THE HUB POWER COMPANY LIMITED

UNAUDITED QUARTERLY FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2010
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## COMPANY INFORMATION

### BOARD OF DIRECTORS

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Mohamed A. Alireza H.I.</td>
<td>Chairman</td>
</tr>
<tr>
<td>Mr. Yousuf A. Alireza</td>
<td></td>
</tr>
<tr>
<td>Dr. Fereydoon Abtahi</td>
<td></td>
</tr>
<tr>
<td>Mr. Robin A. Bramley</td>
<td></td>
</tr>
<tr>
<td>Mr. Malcolm P. Clampin</td>
<td></td>
</tr>
<tr>
<td>Mr. Taufique Habib</td>
<td></td>
</tr>
<tr>
<td>Mr. Vince R. Harris, OBE</td>
<td>Chief Executive</td>
</tr>
<tr>
<td>Mr. M. Jawaid Iqbal</td>
<td></td>
</tr>
<tr>
<td>Mr. Qaiser Javed</td>
<td></td>
</tr>
<tr>
<td>Mr. Ahmad Raza Khan</td>
<td></td>
</tr>
<tr>
<td>Mr. Ali Munir</td>
<td></td>
</tr>
<tr>
<td>Mr. S. Ali Raza</td>
<td></td>
</tr>
<tr>
<td>Mr. S. Nizam A. Shah</td>
<td></td>
</tr>
<tr>
<td>Mr. M. Ashraf Tumbi</td>
<td></td>
</tr>
<tr>
<td>Mr. Keith Ulyett</td>
<td></td>
</tr>
</tbody>
</table>

### MANAGEMENT:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Vince R. Harris, OBE</td>
<td>Chief Executive</td>
</tr>
<tr>
<td>William Burrough</td>
<td>Chief Operations Officer</td>
</tr>
<tr>
<td>Abdul Nasir</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Huma Pasha</td>
<td>Chief Internal Auditor</td>
</tr>
<tr>
<td>Arshad A. Hashmi</td>
<td>Company Secretary</td>
</tr>
<tr>
<td>Wasif Mustafa Khan</td>
<td>Head of Projects</td>
</tr>
<tr>
<td>Lesley A. Middlecoat</td>
<td>Sr. Manager PR, HR &amp; Admin</td>
</tr>
<tr>
<td>Shamsul Islam</td>
<td>Treasurer</td>
</tr>
</tbody>
</table>

### PRINCIPAL BANKERS

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Bank of Pakistan, Karachi</td>
<td></td>
</tr>
<tr>
<td>Allied Bank of Pakistan</td>
<td></td>
</tr>
<tr>
<td>Askari Bank Limited</td>
<td></td>
</tr>
<tr>
<td>Bank Al-Falah Limited</td>
<td></td>
</tr>
<tr>
<td>Bank Al-Habib Limited</td>
<td></td>
</tr>
<tr>
<td>Citibank N.A. Karachi.</td>
<td></td>
</tr>
<tr>
<td>Habib Bank Limited</td>
<td></td>
</tr>
<tr>
<td>Habib Metropolitan Bank Limited</td>
<td></td>
</tr>
<tr>
<td>MCB Bank Limited</td>
<td></td>
</tr>
<tr>
<td>NIB Bank Limited</td>
<td></td>
</tr>
<tr>
<td>Pak China Investment Company Limited</td>
<td></td>
</tr>
<tr>
<td>Pak Kuwait Investment Company (Pvt) Limited</td>
<td></td>
</tr>
<tr>
<td>Standard Chartered Bank (Pakistan) Ltd., Karachi</td>
<td></td>
</tr>
<tr>
<td>Sumitomo Mitsui Banking Corp. Europe Ltd., London</td>
<td></td>
</tr>
<tr>
<td>United Bank Limited</td>
<td></td>
</tr>
</tbody>
</table>

### INTER-CREDITOR AGENT:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Bank of Pakistan, Karachi</td>
<td></td>
</tr>
<tr>
<td>Habib Bank Limited</td>
<td></td>
</tr>
</tbody>
</table>
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

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 Board of Directors has pleasure in presenting the financial statements (un-audited) for the first quarter ended 30 September 2010.

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 with an installed net capacity of 1,200 MW in Balochistan and a 214 MW oil-fired power station which is under construction at Narowal in Punjab. The Company also has a 75% controlling interest in Lareia Energy Limited (LEL), a subsidiary company which is constructing an 84 MW hydel power project near Mangla in Azad Kashmir; this project achieved Financial Close in December 2009 and is required to achieve Commercial Operations Date within 42 months of Financial Close which will be June 2013.

Our customer WAPDA remains unable to meet its obligations to HUBCO under our Power Purchase Agreement (PPA). On the date of this Report an amount of Rs. 75 billion is outstanding against WAPDA of this Rs. 69 billion is classified overdue (payable immediately). The Company is in constant follow-up with WAPDA and the Federal Government for early release of the entire outstanding amounts. In addition, WAPDA is unable to provide a Letter of Credit as required under our PPA for an amount of Rs 12.92 billion. The obligations of WAPDA under the PPA are secured through the Sovereign Guarantee of the Government of Pakistan under its Implementation Agreement with Hubco.

As a result of the WAPDA outstanding your Company owes Rs. 68 billion to Pakistan State Oil (PSO) for fuel supply to the Hub Power Plant. The Company's obligation to PSO remains covered by a Stand-by Letter of Credit of Rs. 8 billion provided by Hubco to PSO under our Fuel Supply Agreement. One of the consequences arising from this situation has been that the fuel supplied by PSO has been insufficient to meet the Plant's minimum operational requirements.

During the review period the Hub Plant operated at an average load factor of 76% and an average complex availability (ACA) of 87%. Electricity sold to Wapda was 2,012 GWh.

The Company earned a net profit of Rs. 1,269 million during the quarter resulting in earnings per share of Rs. 1.10 compared to a net profit of Rs. 1,108 million and earnings per share of Rs 0.96 in the corresponding quarter last year. The increase in profit is mainly attributable to currency devaluation and efficiency gains.
Further delays have been encountered in the commissioning of our 214 MW Narowal Project due to a major CVT equipment failure on August 26, 2010. It will be recalled that the Construction Contract committed MAN of Germany to deliver commercial operation by March 31, 2010; this date was extended by the contractor to October 31, 2010 and a financial settlement was negotiated by the Company with MAN. Following this unfortunate CVT incident the Company believes a completion date of February 2011 is expected to be achievable. The Company’s technical team, the contractor and the equipment supplier are in the process of determining the best method and solution to mitigate the damage with particular focus on phased commissioning in order to offset the financial loss.

The Company remains proactive in maintaining and expanding its Corporate Social Responsibility programme. Our focus is to support health and education programme in the province of Balochistan, District Labella and in Narowal Punjab. Notable success has been achieved with the expansion of the TCF Hubco-IPGDL School which provides quality education to 500 children and scholarships / financial support to 50 female students at Sardar Bahadur Khan Women’s University, Balochistan.

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 2010 has been separately presented in this Report.

By Order of the Board

By Order of the Board

Vincent R. Harris, OBE
Chief Executive

Karachi: October 27, 2010
## THE HUB POWER COMPANY LIMITED
### CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
### FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>25,200,135</td>
<td>22,005,287</td>
</tr>
<tr>
<td>Operating costs</td>
<td>4 (23,274,031)</td>
<td>(20,490,528)</td>
</tr>
<tr>
<td>GROSS PROFIT</td>
<td>1,926,104</td>
<td>1,514,759</td>
</tr>
<tr>
<td>Other income</td>
<td>9,824</td>
<td>23,316</td>
</tr>
<tr>
<td>General and administration expenses</td>
<td>(107,990)</td>
<td>(87,590)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>5 (558,733)</td>
<td>(342,454)</td>
</tr>
<tr>
<td>Workers' profit participation fund</td>
<td>6 -</td>
<td>-</td>
</tr>
<tr>
<td>PROFIT FOR THE PERIOD</td>
<td>1,269,205</td>
<td>1,108,031</td>
</tr>
<tr>
<td>Basic and diluted earnings per share (rupees)</td>
<td>1.10</td>
<td>0.96</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 15 form an integral part of these unconsolidated financial statements.
### Statement of Comprehensive Income (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period</td>
<td>1,269,205</td>
<td>1,108,031</td>
</tr>
<tr>
<td>Other comprehensive income for the period</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</strong></td>
<td><strong>1,269,205</strong></td>
<td><strong>1,108,031</strong></td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 15 form an integral part of these unconsolidated financial statements.

Vince Harris OBE  
Chief Executive  

M. Jawaid Iqbal  
Director
THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
BALANCE SHEET (UNAUDITED)
AS AT SEPTEMBER 30, 2010

ASSETS
NON-CURRENT ASSETS
Fixed Assets
- Property, plant and equipment 7 50,581,378 49,614,595
- Intangibles 7,543 8,369
- Stores and spares 637,023 637,023
- Investment in subsidiary 3,008,811 2,610,118
- Other assets 59,176 4,133

CURRENT ASSETS
- Inventory of fuel oil 1,000,972 1,559,876
- Trade debts 76,813,170 66,712,461
- Advances, prepayments and other receivables 995,122 739,628
- Cash and bank balances 829,697 809,311

TOTAL ASSETS 133,932,892 122,695,514

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 16,686,052 18,309,733

28,257,596 29,881,277

NON-CURRENT LIABILITIES
- Long term loans 22,710,053 23,444,521
- Share premium payable - 41,208
- Deferred liability - Gratuity 19,257 15,689

CURRENT LIABILITIES
- Trade and other payables 9 73,448,117 59,595,332
- Interest / mark-up accrued 1,091,246 1,317,961
- Short term borrowings 6,505,756 6,743,596
- Current maturity of long term loans 1,900,867 1,655,930

82,945,986 69,312,819

COMMITMENTS AND CONTINGENCIES 11

TOTAL EQUITY AND LIABILITIES 133,932,892 122,695,514

The annexed notes from 1 to 15 form an integral part of these unconsolidated financial statements.

Vince Harris OBE
Chief Executive

M. Jawaad Iqbal
Director
THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Profit for the period</td>
<td>1,269,205</td>
</tr>
<tr>
<td></td>
<td>Adjustments for:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Depreciation</td>
<td>428,492</td>
</tr>
<tr>
<td></td>
<td>Amortisation</td>
<td>826</td>
</tr>
<tr>
<td></td>
<td>Gain on disposal of fixed assets</td>
<td>(702)</td>
</tr>
<tr>
<td></td>
<td>Staff gratuity</td>
<td>3,529</td>
</tr>
<tr>
<td></td>
<td>Interest income</td>
<td>(1,897)</td>
</tr>
<tr>
<td></td>
<td>Interest / mark-up</td>
<td>508,979</td>
</tr>
<tr>
<td></td>
<td>Operating profit before working capital changes</td>
<td>2,208,432</td>
</tr>
<tr>
<td></td>
<td>Working capital changes</td>
<td>1,236,334</td>
</tr>
<tr>
<td></td>
<td>Cash generated from operations</td>
<td>3,444,766</td>
</tr>
<tr>
<td></td>
<td>Interest received</td>
<td>1,251</td>
</tr>
<tr>
<td></td>
<td>Interest / mark-up paid</td>
<td>(743,885)</td>
</tr>
<tr>
<td></td>
<td>Net cash from operating activities</td>
<td>2,702,132</td>
</tr>
<tr>
<td></td>
<td>Fixed capital expenditure</td>
<td>(1,395,339)</td>
</tr>
<tr>
<td></td>
<td>Proceeds from disposal of fixed assets</td>
<td>805</td>
</tr>
<tr>
<td></td>
<td>Investment in subsidiary</td>
<td>(501,720)</td>
</tr>
<tr>
<td></td>
<td>Other assets</td>
<td>(55,043)</td>
</tr>
<tr>
<td></td>
<td>Net cash used in investing activities</td>
<td>(1,951,297)</td>
</tr>
<tr>
<td></td>
<td>Repayment of long term loans</td>
<td>(489,531)</td>
</tr>
<tr>
<td></td>
<td>Proceeds from long term loans - Narowal</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Dividends paid</td>
<td>(3,078)</td>
</tr>
<tr>
<td></td>
<td>Repayment of finances under mark-up arrangements - Narowal</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Net cash (used in) / from financing activities</td>
<td>(492,609)</td>
</tr>
</tbody>
</table>

Net increase in cash and cash equivalents 258,226
Cash and cash equivalents at the beginning of the period 5,934,285
Cash and cash equivalents at the end of the period 13 5,676,059

The annexed notes from 1 to 15 form an integral part of these unconsolidated financial statements.

Vince Harris OBE
Chief Executive

M. Jawaid Iqbal
Director
### THE HUB POWER COMPANY LIMITED
### CONDENSED INTERIM UNCONSOLIDATED
### STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
### FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010

<table>
<thead>
<tr>
<th></th>
<th>3 months ended</th>
<th>3 months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sep 2010</td>
<td>Sep 2009</td>
</tr>
<tr>
<td></td>
<td>(Rs. '000s)</td>
<td>(Rs. '000s)</td>
</tr>
<tr>
<td><strong>Issued capital</strong></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><strong>Unappropriated profit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the period</td>
<td>18,309,733</td>
<td>17,960,806</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>1,269,205</td>
<td>1,108,031</td>
</tr>
<tr>
<td>Final dividend for the fiscal year 2009-2010</td>
<td>(2,892,886)</td>
<td>(2,314,309)</td>
</tr>
<tr>
<td>Final dividend for the fiscal year 2009-2010</td>
<td>(2.50 (2008-2009: @ Rs. 2.00) per share</td>
<td></td>
</tr>
<tr>
<td>Balance at the end of the period</td>
<td>16,686,052</td>
<td>16,754,528</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>28,257,596</td>
<td>28,326,072</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 15 form an integral part of these unconsolidated financial statements.

Vince Harris OBE
Chief Executive

M. Jawaid Iqbal
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 develop, own, operate and maintain power stations. The Company owns an oil-fired power station of 1,200 MW (net) in Balochistan and a 214 MW (net) oil-fired power station which is under construction in Punjab. The Company also has a 75% controlling interest in Laraib Energy Limited, a subsidiary company which owns an under construction hydel power project of 84 MW.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim unaudited financial statements are same as those applied in preparing the unaudited financial statements for the year ended June 30, 2010.

3. BASIS OF PREPARATION

These unaudited condensed interim unaudited financial statements have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" as applicable in Pakistan and are being submitted to the shareholders as required under Section 245 of the Ordinance.

4. OPERATING COSTS

<table>
<thead>
<tr>
<th>Note</th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residual Fuel Oil</td>
<td>21,904,312</td>
<td>19,169,988</td>
</tr>
<tr>
<td>Operation &amp; Maintenance</td>
<td>696,365</td>
<td>660,895</td>
</tr>
<tr>
<td>Insurance</td>
<td>122,099</td>
<td>120,102</td>
</tr>
<tr>
<td>Depreciation</td>
<td>423,307</td>
<td>424,081</td>
</tr>
<tr>
<td>Amortisation</td>
<td>-</td>
<td>222</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>127,948</td>
<td>115,240</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>23,274,031</td>
<td>20,490,528</td>
</tr>
</tbody>
</table>

4.1 This represents services rendered by an associated company under Operation & Maintenance Agreement.

5. FINANCE COSTS

<table>
<thead>
<tr>
<th></th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest / mark-up on long term loans</td>
<td>245,921</td>
<td>279,462</td>
</tr>
<tr>
<td>Mark-up on short term borrowings</td>
<td>263,058</td>
<td>42,533</td>
</tr>
<tr>
<td>Miscellaneous finance costs</td>
<td>25,458</td>
<td>20,437</td>
</tr>
<tr>
<td>Bank charges</td>
<td>2</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>534,439</td>
<td>342,454</td>
</tr>
</tbody>
</table>

**Narowal**

<table>
<thead>
<tr>
<th></th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest / mark-up on long term loans</td>
<td>717,235</td>
<td>299,990</td>
</tr>
<tr>
<td>Mark-up on short term borrowings</td>
<td>-</td>
<td>15,150</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>15,157</td>
<td>83,116</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>732,392</td>
<td>398,256</td>
</tr>
</tbody>
</table>

**Laraib's investment**

<table>
<thead>
<tr>
<th></th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unwinding of discount on share premium payable</td>
<td>15,048</td>
<td>-</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>9,243</td>
<td>-</td>
</tr>
<tr>
<td>Bank charges</td>
<td>24,291</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,291,122</td>
<td>740,710</td>
</tr>
</tbody>
</table>

**Less: amount capitalised in the cost of qualifying assets - Narowal**

<table>
<thead>
<tr>
<th></th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(732,389)</td>
<td>(398,256)</td>
<td></td>
</tr>
<tr>
<td>558,733</td>
<td>342,454</td>
<td></td>
</tr>
</tbody>
</table>

6. WORKERS' PROFIT PARTICIPATION FUND

<table>
<thead>
<tr>
<th></th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for Workers' profit participation fund</td>
<td>63,460</td>
<td>55,402</td>
</tr>
<tr>
<td>Payment of Workers' profit participation fund recoverable from WAPDA</td>
<td>(63,460)</td>
<td>(55,402)</td>
</tr>
</tbody>
</table>
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).

7. PROPERTY, PLANT AND EQUIPMENT

<table>
<thead>
<tr>
<th>Note</th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Jun 2010 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1</td>
<td>Additions to property, plant and equipment during the period were Rs. 1,396.012 million and disposals therefrom at net book value were Rs. 0.103 million.</td>
<td></td>
</tr>
</tbody>
</table>

8. TRADE DEBTS - Secured

<table>
<thead>
<tr>
<th>Note</th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Jun 2010 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1</td>
<td>This includes an amount of Rs. 68,118 million (June 2010: Rs. 57,764 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.</td>
<td></td>
</tr>
</tbody>
</table>

9. TRADE AND OTHER PAYABLES

This includes an amount of Rs. 66,747 million (June 2010: Rs. 55,532 million) payable to Pakistan State Oil, out of which overdue amount is Rs. 60,150 million (June 2010: Rs. 48,769 million). The overdue amount carries interest / mark-up at SBP discount rate plus 2% per annum compounded semi-annually.

10. SHORT TERM BORROWINGS - Secured

<table>
<thead>
<tr>
<th>Note</th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Jun 2010 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>The facilities for running finance available from various banks amounted to Rs. 9,300 million (June 2010: Rs. 9,300 million) at 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, 2010 to September 30, 2011. 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.</td>
<td></td>
</tr>
</tbody>
</table>

11. COMMITMENTS AND CONTINGENCIES

11.1 In order to meet its investment obligations in the Subsidiary, the Company in September 2010 signed a long term financing arrangement with various banks / financial institution for an amount of Rs. 3,741 million. The loan is repayable in nine equal installments on semi-annual basis following the six months after the end of availability period (42 months from the facility effective date) at a mark-up rate of six months KIBOR plus 2.20% per annum. The mark-up is payable on semi-annual basis in arrear starting from the availability period. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate. This loan is secured by way of second ranking / subordinated charge over all present and future undertaking and assets of the Company other than: (i) assets relating to the Narowal power plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the Company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal project); and (iv) present and future shares acquired in the Subsidiary including bonus shares and right shares.
12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / ASSOCIATED UNDERTAKINGS

<table>
<thead>
<tr>
<th>Note</th>
<th>3 months ended</th>
<th>3 months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Sep 2010)</td>
<td>(Sep 2009)</td>
</tr>
<tr>
<td></td>
<td>(Rs. '000s)</td>
<td>(Rs. '000s)</td>
</tr>
<tr>
<td>Amounts paid for services rendered</td>
<td>12.1</td>
<td>876,975</td>
</tr>
<tr>
<td>Reimbursement of expenses and others</td>
<td></td>
<td>507</td>
</tr>
<tr>
<td>Mark-up on long term loans</td>
<td></td>
<td>63,823</td>
</tr>
<tr>
<td>Other finance costs</td>
<td></td>
<td>9,243</td>
</tr>
<tr>
<td>Remuneration to key management personnel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, benefits and other allowances</td>
<td>12.2</td>
<td>17,256</td>
</tr>
<tr>
<td>Retirement benefits</td>
<td></td>
<td>1,696</td>
</tr>
<tr>
<td>Fees</td>
<td>12.3</td>
<td>2,000</td>
</tr>
<tr>
<td>Contribution to staff retirement benefit plans</td>
<td></td>
<td>2,369</td>
</tr>
</tbody>
</table>

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

12.2 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.

12.3 This represents fee to four directors.

12.4 The outstanding balance of long term loans from an associated undertaking was Rs. 1,711.571 million (June 2010: Rs. 1,711.571 million) out of the total available facilities of Rs. 2,000 million (June 2010: Rs. 2,000 million).

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

13. CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Note</th>
<th>3 months ended</th>
<th>3 months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Sep 2010)</td>
<td>(Sep 2009)</td>
</tr>
<tr>
<td></td>
<td>(Rs. '000s)</td>
<td>(Rs. '000s)</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>829,697</td>
<td>1,153,441</td>
</tr>
<tr>
<td>Finances under mark-up arrangements</td>
<td>(6,505,756)</td>
<td>(820,000)</td>
</tr>
<tr>
<td></td>
<td>(5,676,059)</td>
<td>333,441</td>
</tr>
</tbody>
</table>

14. DATE OF AUTHORISATION

These condensed interim unconsolidated financial statements were authorised for issue on October 27, 2010 in accordance with the resolution of the Board of Directors.

15. GENERAL

Figures have been rounded off to the nearest thousand rupees.
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 2010.

The Company holds 75% 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. Having achieved its Financial Close the Project plans to reach Commercial Operation by mid 2013.

The Directors' Report on the financial statements (un-audited) of The Hub Power Company Limited for the 1st Quarter ended September 30, 2010 has been separately presented in this Report.

By Order of the Board

Vincent R. Harris, OBE
Chief Executive

Karachi: October 27, 2010
THE HUB POWER COMPANY LIMITED
CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>25,200,135</td>
<td>22,005,287</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(23,274,031)</td>
<td>(20,490,528)</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>1,926,104</td>
<td>1,514,759</td>
</tr>
<tr>
<td>Other income</td>
<td>11,289</td>
<td>20,501</td>
</tr>
<tr>
<td>General and administration expenses</td>
<td>(126,372)</td>
<td>(102,947)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(558,921)</td>
<td>(343,957)</td>
</tr>
<tr>
<td>Workers' profit participation fund</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>1,252,100</td>
<td>1,088,356</td>
</tr>
<tr>
<td>Taxation - current</td>
<td>(2,680)</td>
<td>-</td>
</tr>
<tr>
<td>- prior years</td>
<td>(10,231)</td>
<td>-</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE PERIOD</strong></td>
<td>1,239,189</td>
<td>1,088,356</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Owners of the holding company</td>
<td>1,246,638</td>
<td>1,093,176</td>
</tr>
<tr>
<td>- Non-controlling interest</td>
<td>(7,449)</td>
<td>(4,820)</td>
</tr>
<tr>
<td><strong>1,239,189</strong></td>
<td><strong>1,088,356</strong></td>
<td><strong>1,088,356</strong></td>
</tr>
</tbody>
</table>

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

| | 1.08 | 0.94 |

The annexed notes from 1 to 16 form an integral part of these consolidated financial statements.

Vince Harris OBE  M. Jawaid Iqbal
Chief Executive  Director
<table>
<thead>
<tr>
<th></th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period</td>
<td>1,239,189</td>
<td>1,088,356</td>
</tr>
<tr>
<td>Other comprehensive income for the period</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</strong></td>
<td><strong>1,239,189</strong></td>
<td><strong>1,088,356</strong></td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Owners of the holding company</td>
<td>1,246,638</td>
<td>1,093,176</td>
</tr>
<tr>
<td>- Non-controlling interest</td>
<td>(7,449)</td>
<td>(4,820)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,239,189</strong></td>
<td><strong>1,088,356</strong></td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 16 form an integral part of these consolidated financial statements.

Vince Harris OBE
Chief Executive

M. Jawaid Iqbal
Director
## ASSETS

### NON-CURRENT ASSETS

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Jun 2010 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Property, plant and equipment</td>
<td>56,490,153</td>
<td>53,981,348</td>
</tr>
<tr>
<td></td>
<td>Intangibles</td>
<td>1,423,463</td>
<td>1,424,160</td>
</tr>
<tr>
<td>6</td>
<td>Stores and spares</td>
<td>637,023</td>
<td>637,023</td>
</tr>
<tr>
<td>5</td>
<td>Other assets</td>
<td>78,531</td>
<td>25,023</td>
</tr>
</tbody>
</table>

### CURRENT ASSETS

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Jun 2010 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inventory of fuel oil</td>
<td>1,000,972</td>
<td>1,559,876</td>
</tr>
<tr>
<td>8</td>
<td>Trade debts</td>
<td>76,813,170</td>
<td>66,712,461</td>
</tr>
<tr>
<td></td>
<td>Advances, deposits, prepayments and other receivables</td>
<td>1,012,661</td>
<td>764,397</td>
</tr>
<tr>
<td></td>
<td>Cash and bank balances</td>
<td>1,587,959</td>
<td>927,940</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Jun 2010 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>139,043,932</td>
<td>126,032,228</td>
</tr>
</tbody>
</table>

## EQUITY AND LIABILITIES

### SHARE CAPITAL AND RESERVE

<table>
<thead>
<tr>
<th>Description</th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Jun 2010 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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>16,551,497</td>
<td>18,196,909</td>
</tr>
<tr>
<td>Attributable to owners of the holding company</td>
<td>28,123,041</td>
<td>29,768,453</td>
</tr>
<tr>
<td>Advance against issue of shares to minority shareholders</td>
<td>105,044</td>
<td>-</td>
</tr>
</tbody>
</table>

**NON-CONTROLLING INTEREST**

<table>
<thead>
<tr>
<th></th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Jun 2010 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>377,015</td>
<td>357,415</td>
</tr>
</tbody>
</table>

**TOTAL EQUITY AND LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Jun 2010 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>139,043,932</td>
<td>126,032,228</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 16 form an integral part of these consolidated financial statements.
### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Note</th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation</td>
<td>1,252,100</td>
<td>1,088,356</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>430,290</td>
<td>430,379</td>
</tr>
<tr>
<td>Amortisation</td>
<td>1,020</td>
<td>581</td>
</tr>
<tr>
<td>Gain on disposal of fixed assets</td>
<td>(793)</td>
<td>(54)</td>
</tr>
<tr>
<td>Deferred income realised</td>
<td>(249)</td>
<td>(39)</td>
</tr>
<tr>
<td>Staff gratuity</td>
<td>3,661</td>
<td>6,820</td>
</tr>
<tr>
<td>Interest income</td>
<td>(6,864)</td>
<td>(5,367)</td>
</tr>
<tr>
<td>Interest / mark-up</td>
<td>509,029</td>
<td>323,409</td>
</tr>
<tr>
<td>Operating profit before working capital changes</td>
<td>2,188,194</td>
<td>1,844,085</td>
</tr>
<tr>
<td>Working capital changes</td>
<td>670,392</td>
<td>61,658</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>2,858,586</td>
<td>1,905,743</td>
</tr>
<tr>
<td>Interest received</td>
<td>8,183</td>
<td>5,617</td>
</tr>
<tr>
<td>Interest / mark-up paid</td>
<td>(743,935)</td>
<td>(515,143)</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>(1,092)</td>
<td>-</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>2,121,742</td>
<td>1,396,217</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Note</th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed capital expenditure</td>
<td>(2,917,629)</td>
<td>(4,256,813)</td>
</tr>
<tr>
<td>Proceeds from disposal of fixed assets</td>
<td>1,446</td>
<td>54</td>
</tr>
<tr>
<td>Share premium paid</td>
<td>(103,027)</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>(53,508)</td>
<td>(33,842)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(3,072,718)</td>
<td>(4,290,601)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Note</th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from issue of shares to minority shareholders</td>
<td>27,885</td>
<td>-</td>
</tr>
<tr>
<td>Advance against issue of shares to minority shareholders</td>
<td>105,044</td>
<td>-</td>
</tr>
<tr>
<td>Repayment of long term loans</td>
<td>(489,531)</td>
<td>(489,531)</td>
</tr>
<tr>
<td>Proceeds from long term loans - Narowal</td>
<td>-</td>
<td>6,241,838</td>
</tr>
<tr>
<td>Proceeds from long term loans - net (Subsidiary)</td>
<td>2,210,121</td>
<td>-</td>
</tr>
<tr>
<td>Dividends paid to owners of the holding company</td>
<td>(3,078)</td>
<td>(2,845)</td>
</tr>
<tr>
<td>Repayment of finances under mark-up arrangements - Narowal</td>
<td>-</td>
<td>(1,148,890)</td>
</tr>
<tr>
<td>Repayment of liabilities against assets subject to finance lease</td>
<td>(1,606)</td>
<td>(285)</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>1,848,835</td>
<td>4,600,287</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>897,859</td>
<td>1,705,903</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>(5,815,656)</td>
<td>(1,410,210)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>14</td>
<td>(4,917,797)</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 16 form an integral part of these consolidated financial statements.
## STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**

### ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY

<table>
<thead>
<tr>
<th></th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (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>18,196,909</td>
<td>17,912,568</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>1,246,638</td>
<td>1,093,176</td>
</tr>
<tr>
<td>Final dividend for the fiscal year 2009-2010</td>
<td>@ Rs. 2.50 (2008-2009: @ Rs. 2.00) per share</td>
<td>(2,892,886)</td>
</tr>
<tr>
<td>Reduction in controlling interest of the holding company</td>
<td>836</td>
<td>-</td>
</tr>
<tr>
<td>Balance at the end of the period</td>
<td>16,551,497</td>
<td>16,691,435</td>
</tr>
<tr>
<td>Attributable to owners of the holding company</td>
<td>28,123,041</td>
<td>28,262,979</td>
</tr>
</tbody>
</table>

### ADVANCE AGAINST ISSUE OF SHARES TO MINORITY SHAREHOLDERS

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the period</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Advance received during the period</td>
<td>132,929</td>
<td>-</td>
</tr>
<tr>
<td>Shares issued during the period</td>
<td>(27,885)</td>
<td>-</td>
</tr>
<tr>
<td>Balance at the end of the period</td>
<td>105,044</td>
<td>-</td>
</tr>
</tbody>
</table>

### NON-CONTROLLING INTEREST

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the period</td>
<td>357,415</td>
<td>95,687</td>
</tr>
<tr>
<td>Shares issued during the period</td>
<td>27,885</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>(7,449)</td>
<td>(4,520)</td>
</tr>
<tr>
<td>Reduction in controlling interest of the holding company</td>
<td>(836)</td>
<td>-</td>
</tr>
<tr>
<td>Balance at the end of the period</td>
<td>377,015</td>
<td>90,867</td>
</tr>
</tbody>
</table>

### TOTAL EQUITY

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>28,605,100</td>
<td>28,353,846</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 16 form an integral part of these consolidated financial statements.

Vince Harris OBE  
Chief Executive  
M. Jawaid Iqbal  
Director
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 and a 214 MW (net) oil-fired power station which is under construction in Punjab.

The Group consists of:

- The Hub Power Company Limited (the holding company); and
- Laraib Energy Limited (the subsidiary) – Holding of 75.18%.

The subsidiary was incorporated in Pakistan on August 9, 1995 as a public limited company under the Companies Ordinance, 1984. The subsidiary is constructing a 84 MW hydropower generating complex near the New Bong Escape, which is 8 km downstream of the Mangla Dam in Azad Jammu & Kashmir. The project achieved Financial Close in December 2009 and is required to achieve Commercial Operations Date within 42 months of Financial Close which will be June 2013.

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, 2010. During the period, the subsidiary has recognised a provision for current taxation based on taxable income at the applicable rates of taxation determined in accordance with the prevailing law for taxation. The charge for current tax includes adjustments for prior years, if any.

3. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" as applicable in Pakistan and are being submitted to the shareholders as required under Section 245 of the Ordinance.

4. OPERATING COSTS

<table>
<thead>
<tr>
<th>Description</th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residual Fuel Oil</td>
<td>21,904,312</td>
<td>19,169,988</td>
</tr>
<tr>
<td>Operation &amp; Maintenance</td>
<td>696,365</td>
<td>660,895</td>
</tr>
<tr>
<td>Insurance</td>
<td>122,099</td>
<td>120,102</td>
</tr>
<tr>
<td>Depreciation</td>
<td>423,307</td>
<td>424,081</td>
</tr>
<tr>
<td>Amortisation</td>
<td>-</td>
<td>222</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>127,948</td>
<td>115,240</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>23,274,031</td>
<td>20,490,528</td>
</tr>
</tbody>
</table>

4.1 This represents services rendered by an associated company under Operation & Maintenance Agreement.
### 5. FINANCE COSTS

**Holding company**

<table>
<thead>
<tr>
<th>Description</th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest / mark-up on long term loans</td>
<td>245,921</td>
<td>279,462</td>
</tr>
<tr>
<td>Mark-up on short term borrowings</td>
<td>263,058</td>
<td>42,533</td>
</tr>
<tr>
<td>Miscellaneous finance costs</td>
<td>25,458</td>
<td>20,437</td>
</tr>
<tr>
<td>Bank charges</td>
<td>2</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>534,439</td>
<td>342,454</td>
</tr>
</tbody>
</table>

**Narowal**

<table>
<thead>
<tr>
<th>Description</th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest / mark-up on long term loans</td>
<td>717,235</td>
<td>299,990</td>
</tr>
<tr>
<td>Mark-up on short term borrowings</td>
<td>-</td>
<td>15,150</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>15,157</td>
<td>83,116</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>732,392</td>
<td>398,256</td>
</tr>
</tbody>
</table>

**Laraib's investment**

<table>
<thead>
<tr>
<th>Description</th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unwinding of discount on share premium payable</td>
<td>15,048</td>
<td>-</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>9,243</td>
<td>-</td>
</tr>
<tr>
<td>Bank charges</td>
<td>24,291</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,291,122</td>
<td>740,710</td>
</tr>
</tbody>
</table>

Less: amount capitalised in the cost of qualifying assets - Narowal (732,389) (398,256)

**Finance cost of the holding company**

<table>
<thead>
<tr>
<th>Description</th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>558,733</td>
<td>342,454</td>
</tr>
</tbody>
</table>

**Subsidiary**

<table>
<thead>
<tr>
<th>Description</th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest / mark-up on long term loans</td>
<td>57,031</td>
<td>-</td>
</tr>
<tr>
<td>Mark-up on salary payable to CEO</td>
<td>-</td>
<td>445</td>
</tr>
<tr>
<td>Mark-up on short term borrowings from CEO</td>
<td>-</td>
<td>65</td>
</tr>
<tr>
<td>Mark-up on short term borrowings</td>
<td>-</td>
<td>829</td>
</tr>
<tr>
<td>Finance charges on leased assets</td>
<td>50</td>
<td>75</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>23,428</td>
<td>29,284</td>
</tr>
<tr>
<td>Bank charges</td>
<td>138</td>
<td>89</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>80,647</td>
<td>30,787</td>
</tr>
</tbody>
</table>

Less: amount capitalised in the cost of qualifying assets - Subsidiary (80,459) (29,284)

**Finance cost of the subsidiary**

<table>
<thead>
<tr>
<th>Description</th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>188</td>
<td>1,503</td>
</tr>
<tr>
<td><strong>Finance cost of the subsidiary</strong></td>
<td>558,921</td>
<td>343,957</td>
</tr>
</tbody>
</table>

### 6. WORKERS' PROFIT PARTICIPATION FUND

<table>
<thead>
<tr>
<th>Description</th>
<th>Sep 2010 (Rs. '000s)</th>
<th>Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for Workers' profit participation fund</td>
<td>63,460</td>
<td>55,402</td>
</tr>
<tr>
<td>Payment of Workers' profit participation fund recoverable from WAPDA</td>
<td>(63,460)</td>
<td>(55,402)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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).
7. PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment 27,201,396 27,609,409

Capital work-in-progress

<table>
<thead>
<tr>
<th></th>
<th>Sep 2010</th>
<th>Jun 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant betterments</td>
<td>44,384</td>
<td>42,685</td>
</tr>
<tr>
<td>Narowal</td>
<td>23,366,447</td>
<td>21,973,584</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>5,877,926</td>
<td>4,355,670</td>
</tr>
<tr>
<td></td>
<td>29,288,757</td>
<td>26,371,939</td>
</tr>
</tbody>
</table>

| 7.1  | 56,490,153 | 53,981,348 |

7.1 Additions to property, plant and equipment during the period were Rs. 2,940.382 million and disposals therefrom at net book value were Rs. 0.653 million.

8. TRADE DEBTS - Secured

Considered good

<table>
<thead>
<tr>
<th></th>
<th>Sep 2010</th>
<th>Jun 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>76,813,170</td>
<td>66,712,461</td>
</tr>
</tbody>
</table>

8.1 This includes an amount of Rs. 68,118 million (June 2010: Rs. 57,764 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.

9. TRADE AND OTHER PAYABLES

This includes an amount of Rs. 66,747 million (June 2010: Rs. 55,532 million) payable to Pakistan State Oil, out of which overdue amount is Rs. 60,150 million (June 2010: Rs. 48,769 million). The overdue amount carries interest / mark-up at SBP discount rate plus 2% per annum compounded semi-annually.

10. SHORT TERM BORROWINGS - Secured

Finances under mark-up arrangements

<table>
<thead>
<tr>
<th></th>
<th>Sep 2010</th>
<th>Jun 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,505,756</td>
<td>6,743,596</td>
</tr>
</tbody>
</table>

10.1 The facilities for running finance available from various banks amounted to Rs. 9,300 million (June 2010: Rs. 9,300 million) at 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, 2010 to September 30, 2011. 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. COMMITMENTS AND CONTINGENCIES

11.1 In order to meet its investment obligations in the subsidiary, the holding company in September 2010 signed a long term financing arrangement with various banks / financial institution for an amount of Rs. 3,741 million. The loan is repayable in nine equal installments on semi-annual basis following the six months after the end of availability period (42 months from the facility effective date) at a mark-up rate of six months KIBOR plus 2.20% per annum. The mark-up is payable on semi-annual basis in arrear starting from the availability period. Any late payment by the holding company is subject to an additional payment of 2% per annum above the normal mark-up rate. This loan is secured by way of second ranking / subordinated charge over all present and future undertaking and assets of the holding company other than: (i) assets relating to the Narowal power plant; (ii) Commercial Facility Disbursement Account; (iii) any shares in Demerged Company (special purpose vehicle that the holding company may incorporate under the laws of Pakistan for the purpose of construction, ownership, operations & maintenance of Narowal project); and (iv) present and future shares acquired in the subsidiary including bonus shares and right shares.
### 12. SEGMENT ANALYSIS

#### 12.1 SEGMENT RESULTS

<table>
<thead>
<tr>
<th></th>
<th>Hub power plant</th>
<th>Narowal power plant</th>
<th>Lariab power plant</th>
<th>Unallocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>25,200,135</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25,200,135</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(23,274,031)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(23,274,031)</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,926,104</td>
</tr>
<tr>
<td>Other income</td>
<td>11,069</td>
<td>220</td>
<td>1,465</td>
<td>-</td>
<td>11,289</td>
</tr>
<tr>
<td>General and administration expenses</td>
<td>(95,981)</td>
<td>(11,605)</td>
<td>(18,382)</td>
<td>(404)</td>
<td>(126,372)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(534,439)</td>
<td>(3)</td>
<td>(188)</td>
<td>(24,291)</td>
<td>(558,921)</td>
</tr>
<tr>
<td>Workers' profit participation fund</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>1,306,753</td>
<td>(11,388)</td>
<td>(17,105)</td>
<td>(26,160)</td>
<td>1,252,100</td>
</tr>
<tr>
<td>Taxation - current</td>
<td>-</td>
<td>-</td>
<td>(2,680)</td>
<td>-</td>
<td>(2,680)</td>
</tr>
<tr>
<td>- prior years</td>
<td>-</td>
<td>-</td>
<td>(10,231)</td>
<td>-</td>
<td>(10,231)</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE PERIOD</strong></td>
<td>1,306,753</td>
<td>(11,388)</td>
<td>(30,016)</td>
<td>(26,160)</td>
<td>1,239,189</td>
</tr>
</tbody>
</table>

**Note:**

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

#### 12.2 SEGMENT ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Hub power plant</th>
<th>Narowal power plant</th>
<th>Lariab power plant</th>
<th>Unallocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>139,043,932</td>
</tr>
<tr>
<td></td>
<td>107,375,888</td>
<td>23,542,047</td>
<td>8,119,851</td>
<td>6,146</td>
<td></td>
</tr>
</tbody>
</table>

**Note:**

- The unallocated items relate to costs incurred by the holding company for investment in the subsidiary.
13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / ASSOCIATED UNDERTAKINGS

<table>
<thead>
<tr>
<th>Note</th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amounts paid for services rendered 13.1</td>
<td>876,975</td>
</tr>
<tr>
<td></td>
<td>Reimbursement of expenses and others</td>
<td>507</td>
</tr>
<tr>
<td></td>
<td>Mark-up on long term loans</td>
<td>63,823</td>
</tr>
<tr>
<td></td>
<td>Other finance costs</td>
<td>9,243</td>
</tr>
<tr>
<td></td>
<td>Mark-up on short term borrowings from subsidiary's ex-CEO</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Mark-up on salary payable to subsidiary's ex-CEO</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Remuneration to key management personnel</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Salaries, benefits and other allowances</td>
<td>21,862</td>
</tr>
<tr>
<td></td>
<td>Retirement benefits</td>
<td>2,120</td>
</tr>
<tr>
<td></td>
<td>Fees</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td>Contribution to staff retirement benefit plans</td>
<td>2,369</td>
</tr>
</tbody>
</table>

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

13.2 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.

13.3 This represents fee to four directors of the holding company.

13.4 The outstanding balance of long term loans from an associated undertaking was Rs. 1,711.571 million (June 2010: Rs. 1,711.571 million) out of the total available facilities of Rs. 2,000 million (June 2010: Rs. 2,000 million).

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

14. CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>3 months ended Sep 2010 (Rs. '000s)</th>
<th>3 months ended Sep 2009 (Rs. '000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank balances</td>
<td>1,587,959</td>
<td>1,153,999</td>
</tr>
<tr>
<td>Finances under mark-up arrangements</td>
<td>(6,505,756)</td>
<td>(858,306)</td>
</tr>
<tr>
<td></td>
<td>(4,917,797)</td>
<td>295,693</td>
</tr>
</tbody>
</table>

15. DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on October 27, 2010 in accordance with the resolution of the Board of Directors of the holding company.

16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Vince Harris OBE
Chief Executive

M. Jawaid Iqbal
Director