75.9 and an average complex availability (ACA) of 83%. Electricity sold to Wapda was 2011 GWh. Turnover for the quarter was Rs. 22,005 million (2008: Rs. 28,115 million) and operating costs were Rs. 20,491 million (2008: Rs. 26,792 million). The decrease in turnover and operating costs is mainly attributable to lower fuel oil prices. The Company earned a net profit of Rs. 1,108 million during the quarter resulting in earnings per share of Rs. 0.96 compared to a net profit of Rs. 702 million and earnings per share of Rs. 0.61 in the corresponding quarter last year. The increase in profit is mainly because of currency devaluation and higher tariff profile.

Progress continues on our 225MW Narowal Project with major equipment beginning to reach the Site. We also report that the Company's subsidiary the 84MW Laraib Hydro (Greenfield) Project is achieving its Financial Close by October 31, 2009. Both projects are expected to add shareholder value and contribute towards the economic development of the country.

The Directors Report on Consolidated financial statements (un-audited) of The Hub Power Company Limited (the Company) and its Subsidiary Laraib Energy Limited (the Subsidiary) for the first quarter ended 30 September 2009 has been separately presented in this Report.

By Order of the Board

Javed Mahmood
Chief Executive

Karachi: October 28, 2009

THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

	Note	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
Turnover		22,005,287	28,115,111
Operating costs	4	(20,490,528)	(26,792,294)
GROSS PROFIT		1,514,759	1,322,817
Other income		23,316	92,894
General and administration expenses		(87,590)	(80,526)
Finance costs	5	(342,454)	(633,428)
Workers' profit participation fund	6	-	-
PROFIT FOR THE PERIOD		1,108,031	701,757
Basic and diluted earnings per share (rupees)		0.96	0.61

The annexed notes from 1 to 17 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

	Note	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
Profit for the period		1,108,031	701,757
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,108,031	701,757

The annexed notes from 1 to 17 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
BALANCE SHEET (UNAUDITED)
AS AT SEPTEMBER 30, 2009

	Note	Sep 2009 (Rs. '000s)	Jun 2009 (Rs. '000s)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	7	41,707,964	37,895,720
Intangibles		1,742	2,250
Stores and spares		637,023	637,023
Other assets		4,103	4,275
Investment in subsidiary	8	656,459	656,459
CURRENT ASSETS			
Inventory of fuel oil		4,372,293	2,540,887
Trade debts	9	27,041,003	46,629,457
Advances, prepayments and other receivables		1,442,714	785,809
Cash and bank balances	10	1,153,441	1,033,791
		34,009,451	50,989,944
TOTAL ASSETS		77,016,742	90,185,671
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised		12,000,000	12,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		16,754,528	17,960,806
		28,326,072	29,532,350
NON-CURRENT LIABILITIES			
Long term loans		16,963,910	11,340,913
Deferred liability - Gratuity		21,663	15,001
CURRENT LIABILITIES			
Current maturity of long term loans		1,108,372	979,062
Short term borrowings	11	820,000	3,582,245
Trade and other payables	12	29,203,086	43,970,160
Interest / mark-up accrued		573,639	765,940
		31,705,097	49,297,407
COMMITMENTS AND CONTINGENCIES	13	-	-
TOTAL EQUITY AND LIABILITIES		77,016,742	90,185,671

The annexed notes from 1 to 17 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

	Note	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		1,108,031	701,757
Adjustments for:			
Depreciation		429,628	423,130
Amortisation		508	466
Gain on disposal of fixed assets		(54)	(469)
Staff gratuity		6,631	1,934
Interest income		(5,360)	(4,656)
Interest / mark-up		321,995	604,647
Operating profit before working capital changes		1,861,379	1,726,809
Working capital changes		21,355	2,164,171
Cash generated from operations		1,882,734	3,890,980
Interest received		5,610	8,785
Interest / mark-up paid		(514,296)	(737,156)
Net cash from operating activities		1,374,048	3,162,609
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(4,241,841)	(1,186,770)
Proceeds from disposal of fixed assets		54	889
Other assets		172	2,740
Investment in subsidiary		-	(655,270)
Net cash used in investing activities		(4,241,615)	(1,838,411)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(489,531)	(489,531)
Dividends paid		(2,845)	(6,660)
Finances under mark-up arrangements - Narowal		(1,148,890)	373,035
Finance under mark-up arrangement - Laraib's acquisition		-	654,027
Proceeds from long term loans - Narowal		6,241,838	-
Net cash from financing activities		4,600,572	530,871
Net increase in cash and cash equivalents		1,733,005	1,855,069
Cash and cash equivalents at the beginning of the period		(1,399,564)	(9,217,774)
Cash and cash equivalents at the end of the period	15	333,441	(7,362,705)

The annexed notes from 1 to 17 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

THE HUB POWER COMPANY LIMITED

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
Issued capital		
Balance at the beginning of the period	11,571,544	11,571,544
Balance at the end of the period	11,571,544	11,571,544
Unappropriated profit		
Balance at the beginning of the period	17,960,806	16,899,127
Total comprehensive income	1,108,031	701,757
Final dividend for the fiscal year 2008-2009 @ Rs. 2.00 (2007-2008: @ Rs. 1.00) per share	(2,314,309)	(1,157,154)
Balance at the end of the period	16,754,528	16,443,730
Total equity	28,326,072	28,015,274

The annexed notes from 1 to 17 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

1. THE COMPANY AND ITS OPERATIONS

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

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim unconsolidated financial statements are same as those applied in preparing the financial statements for the year ended June 30, 2009, except amendments in IAS-1 (Revised) "Presentation of Financial Statements."

The presentation of these condensed interim unconsolidated financial statements has been amended to reflect the changes introduced by IAS-1 (Revised) "Presentation of Financial Statements" which became effective from the periods beginning on or after January 01, 2009. The adoption of IAS-1 (Revised) does not materially affect the computations of the results except some changes in presentation and disclosures. The Company has adopted two statements approach and has prepared a profit and loss account and a statement of comprehensive income to reflect these changes.

3. BASIS OF PREPARATION

These are unaudited condensed interim unconsolidated financial statements and have been prepared in accordance with the requirements of the International Accounting Standard-34 "Interim Financial Reporting" as applicable in Pakistan.

	Note	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
4. OPERATING COSTS			
Residual Fuel Oil		19,169,988	25,658,423
Operation & Maintenance	4.1	660,895	547,200
Insurance		120,102	102,405
Depreciation		424,081	419,660
Amortisation		222	292
Miscellaneous		115,240	64,314
		20,490,528	26,792,294

4.1 This represents services rendered by an associated company.

	Note	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
5. FINANCE COSTS			
Interest / mark-up on long term loans		279,462	288,367
Mark-up on short term borrowings		42,533	298,511
Miscellaneous finance costs		20,437	22,584
Bank charges		22	15
		342,454	609,477
Narowal			
Interest / mark-up on long term loans		299,990	-
Mark-up on short term borrowings		15,150	126,369
Other finance costs		83,116	51,794
		398,256	178,163
Laraib's acquisition			
Mark-up on short term borrowings		-	17,769
Other finance costs		-	6,182
		-	23,951
		740,710	811,591
Less: amount capitalised in the cost of qualifying assets - Narowal	7.2	(398,256)	(178,163)
		342,454	633,428

	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
6. WORKERS' PROFIT PARTICIPATION FUND		
Provision for Workers' profit participation fund	55,402	35,088
Payment of Workers' profit participation fund recoverable from WAPDA	(55,402)	(35,088)
	-	-

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

	Note	Sep 2009 (Rs. '000s)	Jun 2009 (Rs. '000s)
7. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment		28,819,854	29,219,284
Capital work-in-progress			
Plant betterments		70,455	112,636
Narowal Project	7.2	12,817,655	8,563,800
		12,888,110	8,676,436
	7.1	41,707,964	37,895,720

7.1 Additions to property, plant and equipment during the period were Rs. 4,241.872 million and disposals therefrom at net book value were Rs. Nil.

	Note	Sep 2009 (Rs. '000s)	Jun 2009 (Rs. '000s)
7.2 Capital work-in-progress - Narowal			
Opening balance		8,563,800	3,642,242
Additions during the period / year			
Payments for land		820	10,952
Payments to contractors		3,773,363	3,615,240
Professional services		17,349	120,643
Insurance cost		-	182,586
Land development		60,343	214,547
Borrowing & related transaction cost	5 & 7.2.1	315,140	1,102,523
Other finance costs	5	83,116	137,867
Government fees		1,612	2,387
Miscellaneous		2,112	2,576
		4,253,855	5,389,321
Transfers during the period / year		-	-
Transaction cost directly attributable to borrowings		-	(467,763)
		-	(467,763)
		12,817,655	8,563,800

This includes certain expenditures which are under discussion with various suppliers and are subject to final tariff determination by NEPRA.

7.2.1 This includes interest / mark-up capitalisation of Rs. 15.150 million (June 2009 : Rs. 86.077 million) using weighted average borrowing capitalisation rate of 13.95% per annum (June 2009: 14.42% per annum) on general purpose borrowings used for Narowal.

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8. INVESTMENT IN SUBSIDIARY

On August 02, 2008, the 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") executed on June 23, 2008 with Coate & Co (Pvt) Limited ("Seller"). 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. 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 was signed on October 22, 2009.

The Letter of Support issued by the Government of Azad Jammu & Kashmir was extended on October 13, 2009 so as to enable the Subsidiary to achieve Financial Closing by October 31, 2009.

The SPA has been amended on September 29, 2009. By such amendment the share premium payable to the Seller has been reduced from previously estimated USD 17.5 million to a maximum of USD 15 million. The exact amount of share premium payable (subject to a minimum and maximum of USD 12 and USD 15 million) will be based on Company's achieving a target rate of return on its investment. The share premium is payable in installments.

Upto September 30, 2009 the Company had made a 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. An amount of Rs 43 million has been paid after September 30, 2009 as an additional advance share premium.

On September 30, 2009 the Shareholders of the Company passed a Special Resolution allowing the Company:

(a) to make investments, from time to time, in the Subsidiary as equity contributions for an amount not exceeding USD 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 USD 12.5 million, USD 6.0 million in the form of an LC (as mentioned in paragraph (d) below) and USD 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 USD 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 paragraph (a), (b) and (c) for an amount not exceeding USD 46 million in accordance with the terms of the SSA; and

(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.

The Company is committed to maintain a minimum of 75% 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 Company's remaining equity commitment is likely to be USD 34 million.

The Company is planning to finance future investments in Subsidiary through a combination of bank borrowings and internal cash generation. At present, the Company is negotiating with financial institutions for bank borrowings.

	Note	Sep 2009 (Rs. '000s)	Jun 2009 (Rs. '000s)
9. TRADE DEBTS - Secured			
Considered good	9.1	27,041,003	46,629,457

9.1 This includes an amount of Rs. 19,513 million (June 2009: 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.

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10. CASH AND BANK BALANCES

This includes Rs. 343.697 million (June 2009: Rs. 65.686 million) which is only available for Narowal expenditures.

11. SHORT TERM BORROWINGS - Secured

	Note	Sep 2009 (Rs. '000s)	Jun 2009 (Rs. '000s)
Finances under mark-up arrangements	15	820,000	2,433,355
Finances under mark-up arrangements - Narowal		-	1,148,890
	11.1 & 11.2	820,000	3,582,245

11.1 The facilities for running finance available from various banks amounted to Rs. 7,519 million (June 2009: 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 December 31, 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.

11.2 Included herein is a sum of Rs. Nil (June 2009: Rs. Nil) payable to an associated undertaking. The available facility amounts to Rs. 2,019 million (June 2009: Rs. 2,019 million).

12. TRADE AND OTHER PAYABLES

This includes an amount of Rs. 25,251 million (June 2009: Rs. 41,992 million) payable to Pakistan State Oil, out of which overdue amount is Rs. 17,675 million (June 2009: Rs. 37,894 million). The overdue amount carries interest / mark-up at SBP discount rate plus 2% per annum compounded semi-annually.

13. COMMITMENTS AND CONTINGENCIES

13.1 Counter guarantees, to meet the requirements under the Fuel Supply Agreement, issued to various banks which are secured pari passu with long term loans amount to Rs. 7,317 million (June 2009: Rs. 5,899 million).

13.2 In connection with the development of the Narowal Project, 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 for an amount of Rs. 15,750 million and Rs. 6,750 million respectively. The Company withdrew Rs. 11,737 million from these facilities after obtaining lenders' consent for deferment of certain conditions precedent. During the quarter, the lenders have extended the date for fulfilment of conditions precedent up to November 07, 2009.

14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / ASSOCIATED UNDERTAKINGS

	Note	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
Amounts paid for services rendered	14.1	852,118	562,022
Reimbursement of expenses and others		834	12
Mark-up on short term borrowings		-	70,652
Mark-up on Long term loans		26,679	-
Remuneration to key management personnel			
Salaries, benefits and other allowances		12,789	13,894
Retirement benefits		2,538	890
	14.2	15,327	14,784
Fees	14.3	-	450
Contribution to staff retirement benefit plans		8,554	3,776

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

14.2 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.

14.3 This represents fee to three independent directors.

14.4 As at September 30, 2009, the outstanding balance of long term loans from an associated undertaking was Rs. 1,043.331 million (June 2009: Rs. 488.501 million) out of the total available facilities of Rs. 2,000 million (June 2009: Rs. 2,000 million).

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

15. CASH AND CASH EQUIVALENTS

	Note	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
Cash and bank balances		1,153,441	747,295
Finances under mark-up arrangements	11	(820,000)	(8,110,000)
		333,441	(7,362,705)

16. DATE OF AUTHORISATION

These financial statements were authorised for issue on October 28, 2009 in accordance with the resolution of the Board of Directors.

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

CONSOLIDATED FINANCIAL

STATEMENTS

FOR THE

FIRST QUARTER

ENDED

SEPTEMBER 30, 2009

THE HUB POWER COMPANY LIMITED

AND

ITS SUBSIDIARY COMPANY

(LARAIB ENERGY LIMITED)

THE HUB POWER COMPANY LIMITED

REPORT OF THE DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2009

The Board of Directors has pleasure in presenting the financial statements (un-audited) of The Hub Power Company Limited (the Company) and its Subsidiary Laraib Energy Limited (the Subsidiary) for the first quarter ended 30 September 2009.

The Company holds 75.5% shares in the Subsidiary. The Subsidiary is developing the 84MW hydropower generating complex near the New Bong Escape 8km downstream of the Mangla Dam in Azad Jammu and Kashmir. The Financial Close of the project is expected by October 31, 2009 and all the necessary Concession and Financing Documents will be ready to be executed by October 31, 2009. The Project plans to reach Commercial Operation by end 2012.

The Directors Report on the financial statements (un-audited) of The Hub Power Company Limited for the 1st Quarter ended September 30, 2009 has been separately presented in this Report.

By Order of the Board

Javed Mahmood
Chief Executive

Karachi: October 28, 2009

THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

	Note	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
Turnover		22,005,287	28,115,111
Operating costs	4	(20,490,528)	(26,792,294)
GROSS PROFIT		1,514,759	1,322,817
Other income - net		20,501	85,972
General and administration expenses		(102,947)	(91,408)
Finance costs	5	(343,957)	(633,892)
Workers' profit participation fund	6	-	-
PROFIT FOR THE PERIOD		1,088,356	683,489
Attributable to:			
- Equity holders of the holding company		1,093,176	687,965
- Minority interest		(4,820)	(4,476)
		1,088,356	683,489
Basic and diluted earnings per share attributable to equity holders of the holding company (rupees)		0.94	0.59

The annexed notes from 1 to 18 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

	Note	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
Profit for the period		1,088,356	683,489
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,088,356	683,489
Attributable to:			
- Equity holders of the holding company		1,093,176	687,965
- Minority interest		(4,820)	(4,476)
		1,088,356	683,489

The annexed notes from 1 to 18 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

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THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
BALANCE SHEET (UNAUDITED)
AS AT SEPTEMBER 30, 2009

	Note	Sep 2009 (Rs. '000s)	Jun 2009 (Rs. '000s)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	7	42,047,487	38,221,895
Intangibles	8	1,464,491	1,661,733
Stores and spares		637,023	637,023
Other assets		356,851	323,009
CURRENT ASSETS			
Inventory of fuel oil		4,372,293	2,540,887
Trade debts	9	27,041,003	46,629,457
Advances, deposits, prepayments and other receivables		1,448,134	791,542
Cash and bank balances	10	1,153,999	1,034,660
		34,015,429	50,996,546
TOTAL ASSETS		78,521,281	91,840,206
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share Capital			
Authorised		12,000,000	12,000,000
Issued, subscribed and paid-up		11,571,544	11,571,544
Revenue Reserve			
Unappropriated profit		16,691,435	17,912,568
Attributable to equity holders of the holding company		28,262,979	29,484,112
MINORITY INTEREST		90,867	95,687
		28,353,846	29,579,799
NON-CURRENT LIABILITIES			
Long term loans		16,963,910	11,340,913
Liabilities against assets subject to finance lease		1,310	1,570
Deferred liabilities		21,873	15,250
CURRENT LIABILITIES			
Current maturity of long term loans		1,108,372	979,062
Current maturity of liabilities against assets subject to finance lease		1,485	1,510
Short term borrowings	11	858,306	3,593,760
Trade and other payables	12	30,637,959	45,562,388
Interest / mark-up accrued		574,220	765,954
		33,180,342	50,902,674
COMMITMENTS AND CONTINGENCIES	13	-	-
TOTAL EQUITY AND LIABILITIES		78,521,281	91,840,206

The annexed notes from 1 to 18 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

	Note	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		1,088,356	683,489
Adjustments for:			
Depreciation		430,379	423,652
Amortisation		581	466
Gain on disposal of fixed assets		(54)	(469)
Deferred income realised during the period		(39)	(26)
Staff gratuity		6,820	1,934
Interest income		(5,367)	(5,292)
Interest / mark-up		323,409	604,893
Operating profit before working capital changes		1,844,085	1,708,647
Working capital changes		61,658	2,079,164
Cash generated from operations		1,905,743	3,787,811
Interest received		5,617	9,421
Interest / mark-up paid		(515,143)	(737,224)
Net cash from operating activities		1,396,217	3,060,008
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(4,256,813)	(1,189,232)
Proceeds from disposal of fixed assets		54	889
Acquisition of a subsidiary - net of cash acquired		-	(487,930)
Other assets		(33,842)	(413)
Net cash used in investing activities		(4,290,601)	(1,676,686)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(489,531)	(489,531)
Dividends paid to equity holders of the holding company		(2,845)	(6,660)
Finances under mark-up arrangements - Narowal		(1,148,890)	373,035
Finance under mark-up arrangement - Laraib's acquisition		-	654,027
Proceeds from long term loans - Narowal		6,241,838	-
Repayment of liabilities against assets subject to finance lease		(285)	(167)
Net cash from financing activities		4,600,287	530,704
Net increase in cash and cash equivalents		1,705,903	1,914,026
Cash and cash equivalents at the beginning of the period		(1,410,210)	(9,217,774)
Cash and cash equivalents at the end of the period	16	295,693	(7,303,748)

The annexed notes from 1 to 18 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
Attributable to equity holders of the holding company		
Issued capital		
Balance at the beginning of the period	11,571,544	11,571,544
Balance at the end of the period	11,571,544	11,571,544
Unappropriated profit		
Balance at the beginning of the period	17,912,568	16,899,127
Total comprehensive income for the period	1,093,176	687,965
Final dividend for the fiscal year 2008-2009 @ Rs. 2.00 (2007-2008: @ Rs. 1.00) per share	(2,314,309)	(1,157,154)
Balance at the end of the period	16,691,435	16,429,938
Attributable to equity holders of the holding company	28,262,979	28,001,482
Minority interest		
Balance at the beginning of the period	95,687	-
Minority Interest arising on business combination	-	111,341
Total comprehensive income for the period	(4,820)	(4,476)
Balance at the end of the period	90,867	106,865
Total equity	28,353,846	28,108,347

The annexed notes from 1 to 18 form an integral part of these financial statements.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director

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”) executed on June 23, 2008 with Coate & Co (Pvt.) Limited (“Seller”). 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. 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 was signed on October 22, 2009.

The Letter of Support issued by the Government of Azad Jammu & Kashmir was extended on October 13, 2009 so as to enable the Subsidiary to achieve Financial Closing by October 31, 2009.

The SPA has been amended on September 29, 2009. By such amendment the share premium payable to the Seller has been reduced from previously estimated USD 17.5 million to a maximum of USD 15 million. The exact amount of share premium payable (subject to a minimum and maximum of USD 12 and USD 15 million) will be based on the subsidiary achieving a target rate of return on its investment. The share premium is payable in installments.

Upto September 30, 2009 the holding company had made a 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. An amount of Rs. 43 million has been paid after September 30, 2009 as an additional advance share premium.

On September 30, 2009, the shareholders of the holding company passed a Special Resolution allowing the holding company:

(a) to make investments, from time to time, in the subsidiary as equity contributions for an amount not exceeding USD 36 million;

(b) to invest as equity or provide loan to the subsidiary, as deemed appropriate by the Chief Executive of the holding company at the relevant time, an amount not exceeding USD 12.5 million, USD 6.0 million in the form of an LC (as mentioned in paragraph (d) below) and USD 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 holding company at the relevant time, an amount not exceeding USD 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 holding company to make investments mentioned hereinabove in paragraph (a), (b) and (c) for an amount not exceeding USD 46 million in accordance with the terms of the SSA; and

(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 holding company to be determined by the Chief Executive of the holding company.

The holding company is committed to maintain a minimum of 75% 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 likely to be USD 34 million.

The holding company is planning to finance future investments in the subsidiary through a combination of bank borrowings and internal cash generation. At present, the holding company is negotiating with financial institutions for bank borrowings.

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

The accounting policies and methods of computation followed for the preparation of these condensed interim consolidated financial statements are same as those applied in preparing the consolidated financial statements for the year ended June 30, 2009, except amendments in IAS-1 (Revised) "Presentation of Financial Statements."

The presentation of these condensed interim consolidated financial statements has been amended to reflect the changes introduced by IAS-1 (Revised) "Presentation of Financial Statements" which became effective from the periods beginning on or after January 01, 2009. The adoption of IAS-1 (Revised) does not materially affect the computations of the results except some changes in presentation and disclosures. The holding company has adopted two statements approach and has prepared a profit and loss account and a statement of comprehensive income to reflect these changes.

IFRS - 8 : "Operating Segments" introduces the 'management approach' to segment reporting. This standard is effective for periods beginning on or after January 1, 2009 and requires 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 adoption of IFRS - 8 has resulted in additional disclosures given in note 14 to the condensed interim consolidated financial statements. Currently the Group has three reportable segments, based on the internal reports that are regularly reviewed by the senior management and Board of directors of the holding company, on the basis of power plants; the Hub power plant of 1,292 MW which is in operation, Narowal power plant of 225 MW which is under construction and Laraib power plant (Hydel power plant) of 84 MW which is under development.

3. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with the requirements of the International Accounting Standard-34 "Interim Financial Reporting" as applicable in Pakistan.

	Note	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
4. OPERATING COSTS			
Residual Fuel Oil		19,169,988	25,658,423
Operation & Maintenance	4.1	660,895	547,200
Insurance		120,102	102,405
Depreciation		424,081	419,660
Amortisation		222	292
Miscellaneous		115,240	64,314
		20,490,528	26,792,294

4.1 This represents services rendered by an associated company.

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5. FINANCE COSTS

	Note	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
Holding company			
Interest / mark-up on long term loans		279,462	288,367
Mark-up on short term borrowings		42,533	298,511
Miscellaneous finance costs		20,437	22,584
Bank charges		22	15
		342,454	609,477
Narowal			
Interest / mark-up on long term loans		299,990	-
Mark-up on short term borrowings		15,150	126,369
Other finance costs		83,116	51,794
		398,256	178,163
Laraib's acquisition			
Mark-up on short term borrowings		-	17,769
Other finance costs		-	6,182
		-	23,951
		740,710	811,591
Less: amount capitalised in the cost of qualifying assets - Narowal	7.2	(398,256)	(178,163)
Finance cost of the holding company		342,454	633,428
Subsidiary			
Mark-up on leased assets		75	68
Mark-up on salary payable to CEO		445	-
Mark-up on short term borrowings from CEO		65	178
Mark-up on short term borrowings		829	-
Transaction cost of borrowings		23,651	3,154
Other finance costs		5,633	348
Late payment surcharge on payables		-	183
Bank charges		89	35
		30,787	3,966
Less: amount capitalised in the cost of qualifying assets - subsidiary	7.3	(29,284)	(3,502)
		1,503	464
		343,957	633,892

6. WORKERS' PROFIT PARTICIPATION FUND

	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
Provision for Workers' profit participation fund	55,402	35,088
Payment of Workers' profit participation fund recoverable from WAPDA	(55,402)	(35,088)
	-	-

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

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7. PROPERTY, PLANT AND EQUIPMENT

	Note	Sep 2009 (Rs. '000s)	Jun 2009 (Rs. '000s)
Operating property, plant and equipment		28,825,068	29,225,249
Capital work-in-progress			
Plant betterments		70,455	112,636
Narowal	7.2	12,817,655	8,563,800
Subsidiary	7.3	334,309	320,210
		13,222,419	8,996,646
	7.1	42,047,487	38,221,895

7.1 Additions to property, plant and equipment during the period were Rs. 4,255.971 million and disposals therefrom at net book value were Rs. Nil.

7.2 Capital work-in-progress - Narowal

	Note	Sep 2009 (Rs. '000s)	Jun 2009 (Rs. '000s)
Opening balance		8,563,800	3,642,242
Additions during the period / year			
Payments for land		820	10,952
Payments to contractors		3,773,363	3,615,240
Professional services		17,349	120,643
Insurance cost		-	182,586
Land development		60,343	214,547
Borrowing & related transaction cost	5 & 7.2.1	315,140	1,102,523
Other finance costs	5	83,116	137,867
Government fees		1,612	2,387
Miscellaneous		2,112	2,576
		4,253,855	5,389,321
Transfers during the period / year		-	-
Transaction cost directly attributable to borrowings		-	(467,763)
		-	(467,763)
		12,817,655	8,563,800

This includes certain expenditures which are under discussion with various suppliers and are subject to final tariff determination by NEPRA.

7.2.1 This includes interest / mark-up capitalisation of Rs. 15.150 million (June 2009 : Rs. 86.077 million) using weighted average borrowing capitalisation rate of 13.95% per annum (June 2009: 14.42% per annum) on general purpose borrowings used for Narowal.

7.3 Capital work-in-progress - subsidiary

	Note	Sep 2009 (Rs. '000s)	Jun 2009 (Rs. '000s)
Opening balance		320,210	-
Acquisition of a subsidiary		-	279,629
Additions during the period / year			
Technical studies and consultancy		71	4,001
Legal advisors' consultancy		8,395	16,694
Transaction cost of borrowings	5	23,651	40,061
Other finance costs	5	5,633	19,886
		37,750	80,642
Transfers during the period / year		-	-
Transaction cost directly attributable to borrowings		(23,651)	(40,061)
		(23,651)	(40,061)
		334,309	320,210

8. INTANGIBLES

	Note	Sep 2009 (Rs. '000s)	Jun 2009 (Rs. '000s)
Goodwill	8.1	1,461,949	1,659,483
Computer software		2,542	2,250
		1,464,491	1,661,733

	Note	Sep 2009 (Rs. '000s)	Jun 2009 (Rs. '000s)
8.1 Goodwill			
Opening balance		1,659,483	-
Acquisition of a subsidiary		-	1,659,483
Adjustment during the period / year	8.1.1	(197,534)	-
		1,461,949	1,659,483

8.1.1 This represents the reduction in contingent share premium as agreed through amendment in the SPA (refer note 1.1). The corresponding provision for contingent share premium which is included in 'Trade and other payables' has also been reduced and, therefore, there is no impact on profit or loss of the Group. The amount of goodwill is subject to change on the basis of holding company achieving target rate of return on its investment at financial close.

9. TRADE DEBTS - Secured

	Note	Sep 2009	Jun 2009
Considered good	9.1	27,041,003	46,629,457

9.1 This includes an amount of Rs. 19,513 million (June 2009: 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.

10. CASH AND BANK BALANCES

This includes Rs. 343.697 million (June 2009: Rs. 65.686 million) which is available only for Narowal expenditures.

11. SHORT TERM BORROWINGS

	Note	Sep 2009	Jun 2009
Secured			
Finances under mark-up arrangements		820,000	2,433,355
Finances under mark-up arrangements - Narowal		-	1,148,890
	11.1 & 11.2	820,000	3,582,245
Finance under mark-up arrangement - subsidiary	11.3	36,806	10,015
		856,806	3,592,260
Unsecured			
Short term running finance - subsidiary		1,500	1,500
		858,306	3,593,760

11.1 The facilities for running finance available from various banks amounted to Rs. 7,519 million (June 2009: 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 December 31, 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.

11.2 Included herein is a sum of Rs. Nil (June 2009: Rs. Nil) payable to an associated undertaking. The available facility amounts to Rs. 2,019 million (June 2009: Rs. 2,019 million).

11.3 The facility for running finance available to the subsidiary from a commercial bank amount to Rs. 45 million (June 2009: 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.

12. TRADE AND OTHER PAYABLES

This includes an amount of Rs. 25,251 million (June 2009: Rs. 41,992 million) payable to Pakistan State Oil, out of which overdue amount is Rs. 17,675 million (June 2009: Rs. 37,894 million). The overdue amount carries interest / mark-up at SBP discount rate plus 2% per annum compounded semi-annually.

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13. COMMITMENTS AND CONTINGENCIES

13.1 Counter guarantees, to meet the requirements under the Fuel Supply Agreement, issued to various banks which are secured pari passu with long term loans amount to Rs. 7,317 million (June 2009: Rs. 5,899 million).

13.2 In connection with the development of the Narowal Project, 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 for an amount of Rs. 15,750 million and Rs. 6,750 million respectively. The holding company withdrew Rs. 11,737 million from these facilities after obtaining lenders' consent for deferment of certain conditions precedent. During the quarter, the lenders have extended the date for fulfilment of conditions precedent up to November 07, 2009.

14. SEGMENT ANALYSIS

14.1 SEGMENT RESULTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Hub power plant	Narowal power plant	Laraib power plant	Unallocated	Total
	.... (Rs. '000s)				
Turnover	22,005,287	-	-	-	22,005,287
Operating costs	(20,490,528)	-	-	-	(20,490,528)
GROSS PROFIT	1,514,759	-	-	-	1,514,759
Other income - net	23,313	3	(2,815)	-	20,501
General and administration expenses	(77,701)	(9,504)	(15,357)	(385)	(102,947)
Finance costs	(342,454)	-	(1,503)	-	(343,957)
	1,117,917	(9,501)	(19,675)	(385)	
Workers' profit participation fund					-
PROFIT FOR THE PERIOD					1,088,356

FOR THE QUARTER ENDED SEPTEMBER 30, 2008

	Hub power plant	Narowal power plant	Laraib power plant	Unallocated	Total
	.... (Rs. '000s)				
Turnover	28,115,111	-	-	-	28,115,111
Operating costs	(26,792,294)	-	-	-	(26,792,294)
GROSS PROFIT	1,322,817	-	-	-	1,322,817
Other income - net	92,894	-	(6,922)	-	85,972
General and administration expenses	(71,718)	(5,272)	(10,882)	(3,536)	(91,408)
Finance costs	(609,477)	-	(464)	(23,951)	(633,892)
	734,516	(5,272)	(18,268)	(27,487)	
Workers' profit participation fund					-
PROFIT FOR THE PERIOD					683,489

The unallocated items relate to costs incurred by the holding company for investment in subsidiary.

14.2 SEGMENT ASSETS

AS AT SEPTEMBER 30, 2009

	Hub power plant	Narowal power plant	Laraib power plant	Unallocated	Total
	.... (Rs. '000s)				
TOTAL ASSETS	63,189,627	13,170,656	699,049	1,461,949	78,521,281

AS AT JUNE 30, 2009

	Hub power plant	Narowal power plant	Laraib power plant	Unallocated	Total
	.... (Rs. '000s)				
TOTAL ASSETS	80,890,539	8,638,673	651,511	1,659,483	91,840,206

The unallocated assets represent the goodwill arising from the acquisition of subsidiary by the holding company.

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15. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / ASSOCIATED UNDERTAKINGS

	Note	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
Amounts paid for services rendered	15.1	852,118	562,022
Reimbursement of expenses and others		834	12
Mark-up on short term borrowings		-	70,652
Mark-up on Long term loans		26,679	-
Mark-up on short term borrowings from subsidiary's CEO		65	178
Mark-up on salary payable to subsidiary's CEO		445	-
Remuneration to key management personnel			
Salaries, benefits and other allowances		19,214	15,908
Retirement benefits		2,841	890
	15.2	22,055	16,798
Fees	15.3	-	450
Contribution to staff retirement benefit plans		8,743	3,776

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

15.2 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.

15.3 This represents fee to three independent directors.

15.4 As at September 30, 2009, the outstanding balance of long term loans from an associated undertaking was Rs. 1,043.331 million (June 2009: Rs. 488.501 million) out of the total available facilities of Rs. 2,000 million (June 2009: Rs. 2,000 million).

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

16. CASH AND CASH EQUIVALENTS

	Note	3 months ended Sep 2009 (Rs. '000s)	3 months ended Sep 2008 (Rs. '000s)
Cash and bank balances		1,153,999	812,752
Finances under mark-up arrangements	11	(858,306)	(8,116,500)
		295,693	(7,303,748)

17. DATE OF AUTHORISATION

These financial statements were authorised for issue on October 28, 2009 in accordance with the resolution of the Board of Directors.

18. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Javed Mahmood
Chief Executive

Syed Nizam A. Shah
Director