THE HUB POWER COMPANY LIMITED

UNAUDITED QUARTERLY FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED
MARCH 31, 2013
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**The Hub Power Company Limited**

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**The Hub Power Company Limited and its Subsidiary Company**

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<td>20</td>
</tr>
</tbody>
</table>
COMPANY INFORMATION

BOARD OF DIRECTORS
Hussain Dawood (Chairman)
Zafar Iqbal Sobani (Chief Executive)
Syed Muhammad Ali
Iqbal Alimohamed
Muhammad Aliuddin Ansari
Dr. Asif A. Brohi
Abdul Samad Dawood
Qaiser Javed
Khaleeq Nazar Kiani
Ruhail Muhammed
Ali Munir
Shahid Hamid Pracha
Inam ur Rehman
Shahid Aziz Siddiqi
Syed Khalid Siraj Subhani

Audit Committee
Iqbal Alimohamed Chairman
Qaiser Javed
Ruhail Mohammad
Ali Munir
Shahid Aziz Siddiqi

COMPANY SECRETARY
Shamsul Islam

MANAGEMENT
Zafar Iqbal Sobani Chief Executive Officer
Abdul Nasir Chief Financial Officer
Abdul Vakil Chief Technical Officer
Shamsul Islam Company Secretary
Mustafa Giani Sr. Manager Commercial & Contracts

REGISTERED & 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

PRINCIPAL BANKERS
Allied Bank of Pakistan

BANKERS
Askari Bank Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
Bank of Punjab
Bank Islami Pakistan Limited
Barclays Bank PLC Pakistan
Burj Bank Limited
Citibank N.A. Karachi.
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
MCB Bank Limited
NIB Bank Limited
National Bank of Pakistan
PAIR Investment Company Limited
Pak Brunei Investment Company Limited
Pak China Investment Company Limited
Pak Kuwait Investment Company (Pvt) Ltd.,
Samba Bank Limited
Standard Chartered Bank (Pakistan) Ltd.,
Sumitomo Mitsui Banking Corp. Europe Ltd., London
United Bank Limited

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

LEGAL ADVISORS
Rizvi, Isa, Afridi & Angell, Karachi

AUDITORS
Ernst & Young Ford Rhodes Sidat Hyder

REGISTRAR
Famco Associates (Pvt) Limited
DIRECTORS’ REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2013

Directors have the pleasure in presenting the unaudited Financial Statements for the nine months ended March 31, 2013.

UPDATE ON LARAIB ENERGY LIMITED
By the grace of almighty Allah our subsidiary Laraib Energy’s hydel plant of 84 MW at New Bong near Mangla in Azad Kashmir achieved COD on 23 March 2013.

This is the first IPP Hydro Plant in the private sector and the completion of Plant will bode well for the Country as hopefully in due course some other Hydro projects which are in pipeline will move forward to stage of financial closure and start of physical work. The consolidated results of nine months include the results of Laraib since COD and going forward the project will add value to shareholders.

CIRCULAR DEBT
Circular debt continues to affect the operations of our plants. Our Narowal plant was partially operating since the first week of January 2013 and is fully shutdown since the last week of March 2013 due to fuel shortage because of the non-payment by the power purchaser. This is depriving the Country 214 MW of electricity from an efficient plant. The receivables for Narowal plant are Rs. 19.6 billion and the amount payable to fuel supplier is Rs. 3.2 billion. The Company has called on the Sovereign Guarantee issued by the Government for Narowal Plant and joined other IPPs of the 2002 Power Policy in their petition in the Supreme Court seeking an early recovery of overdue amounts and to protect itself against the imposition of liquidated damages in case of plant’s unavailability for generation due to lack of fuel which is caused by the power purchaser’s default for delay in payments. Further details are provided in Note 10.3 of the Financial Statements.

The receivables for Hub plant are Rs. 95.6 billion and the amount payable to PSO is Rs. 78.9 billion. Fuel supplier has reduced supply below requirements for daily operations so fuel stock is at alarming level.

The Company along with other IPP’s continues to make frequent representations to the concerned Ministries and the power purchasers without any tangible success.

FINANCIAL AND OPERATIONAL HIGHLIGHTS
During the review period Hub Plant operated at an average load factor of 76.7% and an average complex availability (ACA) of 81%. Electricity sold to WAPDA was 6,052 GWh. During the same period Narowal Plant operated at an average load factor of 56.6% and an average complex availability (ACA) of 61%. Electricity sold to WAPDA was 795 GWh. Laraib plant has during the review period generated 11.6 GWh of electricity since becoming operational.

Turnover for the period was Rs. 132,494 million (2012: Rs. 123,818 million) and operating costs were Rs. 119,769 million (2012: Rs. 113,171 million). Both turnover and operating costs registered an increase in the period under review compared to corresponding period last year mainly due to higher fuel oil prices and higher generation. Net profit earned by the Company during the period was Rs. 7,402 million while the profit earned during the same period last year was Rs. 4,972 million. Earning per share for the period was Rs. 6.40 compared to Rs. 4.30 in the
same period last year. The increase in profit is mainly because of tariff indexation and Narowal profitability reflected in period under review.

The key financial results of the Company during the nine months ended March 31, 2013 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Quarter ended</th>
<th>Nine months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March 31, 2013</td>
<td>March 31, 2012</td>
</tr>
<tr>
<td>Turnover</td>
<td>42,534</td>
<td>44,370</td>
</tr>
<tr>
<td>Operating costs</td>
<td>36,254</td>
<td>40,594</td>
</tr>
<tr>
<td>Net Profit</td>
<td>2,661</td>
<td>1,974</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>2.30</td>
<td>1.71</td>
</tr>
</tbody>
</table>

CORPORATE SOCIAL RESPONSIBILITY
We remained proactive in maintaining and expanding our Corporate Social Responsibility program. Our focus is to support health and education programs in District Lasbella in the province of Balochistan, and in Narowal in Punjab.

Extensive tree plantation has been done at both Hub and Narowal plant areas. Trees were also donated to the Punjab Forestry Department.

Our Laraib Plant is Pakistan’s first hydel project and is registered with United Nations Framework Convention for Climate Change (UNFCCC) under Clean Development Mechanism (CDM).

INFORMATION IN RELATION TO LUXEMBOURG STOCK EXCHANGE
The Directors in compliance with the requirements of the ‘Commission De Surveillance Du Secteur Financier, Societe de Bourse de Luxembourg SA’; are pleased to confirm that to the best of their knowledge, the condensed interim financial statements for the nine months ended March 31, 2013 give a true and fair view of the assets, liabilities, financial position and financial results of the Company and are in conformity with approved accounting standards as applicable in Pakistan. Further, the aforementioned management report includes a fair review of the development and performance of the Company together with the potential risks and uncertainties faced, if any.

CONSOLIDATED FINANCIAL STATEMENTS
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 nine months ended March 31, 2013 has been separately presented in this Report.

By Order of the Board

Karachi: April 25, 2013

Zafar Iqbal Sobani
Chief Executive
<table>
<thead>
<tr>
<th>Note</th>
<th>3 months ended Mar 2013 (Rs. '000s)</th>
<th>3 months ended Mar 2012 (Rs. '000s)</th>
<th>9 months ended Mar 2013 (Rs. '000s)</th>
<th>9 months ended Mar 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>42,534,372</td>
<td>44,370,484</td>
<td>132,493,749</td>
<td>123,818,343</td>
</tr>
<tr>
<td>Operating costs</td>
<td>4 (38,254,491)</td>
<td>(40,594,014)</td>
<td>(119,769,409)</td>
<td>(113,171,366)</td>
</tr>
<tr>
<td>GROSS PROFIT</td>
<td>4,279,881</td>
<td>3,776,470</td>
<td>12,724,340</td>
<td>10,646,977</td>
</tr>
<tr>
<td>Other income</td>
<td>3,224</td>
<td>286</td>
<td>14,859</td>
<td>31,430</td>
</tr>
<tr>
<td>General and administration expenses</td>
<td>(101,363)</td>
<td>(97,905)</td>
<td>(299,679)</td>
<td>(285,157)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>5 (1,520,326)</td>
<td>(1,704,593)</td>
<td>(5,036,249)</td>
<td>(5,420,982)</td>
</tr>
<tr>
<td>Workers' profit participation fund</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PROFIT BEFORE TAXATION</td>
<td>2,661,416</td>
<td>1,974,258</td>
<td>7,403,271</td>
<td>4,972,268</td>
</tr>
<tr>
<td>Taxation</td>
<td>7 (324)</td>
<td>-</td>
<td>(1,196)</td>
<td>-</td>
</tr>
<tr>
<td>PROFIT FOR THE PERIOD</td>
<td>2,661,092</td>
<td>1,974,258</td>
<td>7,402,075</td>
<td>4,972,268</td>
</tr>
<tr>
<td>Basic and diluted earnings per share (Rupees)</td>
<td>2.30</td>
<td>1.71</td>
<td>6.40</td>
<td>4.30</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.
# The Hub Power Company Limited
## Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

**For the Third Quarter Ended March 31, 2013**

<table>
<thead>
<tr>
<th></th>
<th>3 months ended</th>
<th>3 months ended</th>
<th>9 months ended</th>
<th>9 months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Rs. '000s)</td>
<td>(Rs. '000s)</td>
<td>(Rs. '000s)</td>
<td>(Rs. '000s)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>2,661,092</td>
<td>1,974,258</td>
<td>7,402,075</td>
<td>4,972,268</td>
</tr>
<tr>
<td>Other comprehensive income for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Comprehensive Income for the Period</strong></td>
<td><strong>2,661,092</strong></td>
<td><strong>1,974,258</strong></td>
<td><strong>7,402,075</strong></td>
<td><strong>4,972,268</strong></td>
</tr>
</tbody>
</table>

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

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**Zafar Iqbal Sobani**
Chief Executive

**Iqbal Alimohamed**
Director
# THE HUB POWER COMPANY LIMITED
## CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET
### AS AT MARCH 31, 2013

<table>
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<tr>
<th>ASSETS</th>
<th>Note</th>
<th>Mar 2013 (Rs. '000s)</th>
<th>Jun 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>8</td>
<td>44,083,517</td>
<td>46,037,896</td>
</tr>
<tr>
<td>Intangibles</td>
<td></td>
<td>14,494</td>
<td>24,796</td>
</tr>
<tr>
<td>Investment in subsidiary</td>
<td></td>
<td>4,674,189</td>
<td>4,674,189</td>
</tr>
<tr>
<td>Long term loan and advance</td>
<td>9</td>
<td>99,939</td>
<td>31,810</td>
</tr>
<tr>
<td>Long term deposits and prepayments</td>
<td></td>
<td>8,393</td>
<td>8,028</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stores and spares</td>
<td></td>
<td>1,253,780</td>
<td>1,084,981</td>
</tr>
<tr>
<td>Stock-in-trade</td>
<td></td>
<td>952,362</td>
<td>1,774,241</td>
</tr>
<tr>
<td>Trade debts</td>
<td>10</td>
<td>115,206,945</td>
<td>151,161,169</td>
</tr>
<tr>
<td>Advances, prepayments and other receivables</td>
<td></td>
<td>3,114,541</td>
<td>2,522,519</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td></td>
<td>238,435</td>
<td>497,031</td>
</tr>
<tr>
<td><strong>TOTAL Assets</strong></td>
<td></td>
<td>120,766,063</td>
<td>157,039,941</td>
</tr>
<tr>
<td></td>
<td></td>
<td>169,646,595</td>
<td>207,816,660</td>
</tr>
</tbody>
</table>

## 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 | | | |
| | | 19,076,117 | 19,195,545 |
| | | 30,647,661 | 30,767,089 |

| NON-CURRENT LIABILITIES | | | |
| Long term loans | | | |
| | | 23,865,097 | 25,834,390 |
| Deferred liability - Gratuity | | | |
| | | 17,352 | 10,652 |

## CURRENT LIABILITIES

| Trade and other payables | 11 | 89,534,151 | 127,711,782 |
| Interest / mark-up accrued | | 1,269,178 | 1,638,555 |
| Short term borrowings | 12 | 21,948,295 | 19,688,469 |
| Current maturity of long term loans | | 2,364,861 | 2,165,723 |
| | | 115,116,485 | 151,204,529 |

## COMMITMENTS AND CONTINGENCIES

| | 13 | | |
| **TOTAL EQUITY AND LIABILITIES** | | | |
| | | 169,646,595 | 207,816,660 |

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

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Zafar Iqbal Sobani
Chief Executive

Iqbal Allimohamed
Director
THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>Mar 2013 (Rs. '000s)</th>
<th>Mar 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>7,403,271</td>
<td>4,972,268</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,009,421</td>
<td>2,002,907</td>
</tr>
<tr>
<td>Amortisation</td>
<td>11,050</td>
<td>10,472</td>
</tr>
<tr>
<td>Loss / (gain) on disposal of fixed assets</td>
<td>207</td>
<td>1,693</td>
</tr>
<tr>
<td>Staff gratuity</td>
<td>6,700</td>
<td>15,621</td>
</tr>
<tr>
<td>Interest income</td>
<td>(8,135)</td>
<td>(4,990)</td>
</tr>
<tr>
<td>Interest / mark-up</td>
<td>4,860,404</td>
<td>5,243,340</td>
</tr>
<tr>
<td>Amortisation of transaction cost</td>
<td>44,066</td>
<td>37,295</td>
</tr>
<tr>
<td>Operating profit before working capital changes</td>
<td>14,326,984</td>
<td>12,275,220</td>
</tr>
<tr>
<td>Working capital changes</td>
<td>(6,211,992)</td>
<td>(25,754)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>8,114,992</td>
<td>12,249,466</td>
</tr>
<tr>
<td>Interest received</td>
<td>6,207</td>
<td>4,873</td>
</tr>
<tr>
<td>Interest / mark-up paid</td>
<td>(5,229,781)</td>
<td>(5,326,090)</td>
</tr>
<tr>
<td>Staff gratuity paid</td>
<td>(9,200)</td>
<td>-</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>(1,196)</td>
<td>-</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>2,890,222</td>
<td>6,919,049</td>
</tr>
<tr>
<td>CASH FLOWS FROM INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed capital expenditure - net</td>
<td>(56,586)</td>
<td>64,803</td>
</tr>
<tr>
<td>Proceeds from disposal of fixed assets</td>
<td>589</td>
<td>4,615</td>
</tr>
<tr>
<td>Investment in subsidiary</td>
<td>-</td>
<td>(535,782)</td>
</tr>
<tr>
<td>Long term loan and advance</td>
<td>(68,129)</td>
<td>-</td>
</tr>
<tr>
<td>Long term deposits and prepayments</td>
<td>(365)</td>
<td>7,733</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(124,491)</td>
<td>(458,631)</td>
</tr>
<tr>
<td>CASH FLOWS FROM FINANCING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(3,469,932)</td>
<td>(3,467,827)</td>
</tr>
<tr>
<td>Proceeds from long term loans - Larai's investment</td>
<td>80,395</td>
<td>538,700</td>
</tr>
<tr>
<td>Repayment of long term loans - Hub plant</td>
<td>(979,061)</td>
<td>(979,062)</td>
</tr>
<tr>
<td>Repayment of long term loans - Narowal plant</td>
<td>(915,555)</td>
<td>(787,765)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(5,284,153)</td>
<td>(4,695,954)</td>
</tr>
<tr>
<td>Net (decrease) / increase in cash and cash equivalents</td>
<td>(2,518,422)</td>
<td>1,764,464</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>(19,191,438)</td>
<td>(10,067,073)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>15</td>
<td>(21,709,860)</td>
</tr>
</tbody>
</table>

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

Zafar Iqbal Sobani  
Chief Executive

Iqbal Alimohamed  
Director
THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>Mar 2013 (Rs. '000s)</th>
<th>Mar 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the period</td>
<td>11,571,544</td>
<td>11,571,544</td>
</tr>
<tr>
<td>Balance at the end of the period</td>
<td>11,571,544</td>
<td>11,571,544</td>
</tr>
<tr>
<td>Unappropriated profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the period</td>
<td>19,195,545</td>
<td>17,948,793</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>7,402,075</td>
<td>4,972,268</td>
</tr>
<tr>
<td>Transactions with owners in their capacity as owners</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final dividend for the fiscal year 2011-2012</td>
<td>(3,471,463)</td>
<td>(3,471,463)</td>
</tr>
<tr>
<td>@ Rs. 3.00 (2010-2011 @ Rs. 3.00) per share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interim dividend for the fiscal year 2012-2013</td>
<td>(4,050,040)</td>
<td>(3,471,463)</td>
</tr>
<tr>
<td>@ Rs. 3.50 (2011-2012: @ Rs. 3.00) per share</td>
<td>(7,521,503)</td>
<td>(6,942,926)</td>
</tr>
<tr>
<td>Balance at the end of the period</td>
<td>19,076,117</td>
<td>15,978,135</td>
</tr>
<tr>
<td>Total equity</td>
<td>30,647,661</td>
<td>27,549,679</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.
THE HUB POWER COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM
UNCONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2013

1. THE COMPANY AND ITS OPERATIONS
The Hub Power Company Limited (the “Company”) was incorporated in Pakistan on August 1, 1991 as a public limited company under the Companies Ordinance, 1984 (the “Ordinance”). The shares of the Company are listed on the Karachi, Lahore and Islamabad Stock Exchanges and its Global Depository Receipts are listed on the Luxembourg Stock Exchange. The principal activities of the Company are to develop, own, operate and maintain power stations. The Company owns an oil-fired power station of 1,200 MW (net) in Bahochitan (Hub plant) and a 234 MW (net) oil-fired power station in Punjab (Narowal plan). The Company also has a 75% controlling interest in Laraib Energy Limited “subsidiary company”. The subsidiary company owns a hydel power station of 84 MW which commenced operations on March 23, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES
The accounting policies and methods of computation followed for the preparation of these condensed interim unconsolidated financial statements are same as those applied in preparing the unconsolidated financial statements for the year ended June 30, 2012.

3. BASIS OF PREPARATION
These unaudited condensed interim unconsolidated financial statements of the Company for the third quarter ended March 31, 2013 have been prepared in accordance with the requirements of IAS 24 “Interim Financial Reporting” and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of and directives issued under the Ordinance have been followed.

These condensed interim unconsolidated financial statements do not include all the information and disclosures as required in the annual unconsolidated financial statements and should be read in conjunction with the Company’s annual unconsolidated financial statements for the year ended June 30, 2012.

4. OPERATING COSTS

<table>
<thead>
<tr>
<th></th>
<th>3 months ended</th>
<th>3 months ended</th>
<th>9 months ended</th>
<th>9 months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mar 2013 (Rs. ‘000s)</td>
<td>Mar 2012 (Rs. ‘000s)</td>
<td>Mar 2013 (Rs. ‘000s)</td>
<td>Mar 2012 (Rs. ‘000s)</td>
</tr>
<tr>
<td>Fuel cost</td>
<td>36,166,201</td>
<td>38,841,280</td>
<td>113,522,816</td>
<td>107,721,099</td>
</tr>
<tr>
<td>Stores and spares</td>
<td>17,301</td>
<td>29,681</td>
<td>174,054</td>
<td>119,244</td>
</tr>
<tr>
<td>Operation &amp; Maintenance</td>
<td>958,270</td>
<td>876,286</td>
<td>2,758,201</td>
<td>2,466,326</td>
</tr>
<tr>
<td>Insurance</td>
<td>211,753</td>
<td>175,238</td>
<td>635,260</td>
<td>521,141</td>
</tr>
<tr>
<td>Depreciation</td>
<td>663,383</td>
<td>660,197</td>
<td>1,992,363</td>
<td>1,983,608</td>
</tr>
<tr>
<td>Amortisation</td>
<td>2,753</td>
<td>1,467</td>
<td>8,258</td>
<td>7,251</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>224,831</td>
<td>(20,135)</td>
<td>678,427</td>
<td>352,697</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>38,254,491</strong></td>
<td><strong>40,594,014</strong></td>
<td><strong>119,769,409</strong></td>
<td><strong>113,171,266</strong></td>
</tr>
</tbody>
</table>

5. FINANCE COSTS

<table>
<thead>
<tr>
<th></th>
<th>3 months ended</th>
<th>3 months ended</th>
<th>9 months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mar 2013 (Rs. ‘000s)</td>
<td>Mar 2012 (Rs. ‘000s)</td>
<td></td>
</tr>
<tr>
<td>Hub plant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest / mark-up on long term loans</td>
<td>136,279</td>
<td>184,595</td>
<td>453,625</td>
</tr>
<tr>
<td>Mark-up on short term borrowings</td>
<td>264,991</td>
<td>230,748</td>
<td>734,119</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>10,975</td>
<td>29,168</td>
<td>73,465</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>414,245</td>
<td>444,511</td>
<td>1,261,209</td>
</tr>
<tr>
<td>Narowal plant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mark-up on long term loans</td>
<td>355,680</td>
<td>720,521</td>
<td>1,892,473</td>
</tr>
<tr>
<td>Mark-up on short term borrowings</td>
<td>390,693</td>
<td>363,214</td>
<td>1,370,606</td>
</tr>
<tr>
<td>Amortisation of transaction cost</td>
<td>14,912</td>
<td>12,432</td>
<td>44,066</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>14,694</td>
<td>4,052</td>
<td>42,777</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>974,979</td>
<td>1,110,229</td>
<td>3,349,533</td>
</tr>
<tr>
<td>Laraib’s investment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mark-up on long term loans</td>
<td>127,971</td>
<td>143,268</td>
<td>409,581</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>5,131</td>
<td>6,585</td>
<td>15,536</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>133,102</td>
<td>149,853</td>
<td>425,117</td>
</tr>
</tbody>
</table>

6. WORKERS’ PROFIT PARTICIPATION FUND

| Provision for Workers’ profit participation fund | 133,071 | 98,713 | 370,164 | 248,613 |
| Workers’ profit participation fund recoverable from WAPDA / NTDC | (133,071) | (98,713) | (370,164) | (248,613) |
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 will bill this to WAPDA / NTDC as a pass through item under the Power Purchase Agreements (PPAs).

7. TAXATION

<table>
<thead>
<tr>
<th>Current</th>
<th>3 months ended</th>
<th>9 months ended</th>
<th>3 months ended</th>
<th>9 months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Rs. '000s)</td>
<td>(Rs. '000s)</td>
<td>(Rs. '000s)</td>
<td>(Rs. '000s)</td>
<td>(Rs. '000s)</td>
</tr>
<tr>
<td>For the period</td>
<td>224</td>
<td>-</td>
<td>699</td>
<td>-</td>
</tr>
<tr>
<td>Prior year</td>
<td>-</td>
<td>-</td>
<td>497</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>324</td>
<td>-</td>
<td>1,196</td>
<td>-</td>
</tr>
</tbody>
</table>

8. PROPERTY, PLANT AND EQUIPMENT

| Operating property, plant and equipment | 44,022,225 | 46,011,800 |
| Capital work-in-progress | 61,292 | 26,095 |
| Total | 44,083,517 | 46,037,896 |

8.1 Additions to property, plant and equipment during the period were Rs. 55,839 million and disposals therefrom at net book value were Rs. 0.796 million.

9. LONG TERM LOAN AND ADVANCE

<table>
<thead>
<tr>
<th>Considered good</th>
<th>Mar 2013</th>
<th>Jun 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subordinated loan to subsidiary - unsecured</td>
<td>80,395</td>
<td>-</td>
</tr>
<tr>
<td>Advance - secured</td>
<td>19,544</td>
<td>31,810</td>
</tr>
<tr>
<td>Total</td>
<td>99,939</td>
<td>31,810</td>
</tr>
</tbody>
</table>

9.1 During the period, the Company entered into a subordinated loan agreement of Rs. 170 million with the subsidiary pursuant to the Sponsor Support Agreement for cost overrun support. The loan carries mark-up at the rate of 4.60% per annum above six month KIBOR. The mark-up on the loan is payable on semi-annual basis in arrears starting from October 01, 2013 and the principal amount will be repaid semi-annually in 10 equal installments starting from April 01, 2014. Any late payment will be compounded semi-annually.

10. TRADE DEBTS - secured

<table>
<thead>
<tr>
<th>Considered good</th>
<th>Mar 2013</th>
<th>Jun 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debts from WAPDA</td>
<td>95,629,919</td>
<td>133,320,273</td>
</tr>
<tr>
<td>Trade debts from NTDC</td>
<td>15,577,026</td>
<td>17,840,806</td>
</tr>
<tr>
<td>Total</td>
<td>111,206,945</td>
<td>151,161,079</td>
</tr>
</tbody>
</table>

10.1 This includes an amount of Rs. 84,039 million (Jan 2012: Rs. 118,585 million) receivable from Water and Power Development Authority (WAPDA) which are overdue but not impaired because the trade debts are secured by a guarantee from the Government of Pakistan under Implementation Agreement. The overdue from WAPDA carries mark-up at SHP discount rate plus 2% per annum compounded semi-annually.

10.2 This includes an amount of Rs. 17,768 million (Jun 2012: Rs. 11,047 million) receivable from National Transmission and Despatch Company Limited (NTDC) which are overdue but not impaired because the trade debts are secured by a guarantee from the Government of Pakistan under Implementation Agreement. The overdue from NTDC carries mark-up at a rate of 3 month KIBOR plus 4.5% per annum compounded semi-annually.

10.3 Due to continuous delay in payments by NTDC in connection with the Narowal plant, the Company called on the Sovereign Guarantee for recovery of overdue receivables. Subsequently, the Company also filed a petition in the Honourable Supreme Court of Pakistan (SCP) seeking inter alia an immediate recovery of these overdue receivables and to protect itself against reduction in capacity purchase price in the form of Liquidated Damages (LDs) due to non availability of power plant for electricity generation because of lack of fuel caused by delay in payments by NTDC. On February 15, 2013, the SCP passed an interim order that there shall be no reduction in capacity payment till the next date. This interim order has been continued on each subsequent date, namely February 19, March 15, and lastly on April 2, and is still subsisting. Included herein is an amount of Rs. 838 million relating to Liquidated Damages up to March 31, 2013.
The management and their legal advisor are of the opinion that the right of NTDC on the Available Capacity is conditional upon timely payment by NTDC in accordance with the terms of PPA and therefore the position of the Company is sound on legal basis and eventual outcome ought to be in favor of the Company. Pending the resolution of the matter stated above, no provision has been made in these condensed interim unconsolidated financial statements against the trade debts.

11. TRADE AND OTHER PAYABLES

This includes Rs. 78,856 million (Jun 2012: Rs. 122,895 million) payable to Pakistan State Oil Company Limited, out of which overdue amount is Rs. 69,812 million (Jun 2012: Rs. 108,497 million) which carries interest / mark-up at SBP discount rate plus 2% per annum compounded semi-annually and Rs. 3,225 million (Jun 2012: Rs. 2,051 million) payable to Baki Trading Company Pakistan (Pvt.) Limited, out of which overdue amount is Rs. 3,194 million (Jun 2012: Rs. Nil) which carries interest / mark-up at a rate of 3 month KIBOR plus 2% per annum.

12. SHORT TERM BORROWINGS - Secured

<table>
<thead>
<tr>
<th>Note</th>
<th>Mar 2013 (Rs. '000s)</th>
<th>Jun 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Unaudited)</td>
<td>(Audited)</td>
</tr>
<tr>
<td>Finances under mark-up arrangements</td>
<td>12.1 to 12.4</td>
<td>21,948,295</td>
</tr>
</tbody>
</table>

12.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 21,965 million (Jun 2012: Rs. 20,850 million) at mark-up ranging between 0.75% to 3.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities expire during the period from March 31, 2013 to March 28, 2014. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

12.1.1 The facilities amounting to Rs. 17,040 million (Jun 2012: Rs. 16,200 million) are secured by way of charge over the trade debts and stocks of the Company at the time of the charge.

12.1.2 The facilities amounting to Rs. 4,925 million (Jun 2012: Rs. 4,650 million) are secured by way of:

(a) a first ranking charge on all present and future (i) amounts standing to the credit of the Energy Payment Collection Account and the Master Facility Account, (ii) Fuel, lube, fuel stocks at the Narowal plant and Spares parts; and (iii) the Energy Payment Receivables of Narowal plant.

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

12.2 The Company has issued privately placed Sukuk certificates based on Musharaka amounting to Rs. 4,500 million (Jun 2012: Rs. 3,046 million) at a mark-up of 1.25% per annum above six month KIBOR. The mark-up and principal is payable on the expiry of six months from the commencement date ranging between February 15, 2013 to March 14, 2013. Any late payment by the Company is subject to mark-up at a rate of 16% per annum. These facilities are secured by way of securities mentioned in note 12.1.1.

12.3 The Company also has Mumbahab facility agreements with banks for an amount of Rs. 625 million (Jun 2012: Rs. 625 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on July 31, 2013. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 12.1.2.

12.4 The Company also entered into a Musharaka agreement amounting to Rs. 635 million (Jun 2012: Rs. 635 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on September 30, 2013. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 12.1.2 (a).

13. COMMITMENTS AND CONTINGENCIES

13.1 Under the Implementation Agreement ("IA") with the GOP and the Income Tax Ordinance, 2001 ("Ordinance"), the Company is exempt from the levy of minimum tax. During the period, FBR issued demand notices amounting to Rs. 442 million relating to the tax years 2006 to 2008, 2010 and 2011. After the Company’s appeals were rejected by the Commissioner Inland Revenue (Appeals), Islamabad ("CIR-A"), further appeals were filed with the Appellate Tribunal Inland Revenue ("Appellate Tribunal"), Islamabad which have been heard and the judgment has been reserved. In the case of another IPP, the Commissioner (Appeals), Lahore decided a similar issue in favour of the IPP which was also upheld by the Appellate Tribunal, Lahore and on this basis and in view of the exemption available under the IA and tax laws, the Company and its tax advisors are confident that the issue will be decided in favour of the Company.

The Federal Board of Revenue ("FBR") also issued notices to the Company’s bankers for recovery of the above tax demand. The Company filed stay applications with the Appellate Tribunal and was able to obtain a stay which will be expiring on May 24, 2013 or the decision by the Appellate Tribunal on the main appeal, whichever is earlier.

Pending the resolution of the matters stated above, no provision has been made in these condensed interim unconsolidated financial statements.
13.2 The FBR passed an order for the recovery of Rs. 8,691 million relating to fiscal years ended June 2008 to 2011. In FBR's view the Company had claimed input tax in excess of what was allowed under the law. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the Appellate Tribunal ("ATIR") which has decided the case in favour of the Company.

13.3 During the quarter, the FBR passed an order for the recovery of Rs. 277 million on the basis that the Company failed to deduct 1% GST from payments to its suppliers. The Company has filed an appeal at the CIR-A level which is pending adjudication.

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

14. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKINGS

<table>
<thead>
<tr>
<th>Note</th>
<th>9 months ended Mar 2013 (Rs. '000s)</th>
<th>9 months ended Mar 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts paid for services rendered</td>
<td>-</td>
<td>2,936,568</td>
</tr>
<tr>
<td>Reimbursement of expenses and others</td>
<td>-</td>
<td>2,092</td>
</tr>
<tr>
<td>Mark-up on short term borrowings</td>
<td>-</td>
<td>87,893</td>
</tr>
<tr>
<td>Subordinated loan to subsidiary</td>
<td>9,1</td>
<td>80,395</td>
</tr>
<tr>
<td>Interest income on subordinated loan to subsidiary</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>-</td>
<td>112</td>
</tr>
<tr>
<td>Remuneration to key management personnel:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Salaries, benefits and other allowances</td>
<td>45,081</td>
</tr>
<tr>
<td></td>
<td>Retirement benefits</td>
<td>3,821</td>
</tr>
<tr>
<td></td>
<td></td>
<td>48,912</td>
</tr>
<tr>
<td>Directors' fee</td>
<td>7,915</td>
<td>3,500</td>
</tr>
<tr>
<td>Contribution to staff retirement benefit plans</td>
<td>6,841</td>
<td>14,213</td>
</tr>
</tbody>
</table>

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

14.2 The transactions with associated undertakings are made under normal commercial terms and conditions except as disclosed in note 9.1.

15. CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Note</th>
<th>Mar 2013 (Rs. '000s)</th>
<th>Mar 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank balances</td>
<td>238,435</td>
<td>4,359,585</td>
</tr>
<tr>
<td>Finances under mark-up arrangements</td>
<td>(21,948,295)</td>
<td>(12,662,194)</td>
</tr>
<tr>
<td></td>
<td>(21,709,860)</td>
<td>(8,302,609)</td>
</tr>
</tbody>
</table>

16. DATE OF AUTHORISATION

These condensed interim unconsolidated financial statements were authorised for issue on April 25, 2013 in accordance with the resolution of the Board of Directors.

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Safar Iqbal Shahi
Chief Executive

Iqbal Ali Mohammed
Director
REPORT OF THE DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2013

Directors of the Company take 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 nine months ended March 31, 2013.

We are pleased to report that our subsidiary (75% shareholding) Laraib Energy's hydel plant of 84 MW at New Bong 8 km downstream of the Mangla Dam in Azad Kashmir achieved commercial operations on March 23, 2013. This is the first private IPP in the hydel sector and is to generate cheap electricity using water flowing from Mangla Dam. This Plant will bode well for the Country as hopefully in due course some other hydel projects which are in pipeline will move forward to stage of financial closure and start of physical work.

In addition, the Directors in compliance with the requirements of the Commission De Surveillance Du Secteur Financier, Societe de Bourse de Luxembourg SA; are pleased to confirm that to the best of their knowledge, the condensed interim financial statements for the nine months ended March 31, 2013 give a true and fair view of the assets, liabilities, financial position and financial results of the Company and are in conformity with approved accounting standards as applicable in Pakistan. Further, the aforementioned management report includes a fair review of the development and performance of the Company together with the potential risks and uncertainties faced, if any.

The Directors' Report on the Financial Statements (un-audited) of The Hub Power Company Limited for the nine months ended March 31, 2013 has been separately presented in this Report.

By Order of the Board

[Signature]
Zafar Iqbal Sobani  
Chief Executive

Karachi: April 25, 2013
## THE HUB POWER COMPANY LIMITED
### CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
### FOR THE THIRD QUARTER ENDED MARCH 31, 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>3 months ended Mar 2013 (Rs. '000s)</th>
<th>3 months ended Mar 2012 (Rs. '000s)</th>
<th>9 months ended Mar 2013 (Rs. '000s)</th>
<th>9 months ended Mar 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>42,636,573</td>
<td>44,370,484</td>
<td>132,595,950</td>
<td>123,818,343</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(38,333,995)</td>
<td>(40,594,014)</td>
<td>(119,848,913)</td>
<td>(113,171,366)</td>
</tr>
</tbody>
</table>

**GROSS PROFIT**

| 4,302,578 | 3,776,470 | 12,747,037 | 10,646,977 |
| Other income | 2,914 | 3,492 | 19,572 | 57,222 |
| General and administration expenses | (115,936) | (119,117) | (342,065) | (324,745) |
| Finance costs | (1,460,588) | (1,597,617) | (4,765,601) | (5,111,094) |
| Workers' profit participation fund | - | - | - | - |

**PROFIT BEFORE TAXATION**

| 2,728,968 | 2,063,228 | 7,658,943 | 5,268,360 |
| Taxation | (1,065) | (1,003) | (5,008) | (3,316) |

**PROFIT FOR THE PERIOD**

| 2,727,903 | 2,062,225 | 7,653,935 | 5,265,044 |

**Attributable to:**

- Owners of the holding company
  - 2,732,002 | 2,067,077 | 7,664,587 | 5,269,604 |
- Non-controlling interest
  - (4,099) | (4,852) | (10,652) | (4,560) |

| 2,727,903 | 2,062,225 | 7,653,935 | 5,265,044 |

**Basic and diluted earnings per share attributable to owners of the holding company (Rupees)**

| 2.36 | 1.79 | 6.62 | 4.55 |

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

Zafar Iqbal Sobani  
Chief Executive

Iqbal Alimohamed  
Director
THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>3 months ended Mar 2013 (Rs. '000s)</th>
<th>3 months ended Mar 2012 (Rs. '000s)</th>
<th>9 months ended Mar 2013 (Rs. '000s)</th>
<th>9 months ended Mar 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period</td>
<td>2,727,903</td>
<td>2,062,225</td>
<td>7,653,935</td>
<td>5,265,044</td>
</tr>
<tr>
<td>Other comprehensive income for the period</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</td>
<td>2,727,903</td>
<td>2,062,225</td>
<td>7,653,935</td>
<td>5,265,044</td>
</tr>
</tbody>
</table>

Attributable to:
- Owners of the holding company
  - 2,732,002
  - 2,067,077
  - 7,664,587
  - 5,269,604
- Non-controlling interest
  - (4,099)
  - (4,852)
  - (10,652)
  - (4,560)

2,727,903
2,062,225
7,653,935
5,265,044

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

Zafar Iqbal Sobani
Chief Executive

Iqbal Alimohamed
Director
### THE HUB POWER COMPANY LIMITED
### CONDENSED INTERIM CONSOLIDATED
### BALANCE SHEET
### AS AT MARCH 31, 2013

#### ASSETS

<table>
<thead>
<tr>
<th>Note</th>
<th>Mar 2013 (Rs. '000s)</th>
<th>Jun 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Unaudited)</td>
<td>(Audited)</td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>8</td>
<td>64,743,116</td>
</tr>
<tr>
<td>Intangibles</td>
<td></td>
<td>1,428,707</td>
</tr>
<tr>
<td>Long term advances</td>
<td></td>
<td>19,544</td>
</tr>
<tr>
<td>Long term deposits and prepayments</td>
<td></td>
<td>18,744</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stores and spares</td>
<td></td>
<td>1,253,780</td>
</tr>
<tr>
<td>Stock-in-trade</td>
<td></td>
<td>952,362</td>
</tr>
<tr>
<td>Trade debts</td>
<td>9</td>
<td>115,311,906</td>
</tr>
<tr>
<td>Advances, deposits, prepayments and other receivables</td>
<td></td>
<td>3,161,051</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td></td>
<td>2,111,295</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### EQUITY AND LIABILITIES

<table>
<thead>
<tr>
<th>Share Capital and Reserve</th>
<th>Mar 2013 (Rs. '000)</th>
<th>Jun 2012 (Rs. '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital Authorised</td>
<td>12,000,000</td>
<td>12,000,000</td>
</tr>
<tr>
<td>Issued, subscribed and paid-up</td>
<td>11,571,544</td>
<td>11,571,544</td>
</tr>
<tr>
<td>Revenue Reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unappropriated profit</td>
<td>19,766,243</td>
<td>19,622,261</td>
</tr>
<tr>
<td>Attributable to owners of the holding company</td>
<td>31,337,787</td>
<td>31,193,805</td>
</tr>
<tr>
<td>Advance against issue of shares to minority shareholders</td>
<td></td>
<td>74,481</td>
</tr>
<tr>
<td><strong>NON-CONTROLLING INTEREST</strong></td>
<td></td>
<td>1,008,945</td>
</tr>
<tr>
<td></td>
<td></td>
<td>32,346,722</td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term loans</td>
<td></td>
<td>39,190,519</td>
</tr>
<tr>
<td>Deferred liabilities - Gratuity</td>
<td></td>
<td>20,720</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>10</td>
<td>90,906,902</td>
</tr>
<tr>
<td>Interest / mark-up accrued</td>
<td></td>
<td>1,524,720</td>
</tr>
<tr>
<td>Short term borrowings</td>
<td>11</td>
<td>21,948,295</td>
</tr>
<tr>
<td>Current maturity of long term loans</td>
<td></td>
<td>3,060,495</td>
</tr>
<tr>
<td>Taxation - provisions less payments</td>
<td></td>
<td>2,122</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Zafar Iqbal Sobani
Chief Executive

Iqbal Alimohamed
Director
THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>Mar 2013 (Rs. '000s)</th>
<th>Mar 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation</td>
<td>7,658,943</td>
<td>5,268,360</td>
</tr>
</tbody>
</table>

Adjustments for:
- Depreciation | 2,082,112 | 2,005,791 |
- Amortisation | 11,240 | 10,885 |
- Loss / (gain) on disposal of fixed assets | 153 | (1,889) |
- Staff gratuity | 6,996 | 15,621 |
- Interest income | (12,794) | (12,645) |
- Interest / mark-up | 4,588,977 | 4,932,250 |
- Amortisation of transaction cost | 44,066 | 37,295 |
| Operating profit before working capital changes | 14,379,693 | 12,255,668 |
| Working capital changes | (6,024,543) | 324,967 |
| Cash generated from operations | 8,355,150 | 12,580,635 |

<table>
<thead>
<tr>
<th></th>
<th>Mar 2013 (Rs. '000s)</th>
<th>Mar 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>13,419</td>
<td>9,760</td>
</tr>
<tr>
<td>Interest / mark-up paid</td>
<td>(4,932,283)</td>
<td>(5,015,000)</td>
</tr>
<tr>
<td>Staff gratuity paid</td>
<td>-</td>
<td>(9,200)</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>(6,247)</td>
<td>(11,516)</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>3,430,039</td>
<td>7,554,679</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES
- Fixed capital expenditure - net | (3,999,177) | (5,180,234) |
- Proceeds from disposal of fixed assets | 3,433 | 6,832 |
- Share premium paid | - | (95,517) |
- Long term advances | 20,220 | - |
- Long term deposits and prepayments | 2,260 | 10,371 |
| Net cash used in investing activities | (3,973,264) | (5,258,548) |

CASH FLOWS FROM FINANCING ACTIVITIES
- Advance against issue of shares to minority shareholders | - | 146,631 |
- Dividends paid to owners of the holding company | (3,469,932) | (3,467,827) |
- Proceeds from long term loans - Larnaib's investment | 80,396 | 538,700 |
- Proceeds from long term loans - Subsidiary | 4,338,648 | 4,108,486 |
- Repayment of long term loans - Hub plant | (979,061) | (979,062) |
- Repayment of long term loans - Narowal plant | (915,555) | (787,765) |
| Net cash used in financing activities | (945,504) | (440,837) |

| Net (decrease) / increase in cash and cash equivalents | (1,488,729) | 1,855,294 |
| Cash and cash equivalents at the beginning of the period | 18,348,271 | 9,119,752 |

| Cash and cash equivalents at the end of the period | 19,837,000 | (7,264,458) |

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

Zafar Iqbal Sobani
Chief Executive

Iqbal Alimohamed
Director
THE HUB POWER COMPANY LIMITED  
CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE THIRD QUARTER ENDED MARCH 31, 2013  

<table>
<thead>
<tr>
<th>Mar 2013 (Rs. '000s)</th>
<th>Mar 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attributable to owners of the holding company</td>
<td></td>
</tr>
<tr>
<td><strong>Issued capital</strong></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the period</td>
<td>11,571,544</td>
</tr>
<tr>
<td>Balance at the end of the period</td>
<td>11,571,544</td>
</tr>
<tr>
<td><strong>Unappropriated profit</strong></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the period</td>
<td>19,622,261</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>7,664,587</td>
</tr>
<tr>
<td><strong>Transactions with owners in their capacity as owners</strong></td>
<td></td>
</tr>
<tr>
<td>Final dividend for the fiscal year 2011-2012</td>
<td></td>
</tr>
<tr>
<td>@ Rs. 3.00 (2010-2011 @ Rs. 3.00) per share</td>
<td>(3,471,463)</td>
</tr>
<tr>
<td>Interim dividend for the fiscal year 2012-2013</td>
<td></td>
</tr>
<tr>
<td>@ Rs. 3.50 (2011-2012 @ Rs. 3.00) per share</td>
<td>(4,050,040)</td>
</tr>
<tr>
<td>Reduction in controlling interest of the holding company</td>
<td>898</td>
</tr>
<tr>
<td>(7,520,605)</td>
<td>(6,942,604)</td>
</tr>
<tr>
<td>Balance at the end of the period</td>
<td>19,766,243</td>
</tr>
<tr>
<td><strong>Attributable to owners of the holding company</strong></td>
<td>31,337,787</td>
</tr>
<tr>
<td><strong>Advance against issue of shares to minority shareholders</strong></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the period</td>
<td>74,481</td>
</tr>
<tr>
<td>Advance received during the period</td>
<td>-</td>
</tr>
<tr>
<td>Shares issued during the period</td>
<td>(74,481)</td>
</tr>
<tr>
<td>Balance at the end of the period</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-controlling interest</strong></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the period</td>
<td>946,014</td>
</tr>
<tr>
<td>Shares issued during the period</td>
<td>74,481</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>(10,652)</td>
</tr>
<tr>
<td>Reduction in controlling interest of the holding company</td>
<td>(898)</td>
</tr>
<tr>
<td>Balance at the end of the period</td>
<td>1,008,945</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>32,346,732</td>
</tr>
</tbody>
</table>

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

Zafar Iqbal Sobani  
Chief Executive

Iqbal Alimohamed  
Director

19
THE HUB POWER COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2013

1. STATUS AND NATURE OF BUSINESS

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

The Group consists of:

- The Hub Power Company Limited (the holding company); and
- Lurabi Energy Limited (the subsidiary) - Holding of 74.95%.

The subsidiary was incorporated in Pakistan on August 9, 1995 as a public limited company under the Companies Ordinance, 1984. The principal activities of the subsidiary are to develop, own, operate, maintain and transfer a hydel power station with a total installed capacity of 84 MW near the New Bong Escape, which is 8 km downstream of the Mangla Dam in Azad Jammu & Kashmir. The power plant commenced commercial operations on March 23, 2013.

Electricity generated and dispatched during testing & commissioning of the Lurabi power plant has been capitalized. The current period profit and loss includes results of operations from March 23, 2013. As per the terms of the Power Purchase Agreement (PPA) entered between the subsidiary and the Power Purchaser, the Reference Tariff approved by National Electric Power Regulatory Authority (NEPRA) is to be adjusted after COO and the subsidiary is in the process of filing an application for such adjustment in tariff. These condensed interim consolidated financial statements include revenue on the basis of Reference Tariff and the differential amount of revenue due to tariff adjustment will be recognized in the subsequent period.

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, 2012.

3. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements for the third quarter ended March 31, 2013 have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of and directives issued under the Ordinance have been followed.

These condensed interim consolidated financial statements do not include all the information and disclosures as required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended June 30, 2012.

4. OPERATING COSTS

<table>
<thead>
<tr>
<th></th>
<th>3 months ended Mar 2013 (Rs. '000s)</th>
<th>3 months ended Mar 2012 (Rs. '000s)</th>
<th>9 months ended Mar 2013 (Rs. '000s)</th>
<th>9 months ended Mar 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel cost</td>
<td>36,166,201</td>
<td>38,841,280</td>
<td>113,522,816</td>
<td>107,721,099</td>
</tr>
<tr>
<td>Stores and spares</td>
<td>17,391</td>
<td>59,681</td>
<td>174,054</td>
<td>119,244</td>
</tr>
<tr>
<td>Operation &amp; Maintenance</td>
<td>964,743</td>
<td>876,286</td>
<td>2,764,674</td>
<td>2,466,326</td>
</tr>
<tr>
<td>Insurance</td>
<td>214,556</td>
<td>175,238</td>
<td>638,063</td>
<td>521,141</td>
</tr>
<tr>
<td>Depreciation</td>
<td>731,873</td>
<td>660,197</td>
<td>2,060,884</td>
<td>1,983,608</td>
</tr>
<tr>
<td>Amortisation</td>
<td>2,753</td>
<td>1,467</td>
<td>8,258</td>
<td>7,251</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>236,568</td>
<td>(20,125)</td>
<td>680,164</td>
<td>352,697</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>38,333,995</td>
<td>40,594,014</td>
<td>119,848,913</td>
<td>113,171,266</td>
</tr>
</tbody>
</table>
5. FINANCE COSTS

**Holding company**

<table>
<thead>
<tr>
<th></th>
<th>3 months ended</th>
<th>3 months ended</th>
<th>9 months ended</th>
<th>9 months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Rs. '000s)</td>
<td>(Rs. '000s)</td>
<td>(Rs. '000s)</td>
<td>(Rs. '000s)</td>
</tr>
<tr>
<td><strong>Hub plant</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest / mark-up on long term loans</td>
<td>136,279</td>
<td>184,595</td>
<td>453,625</td>
<td>584,655</td>
</tr>
<tr>
<td>Mark-up on short term borrowings</td>
<td>264,991</td>
<td>230,748</td>
<td>734,119</td>
<td>927,279</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>10,975</td>
<td>29,168</td>
<td>73,465</td>
<td>98,815</td>
</tr>
<tr>
<td></td>
<td>412,245</td>
<td>444,511</td>
<td>1,261,209</td>
<td>1,610,749</td>
</tr>
<tr>
<td><strong>Narowal plant</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mark-up on long term loans</td>
<td>554,680</td>
<td>730,531</td>
<td>1,892,473</td>
<td>2,380,641</td>
</tr>
<tr>
<td>Mark-up on short term borrowings</td>
<td>390,693</td>
<td>363,214</td>
<td>1,370,606</td>
<td>935,978</td>
</tr>
<tr>
<td>Amortisation of transaction cost</td>
<td>14,912</td>
<td>12,432</td>
<td>44,066</td>
<td>37,295</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>14,694</td>
<td>4,052</td>
<td>42,778</td>
<td>18,600</td>
</tr>
<tr>
<td></td>
<td>974,979</td>
<td>1,110,229</td>
<td>3,349,923</td>
<td>3,372,514</td>
</tr>
<tr>
<td><strong>Larain’s investment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mark-up on long term loans</td>
<td>127,971</td>
<td>143,268</td>
<td>409,581</td>
<td>414,787</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>5,131</td>
<td>6,585</td>
<td>15,536</td>
<td>22,932</td>
</tr>
<tr>
<td></td>
<td>133,102</td>
<td>149,853</td>
<td>425,117</td>
<td>437,719</td>
</tr>
<tr>
<td></td>
<td>1,520,326</td>
<td>1,704,593</td>
<td>5,036,249</td>
<td>5,420,982</td>
</tr>
<tr>
<td>Less: amount capitalised in the cost of qualifying assets - Subsidiary</td>
<td>(86,290)</td>
<td>(107,451)</td>
<td>(297,498)</td>
<td>(311,090)</td>
</tr>
<tr>
<td>Finance cost of the holding company</td>
<td>1,434,036</td>
<td>1,597,142</td>
<td>4,738,751</td>
<td>5,109,892</td>
</tr>
<tr>
<td><strong>Subsidiary</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest / mark-up on long term loans</td>
<td>259,532</td>
<td>179,844</td>
<td>765,220</td>
<td>499,793</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>100,080</td>
<td>12,622</td>
<td>129,094</td>
<td>48,986</td>
</tr>
<tr>
<td></td>
<td>359,612</td>
<td>192,466</td>
<td>894,314</td>
<td>548,779</td>
</tr>
<tr>
<td>Less: amount capitalised in the cost of qualifying assets - Subsidiary</td>
<td>(333,060)</td>
<td>(191,991)</td>
<td>(867,464)</td>
<td>(547,577)</td>
</tr>
<tr>
<td>Finance cost of the subsidiary</td>
<td>26,552</td>
<td>475</td>
<td>26,850</td>
<td>1,202</td>
</tr>
<tr>
<td></td>
<td>1,460,588</td>
<td>1,597,617</td>
<td>4,762,601</td>
<td>5,111,094</td>
</tr>
</tbody>
</table>

6. WORKERS' PROFIT PARTICIPATION FUND

| Provision for Workers' profit participation fund | 133,071 | 98,713 | 370,164 | 248,613 |
| Workers' profit participation fund recoverable from WAPDA / NTDC | (133,071) | (98,713) | (370,164) | (248,613) |

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 will bill this to WAPDA / NTDC as a pass through item under the Power Purchase Agreements (PPAs).

7. TAXATION

Current
- For the period
  - 1,065
- Prior year
  - 1,003

<table>
<thead>
<tr>
<th>3 months ended</th>
<th>3 months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 2013</td>
<td>Mar 2012</td>
</tr>
<tr>
<td>(Rs. '000s)</td>
<td>(Rs. '000s)</td>
</tr>
<tr>
<td>1,065</td>
<td>1,003</td>
</tr>
<tr>
<td>4,511</td>
<td>5,008</td>
</tr>
<tr>
<td>3,316</td>
<td>3,316</td>
</tr>
</tbody>
</table>
8. PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment
Capital work-in-progress
Holding company
Subsidiary

Note | Mar 2013 (Rs. '000s) | Jun 2012 (Rs. '000s)
--- | --- | ---
Note | (Unaudited) | (Audited)
--- | --- | ---
64,547,559 | 46,060,165
61,292 | 26,096
34,265 | 16,234,435
195,557 | 16,260,531

8.1 Additions to property, plant and equipment during the period were Rs. 4,516,581 million and disposals therefrom at net book value were Rs. 3,586 million

9. TRADE DEBTS - Secured

Considered good

Holding company
Trade debts from WAPDA
Trade debts from NTDC

Note | Mar 2013 (Rs. '000s) | Jun 2012 (Rs. '000s)
--- | --- | ---
Note | (Unaudited) | (Audited)
--- | --- | ---
9.1 | 95,629,919 | 133,320,273
9.2 & 9.3 | 19,577,026 | 17,840,896
115,206,945 | 151,161,169
104,961 | -

115,311,906 | 151,161,169

9.1 This includes an amount of Rs. 84,059 million (Jun 2012: Rs. 118,585 million) receivable from Water and Power Development Authority (WAPDA) which are overdue but not impaired because the trade debts are secured by a guarantee from the Government of Pakistan under Implementation Agreement. The overdue from WAPDA carries mark-up at SBP discount rate plus 2% per annum compounded semi-annually.

9.2 This includes an amount of Rs. 17,768 million (Jun 2012: Rs. 11,947 million) receivable from National Transmission and Despatch Company Limited (NTDC) which are overdue but not impaired because the trade debts are secured by a guarantee from the Government of Pakistan under Implementation Agreement. The overdue from NTDC carries mark-up at a rate of 3 month KIBOR plus 4.5% per annum compounded semi-annually.

9.3 Due to continuous delay in payments by NTDC in connection with the Narowal plant, the holding company called on the Sovereign Guarantee for recovery of overdue receivables. Subsequently, the holding company also filed a petition in the Honourable Supreme Court of Pakistan (SCP) seeking inter alia an immediate recovery of these overdue receivables and to protect itself against reduction in capacity purchase price in the form of Liquidated Damages (LDS) due to non-availability of power plant for electricity generation because of lack of fuel caused by delay in payments by NTDC. On February 15, 2013, the SCP passed an interim order that there shall be no reduction in capacity payment till the next date. This interim order has been continued on each subsequent date, namely February 19, March 15, and lastly on April 2, and is still subsisting. Included herein is an amount of Rs. 838 million relating to Liquidated Damages up to March 31, 2013.

The management of the holding company and their legal advisor are of the opinion that the right of NTDC on the Available Capacity is conditional upon timely payment by NTDC in accordance with the terms of PPA and therefore the position of the holding company is sound on legal basis and eventual outcome ought to be in favor of the holding company. Pending the resolution of the matter stated above, no provision has been made in these condensed interim consolidated financial statements against the trade debts.
10. TRADE AND OTHER PAYABLES

This includes Rs. 78,856 million (Jun 2012: Rs. 122,895 million) payable to Pakistan State Oil Company Limited, out of which overdue amount is Rs. 69,812 million (Jun 2012: Rs. 108,497 million) which carries interest / mark-up at SBP discount rate plus 2% per annum compounded semi-annually and Rs. 3,225 million (Jun 2012: Rs. 2,051 million) payable to Bakri Trading Company Pakistan (Pvt) Limited, out of which overdue amount is Rs. 3,194 million (Jun 2012: Rs. Nil) which carries interest / mark-up at a rate of 3 month KIBOR plus 2% per annum.

<table>
<thead>
<tr>
<th>Note</th>
<th>Mar 2013 (Rs. '000s)</th>
<th>Jun 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>11. SHORT TERM BORROWINGS - Secured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Holding company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finances under mark-up arrangements</td>
<td>11.1 to 11.4</td>
<td>21,948,205</td>
</tr>
</tbody>
</table>

11.1 The facilities for running finance available to the holding company from various banks / financial institutions amounted to Rs. 21,965 million (Jun 2012: Rs. 20,850 million) at mark-up ranging between 0.75% to 3.00% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities expire during the period from March 31, 2013 to March 28, 2014. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

11.1.1 The facilities amounting to Rs. 17,040 million (Jun 2012: Rs. 16,200 million) are secured by way of charge over the trade debts and stocks of the holding company pari passu with the existing charge.

11.1.2 The facilities amounting to Rs. 4,925 million (Jun 2012: Rs. 4,650 million) are secured by way of:

(a) a first ranking charge on all present and future (i) amounts standing to the credit of the Energy Payment Collection Account and the Master Facility Account, (ii) Fuel, Lube, fuel stocks at the Narowal plant and Spares parts, and (iii) the Energy Payment Receivables of Narowal plant.

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

11.2 The holding company has issued privately placed Sukuk certificates based on Musharaka amounting to Rs. 4,500 million (Jun 2012: Rs. 3,046 million) at a mark-up of 1.25% per annum above six month KIBOR. The mark-up and principal is payable on the expiry of six months from the commencement date ranging between February 15, 2013 to March 14, 2013. Any late payment by the holding company is subject to mark-up at a rate of 16% per annum. These facilities are secured by way of securities mentioned in note 11.1.1.

11.3 The holding company also has Murabahah facility agreements with banks for an amount of Rs. 625 million (Jun 2012: Rs. 625 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on July 31, 2013. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 11.1.2.

11.4 The holding company also entered into a Musharaka agreement amounting to Rs. 635 million (Jun 2012: Rs. 635 million) at a mark-up of 2.00% per annum above three month KIBOR. The mark-up on the facility is payable on quarterly basis in arrear. This facility will expire on September 30, 2013. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. This facility is secured by way of securities mentioned in note 11.1.2(a).
12. COMMITMENTS AND CONTINGENCIES

12.1 Under the Implementation Agreement ("IA") with the GOP and the Income Tax Ordinance, 2001 ("Ordinance"), the holding company is exempt from the levy of minimum tax. During the period, FBR issued demand notices amounting to Rs. 442 million relating to the tax years 2006 to 2008, 2010 and 2011. After the holding company’s appeals were rejected by the Commissioner Inland Revenue (Appeals), Islamabad ("CIR-A"), further appeals were filed with the Appellate Tribunal Inland Revenue ("Appellate Tribunal"), Islamabad which have been heard and the judgment has been reserved. In the case of another IPP, the Commissioner (Appeals), Lahore decided a similar issue in favour of the IPP which was also upheld by the Appellate Tribunal, Lahore and on this basis and in view of the exemption available under the IA and tax laws, the holding company and its tax advisors are confident that the issue will be decided in favour of the holding company.

The Federal Board of Revenue ("FBR") also issued notices to the holding company’s bankers for recovery of the above tax demand. The holding company filed stay applications with the Appellate Tribunal and was able to obtain a stay which will be expiring on May 24, 2013 or the decision by the Appellate Tribunal on the main appeal, whichever is earlier.

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

12.2 The FBR passed an order for the recovery of Rs. 8.691 million relating to fiscal years ended June 2008 to 2011. In FBR’s view the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company’s appeal at the CIR-A level, the holding company filed appeal with the Appellate Tribunal ("ATIR") which has decided the case in favour of the holding company.

12.3 During the quarter, the FBR passed an order for the recovery of Rs. 277 million on the basis that the holding company failed to deduct 1% GST from payments to its suppliers. The holding company has filed an appeal at the CIR-A level which is pending adjudication.

The management of the holding company and their tax advisors are of the opinion that the position of the holding company is sound on legal basis and eventual outcome ought to be in favor of the holding company. Pending the resolution of the matter stated above, no provision has been made in these condensed interim consolidated financial statements.
## 13. SEGMENT ANALYSIS

### 13.1 SEGMENT RESULTS

<table>
<thead>
<tr>
<th></th>
<th>Hub plant</th>
<th>Narowal plant</th>
<th>Lariab plant</th>
<th>Unallocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>39,036,212</td>
<td>3,498,160</td>
<td>102,201</td>
<td>-</td>
<td>42,636,573</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(36,198,419)</td>
<td>(2,056,072)</td>
<td>(79,504)</td>
<td>-</td>
<td>(38,333,995)</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>2,837,793</td>
<td>1,442,088</td>
<td>22,697</td>
<td>-</td>
<td>4,302,578</td>
</tr>
<tr>
<td>Other income</td>
<td>674</td>
<td>1,048</td>
<td>1,192</td>
<td>-</td>
<td>2,914</td>
</tr>
<tr>
<td>General and administration expenses</td>
<td>(87,174)</td>
<td>(13,933)</td>
<td>(14,573)</td>
<td>(256)</td>
<td>(115,936)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(412,245)</td>
<td>(974,979)</td>
<td>(26,552)</td>
<td>(46,812)</td>
<td>(1,460,588)</td>
</tr>
<tr>
<td>Workers' profit participation fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>PROFIT BEFORE TAXATION</strong></td>
<td>2,339,048</td>
<td>454,224</td>
<td>(17,236)</td>
<td>(47,068)</td>
<td>2,728,968</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
<td>(239)</td>
<td>(741)</td>
<td>(85)</td>
<td>(1,065)</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE PERIOD</strong></td>
<td>2,339,048</td>
<td>453,985</td>
<td>(17,977)</td>
<td>(47,153)</td>
<td>2,727,903</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Hub plant</th>
<th>Narowal plant</th>
<th>Lariab plant</th>
<th>Unallocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>39,684,649</td>
<td>4,685,838</td>
<td>-</td>
<td>-</td>
<td>44,370,484</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(36,701,276)</td>
<td>(3,892,738)</td>
<td>-</td>
<td>-</td>
<td>(40,594,014)</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>2,983,370</td>
<td>793,100</td>
<td>-</td>
<td>-</td>
<td>3,776,470</td>
</tr>
<tr>
<td>Other income</td>
<td>699</td>
<td>(413)</td>
<td>3,206</td>
<td>-</td>
<td>3,492</td>
</tr>
<tr>
<td>General and administration expenses</td>
<td>(78,561)</td>
<td>(19,480)</td>
<td>(21,212)</td>
<td>136</td>
<td>(119,117)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(444,511)</td>
<td>(1,110,229)</td>
<td>(475)</td>
<td>(42,492)</td>
<td>(1,597,617)</td>
</tr>
<tr>
<td>Workers' profit participation fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>PROFIT BEFORE TAXATION</strong></td>
<td>2,460,997</td>
<td>(337,022)</td>
<td>(18,481)</td>
<td>(42,266)</td>
<td>2,063,228</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
<td>-</td>
<td>(1,003)</td>
<td>-</td>
<td>(1,003)</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE PERIOD</strong></td>
<td>2,460,997</td>
<td>(337,022)</td>
<td>(19,484)</td>
<td>(42,266)</td>
<td>2,062,225</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Hub plant</th>
<th>Narowal plant</th>
<th>Lariab plant</th>
<th>Unallocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>114,708,070</td>
<td>17,785,679</td>
<td>102,201</td>
<td>-</td>
<td>132,595,950</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(106,569,824)</td>
<td>(13,199,585)</td>
<td>(79,504)</td>
<td>-</td>
<td>(119,848,913)</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>8,138,246</td>
<td>4,586,094</td>
<td>22,697</td>
<td>-</td>
<td>12,747,037</td>
</tr>
<tr>
<td>Other income</td>
<td>8,208</td>
<td>5,149</td>
<td>6,215</td>
<td>-</td>
<td>19,572</td>
</tr>
<tr>
<td>General and administration expenses</td>
<td>(257,935)</td>
<td>(41,324)</td>
<td>(42,386)</td>
<td>(420)</td>
<td>(342,656)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(1,261,209)</td>
<td>(3,349,923)</td>
<td>(26,850)</td>
<td>(127,619)</td>
<td>(4,765,801)</td>
</tr>
<tr>
<td>Workers' profit participation fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>PROFIT BEFORE TAXATION</strong></td>
<td>6,627,310</td>
<td>1,199,996</td>
<td>(40,324)</td>
<td>(128,039)</td>
<td>7,658,943</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
<td>(1,111)</td>
<td>(3,812)</td>
<td>(85)</td>
<td>(5,008)</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE PERIOD</strong></td>
<td>6,627,310</td>
<td>1,198,885</td>
<td>(44,136)</td>
<td>(128,124)</td>
<td>7,653,035</td>
</tr>
</tbody>
</table>
9 months ended Mar 2012

<table>
<thead>
<tr>
<th></th>
<th>Hub plant</th>
<th>Narowal plant</th>
<th>Lariab plant</th>
<th>Unallocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>106,606,714</td>
<td>17,211,629</td>
<td>-</td>
<td>-</td>
<td>123,818,343</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(98,732,146)</td>
<td>(14,439,220)</td>
<td>-</td>
<td>-</td>
<td>(113,171,366)</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>7,874,568</td>
<td>2,772,409</td>
<td>-</td>
<td>-</td>
<td>10,646,977</td>
</tr>
<tr>
<td>Other income</td>
<td>33,334</td>
<td>(1,904)</td>
<td>25,792</td>
<td>-</td>
<td>57,222</td>
</tr>
<tr>
<td>General and administration expenses</td>
<td>(238,236)</td>
<td>(46,704)</td>
<td>(39,588)</td>
<td>(217)</td>
<td>(324,745)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(1,610,749)</td>
<td>(3,372,514)</td>
<td>(1,202)</td>
<td>(126,629)</td>
<td>(5,111,094)</td>
</tr>
<tr>
<td>Workers’ profit participation fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>PROFIT BEFORE TAXATION</strong></td>
<td>6,058,917</td>
<td>(648,713)</td>
<td>(14,998)</td>
<td>(126,846)</td>
<td>5,268,360</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
<td>-</td>
<td>(2,316)</td>
<td>-</td>
<td>(2,316)</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE PERIOD</strong></td>
<td>6,058,917</td>
<td>(648,713)</td>
<td>(18,314)</td>
<td>(126,846)</td>
<td>5,265,044</td>
</tr>
</tbody>
</table>

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

13.2 SEGMENT ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Hub plant</th>
<th>Narowal plant</th>
<th>Lariab plant</th>
<th>Unallocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>123,000,187</td>
<td>41,887,196</td>
<td>24,109,996</td>
<td>3,126</td>
<td>189,000,505</td>
</tr>
</tbody>
</table>

(Audited)

<table>
<thead>
<tr>
<th></th>
<th>Hub plant</th>
<th>Narowal plant</th>
<th>Lariab plant</th>
<th>Unallocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>162,244,624</td>
<td>40,897,847</td>
<td>18,600,490</td>
<td>-</td>
<td>221,742,961</td>
</tr>
</tbody>
</table>
14. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKINGS

<table>
<thead>
<tr>
<th>Note</th>
<th>9 months ended Mar 2013 (Rs. '000s)</th>
<th>9 months ended Mar 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts paid for services rendered</td>
<td>-</td>
<td>2,916,568</td>
</tr>
<tr>
<td>Reimbursement of expenses and others</td>
<td>-</td>
<td>2,092</td>
</tr>
<tr>
<td>Shares issued to an associated undertaking of the subsidiary</td>
<td>74,481</td>
<td>202,100</td>
</tr>
<tr>
<td>Mark-up on short term borrowings</td>
<td>-</td>
<td>87,893</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>-</td>
<td>112</td>
</tr>
<tr>
<td>Remuneration to key management personnel:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, benefits and other allowances</td>
<td>61,333</td>
<td>45,058</td>
</tr>
<tr>
<td>Retirement benefits</td>
<td>5,772</td>
<td>6,810</td>
</tr>
<tr>
<td>14.1</td>
<td>67,105</td>
<td>51,868</td>
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<tr>
<td>Directors' fee</td>
<td>8,515</td>
<td>3,500</td>
</tr>
<tr>
<td>Contribution to staff retirement benefit plans</td>
<td>8,558</td>
<td>15,857</td>
</tr>
</tbody>
</table>

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

14.2 The transactions with associated undertakings are made under normal commercial terms and conditions.

15. CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Mar 2013 (Rs. '000s)</th>
<th>Mar 2012 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank balances</td>
<td>2,111,295</td>
</tr>
<tr>
<td>Finances under mark-up arrangements</td>
<td>(21,948,295)</td>
</tr>
<tr>
<td></td>
<td>(19,837,000)</td>
</tr>
</tbody>
</table>

16. DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on April 25, 2013 in accordance with the resolution of the Board of Directors of the holding company.

17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Zafar Iqbal Sobani  
Chief Executive

Iqbal Alimohamed  
Director