

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Hub Power Services Limited** (the Company) as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Asad Ali Shah

Dated: August 9, 2016
Place: Karachi

**HUB POWER SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016**

		For the year ended June 30, 2016	For the period from March 26, 2015 to June 30, 2015
	Note	Rupees	Rupees
Turnover	4	1,290,982,437	-
Cost of services	5	(922,368,397)	-
GROSS PROFIT		368,614,040	-
General and administration expenses	6	(155,798,336)	(331,320)
Other income	7	7,404,214	-
Finance costs		(1,343,438)	-
PROFIT / (LOSS) BEFORE TAXATION		218,876,480	(331,320)
Taxation	8	(121,276,636)	-
PROFIT / (LOSS) FOR THE YEAR / PERIOD		97,599,844	(331,320)

The annexed notes from 1 to 26 form an integral part of these financial statements.

DVA

Khalid Mansoor

**Khalid Mansoor
Chief Executive**

Abdul Nasir

**Abdul Nasir
Director**

**HUB POWER SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	For the year ended June 30, 2016 Rupees	For the period from March 26, 2015 to June 30, 2015 Rupees
Profit / (loss) for the year / period		97,599,844	(331,320)
Other comprehensive income for the year / period			
<i>Items that will not be reclassified to profit or loss in subsequent years</i>			
Gain on remeasurement of post employment benefit obligation	12.1	7,266,000	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR / PERIOD		104,865,844	(331,320)

The annexed notes from 1 to 26 form an integral part of these financial statements.

DYA



Khalid Mansoor
Chief Executive




Abdul Nasir
Director

**HUB POWER SERVICES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016**

		2016	2015
	Note	Rupees	Rupees
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property and equipment	9	20,574,317	-
Long term deposit		1,881,375	-
CURRENT ASSETS			
Trade debts	10	63,437,289	-
Loans and advances	11	8,353,884	-
Prepayments and other receivables	12	29,609,267	-
Cash and bank balances	13	269,668,183	30
TOTAL ASSETS		393,524,315	30
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
SHARE CAPITAL			
Authorised (200,000 ordinary shares of Rs.10/- each)		2,000,000	2,000,000
Issued, subscribed and paid-up (10,000 ordinary shares (2015: 3 ordinary shares) of Rs.10/- each fully paid in cash)	14	100,000	30
REVENUE RESERVE			
Unappropriated profit / (accumulated loss)		104,534,524	(331,320)
		104,634,524	(331,290)
CURRENT LIABILITIES			
Trade and other payables	15	282,558,707	331,320
Taxation-net		6,331,084	-
		288,889,791	331,320
TOTAL EQUITY AND LIABILITIES		393,524,315	30
COMMITMENTS AND CONTINGENCIES			
	16		

The annexed notes from 1 to 26 form an integral part of these financial statements.

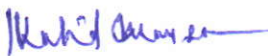

Khalid Mansoor
Chief Executive


Abdul Nasir
Director


HUB POWER SERVICES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	For the year ended June 30, 2016	For the period from March 26, 2015 to June 30, 2015
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	218,876,480	(331,320)
Adjustments for:		
Gratuity	19,697,000	-
Depreciation	8,053,850	-
Interest income	(7,052,993)	-
Gain on disposal of property and equipment	(351,221)	-
Increase in current assets:		
Trade debts	(63,437,289)	-
Loans and advances	(8,353,884)	-
Prepayments and other receivables	(20,738,825)	-
Increase in current liabilities:		
Trade and other payables	282,227,387	331,320
Cash generated from operations	428,920,505	-
Interest received	6,867,551	-
Gratuity paid	(21,116,000)	-
Taxes paid	(114,945,552)	-
Net cash generated from operating activities	299,726,504	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(33,134,066)	-
Proceeds from disposal of property and equipment	4,857,120	-
Long term deposit	(1,881,375)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	99,970	30
Net increase in cash and cash equivalents	269,668,153	30
Cash and cash equivalents at the beginning of the year / period	30	-
Cash and cash equivalents at the end of the year / period	269,668,183	30

The annexed notes from 1 to 26 form an integral part of these financial statements.


Khalid Mansoor
Chief Executive

DYA


Abdul Nasir
Director

**HUB POWER SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016**

	For the year ended June 30, 2016	For the period from March 26, 2015 to June 30, 2015
	Rupees	Rupees
Issued capital		
Balance at the beginning of the year / period	30	-
Shares issued during the year / period	99,970	30
Balance at the end of the year / period	100,000	30
Unappropriated profit / (accumulated loss)		
Balance at the beginning of the year / period	(331,320)	-
Profit / (loss) for the year / period	97,599,844	(331,320)
Other comprehensive income	7,266,000	-
Total comprehensive income for the year / period	104,865,844	(331,320)
Balance at the end of the year / period	104,534,524	(331,320)
Total equity	104,634,524	(331,290)

The annexed notes from 1 to 26 form an integral part of these financial statements.

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Khalid Mansoor
Chief Executive



Abdul Nasir
Director

HUB POWER SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Hub Power Services Limited (the "Company") was incorporated in Pakistan on March 26, 2015 as a public limited company under the Companies Ordinance, 1984 (the "Ordinance"). The registered office of the Company is situated at 11th floor Ocean Tower, G-3, Block 9, Main Clifton Road, Karachi. The Company is a wholly owned subsidiary of The Hub Power Company Limited (the "holding company"). The principal business activity of the Company is to manage operations and maintenance of power plants.

Presently, the Company provides operations and maintenance services to the holding company for its Hub Plant and Narowal Plant under their respective Operations and Maintenance (the "O&M") Agreements.

Hub Plant

The Company is managing the operations and maintenance of the Hub Plant with effect from August 1, 2015 under the O&M Agreement dated November 2, 2015 for the term until March 31, 2027, unless terminated earlier through mutual consent.

Narowal Plant

The Company is also managing the operations and maintenance of Narowal Plant with effect from April 22, 2016 under the O&M Agreement dated June 30, 2016 for the term until April 20, 2028, unless terminated earlier through mutual consent.

- 1.2 On June 8, 2015, the holding company entered into a Termination Agreement with its Hub Plant operator to terminate the operations and maintenance agreement from July 31, 2015. Pursuant to the terms and conditions of the abovementioned termination agreement:
- All employees of the ex-operator became employees of the Company from August 1, 2015 through execution of novation agreements; and
 - The available amounts in the pension fund, the gratuity fund and the provident fund relating to the employees of the ex-operator have been transferred to the respective trustees of the funds set-up by the Company for the employees.

Consequent to above Plant O&M takeover, majority of employees of the ex-operator were transferred to the Company along with staff vehicles having carrying value of Rs. 29 million in the books of account of the ex-operator (refer note 9).

- 1.3 The holding company had entered into an O&M Agreement with the Narowal Plant ex-operator on January 27, 2010. The said O&M Agreement was set to expire on April 21, 2016. The holding company, as a strategic business decision, decided not to renew the same and served notice of non-renewal on October 20, 2015 on the ex-operator and on March 25, 2016 the ex-operator and the holding company entered into a settlement agreement pursuant to which terms and conditions were mutually agreed and the Company took over Narowal Plant's O&M on the date cited above.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Accounting convention

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

2.3 Use of estimates and judgements

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

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

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

- a) Determining the residual values and useful lives of property and equipment (Notes 3.1 and 9);
- b) Recognition of provision for staff retirement benefit - defined benefit plan (Notes 3.9 and 12.1); and
- c) Recognition of provision for taxation (Note 3.14 and 8).

2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

2.5 Effects of new standards effective during the year

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

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies and methods of computation are followed for the preparation of these financial statements:

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, at the rates shown in note 9 to the financial statements. Depreciation on additions is charged for the full month in which an asset is available for use and on disposals up to the month immediately preceding the disposals. Gains and losses on disposals are taken to the profit and loss account.

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

The residual value, depreciation method and the useful lives are reviewed and adjusted if required, at each balance sheet date.

3.2 Impairment of non-current assets

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

3.3 Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

3.4 Trade debts and other receivables

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

3.5 Provisions

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

3.6 Trade and other payables

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

3.7 Off-setting

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

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, pay orders in hand, cash with banks on savings, call and term deposit accounts.

3.9 Staff retirement benefits

Gratuity

The Company has a defined benefit gratuity fund covering eligible employees who have completed minimum service requirement. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties.

All actuarial gains / losses arising during the period are recognised in other comprehensive income of the Company in the period in which they arise.

Provident

The Company has a defined contribution provident fund for employees who are eligible for the plan. Equal monthly contributions are required to be made by the Company and the employees. The Company's contributions are recognised as employee benefit expense when they are due.

Pension

The Company has a defined contribution pension fund for employees who are eligible for the plan. The Company is required to contribute 10% of the basic pay of the employees on the monthly basis. The Company's contributions are recognised as employee benefit expense when they are due.

3.10 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and amount of revenue can be measured reliably. Revenue for service income is recognised on accrual basis as and when services are rendered, in accordance with the term of agreements with the holding company.

3.11 Interest income

Interest income is recorded on accrual basis.

3.12 Assets held under operating leases / ijarah financing

Assets held under operating leases / ijarah financing are accounted for using the guidelines of IFAS 2. The assets are not recognised in the company's financial statements and payments made under operating leases / ijarah financing are recognised in profit and loss account on a straight line basis over the term of lease.

3.13 Foreign currency transactions and translation

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

3.14 Taxation

Income of the Company is subject to taxation in Pakistan in accordance with the provisions of the Income Tax Ordinance, 2001 (ITO). Accordingly, provision for taxation has been made after taking into account tax credit etc., if any.

Presently, majority of the Company's income is being taxed on minimum tax on service income. Hence, no deferred tax has been recognised in these financial statements.

	Note	For the year ended June 30, 2016 Rupees	For the period from March 26, 2015 to June 30, 2015 Rupees
4. TURNOVER			
Turnover		1,487,745,982	-
Less: Provincial sales tax		(196,763,545)	-
		<u>1,290,982,437</u>	<u>-</u>
5. COST OF SERVICES			
Salaries, benefits and other allowances	5.1	802,893,192	-
Repairs, maintenance and other cost		92,121,553	-
Insurance		19,942,978	-
Depreciation	9.1	7,410,674	-
		<u>922,368,397</u>	<u>-</u>
5.1	These include Rs. 64.604 million (2015: Nil) in respect of staff retirement benefits.		
6. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, benefits and other allowances	6.1	102,441,212	-
Technical and feasibility studies		4,492,800	-
Corporate social responsibility		7,898,438	-
Operating lease rentals		2,915,161	-
Office running cost		18,063,357	-
Travel and transportation		3,451,175	-
Printing and stationery		2,635,100	-
Repairs and maintenance		4,072,871	-
Auditors' remuneration	6.2	1,215,825	50,000
Insurance		2,953,648	-
Depreciation	9.1	643,176	-
Legal and professional charges		1,416,815	-
Miscellaneous		3,598,758	281,320
		<u>155,798,336</u>	<u>331,320</u>

6.1 These include Rs. 4.880 million (2015: Nil) in respect of staff retirement benefits.

	For the year ended June 30, 2016	For the period from March 26, 2015 to June 30, 2015
	Rupees	Rupees
6.2 Auditors' remuneration		
Statutory audit	400,000	-
Group reporting	100,000	-
Half yearly review	212,000	-
Others	347,500	-
Out-of-pocket expenses	156,325	-
	<u>1,215,825</u>	<u>-</u>
7. OTHER INCOME		
<i>Income from financial asset</i>		
Interest income	7,052,993	-
<i>Income from assets other than financial assets.</i>		
Gain on disposal of property and equipment	351,221	-
	<u>7,404,214</u>	<u>-</u>
8. TAXATION		
Current for the year / period	<u>121,276,636</u>	<u>-</u>
Tax reconciliation		
Accounting profit / (loss) before tax	<u>218,876,480</u>	<u>(331,320)</u>
Tax rate	32%	33%
Tax on accounting profit	70,040,474	(109,336)
Additional tax due to minimum tax regime	51,236,162	-
Others	-	109,336
	<u>121,276,636</u>	<u>-</u>

9. PROPERTY AND EQUIPMENT

	Vehicles	Equipment	Total
	-----Rupees-----		
Cost			
Opening balance	-	-	-
Additions / transfers during the year	33,079,206	54,860	33,134,066
Disposal	(5,484,643)	-	(5,484,643)
Closing balance	27,594,563	54,860	27,649,423
Accumulated depreciation			
Opening balance	-	-	-
Charge for the year	(8,030,077)	(23,773)	(8,053,850)
Disposal	978,744	-	978,744
Closing balance	(7,051,333)	(23,773)	(7,075,106)
Net book value as at June 30, 2016	<u>20,543,230</u>	<u>31,087</u>	<u>20,574,317</u>
Net book value as at June 30, 2015	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation rate	<u>20%</u>	<u>50%</u>	

9.1 Depreciation charge has been allocated as follows:

	Note	For the year ended June 30, 2016 Rupees	For the period from March 26, 2015 to June 30, 2015 Rupees
Cost of services	5	7,410,674	-
General and administration expenses	6	643,176	-
		<u>8,053,850</u>	<u>-</u>

9.2 As at June 30, 2016 the Company does not hold any asset that is fully depreciated.

9.3 Disposal of property and equipment during the year

Assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particular of buyers
Vehicle	146,400	48,800	97,600	97,600	Company policy	Employee - Irfan Ahmed
Vehicle	146,400	24,400	122,000	122,000	Company policy	Employee - Rana Javed
Vehicle	194,000	38,800	155,200	155,200	Company policy	Employee - Shahzad Ahsan
Vehicle	194,000	38,800	155,200	155,200	Company policy	Employee - Javed Iqbal
Vehicle	194,000	38,800	155,200	155,200	Company policy	Employee - Saeed Kazmi
Vehicle	194,000	38,800	155,200	155,200	Company policy	Employee - Abid Ali
Vehicle	683,254	236,511	446,743	446,743	Company policy	Employee - Tariq Khan
Vehicle	601,061	137,385	463,676	581,288	Company policy	Employee - Noshad Khan
Vehicle	968,682	179,993	788,689	788,689	Company policy	Ex-employee - Azhar Zaidi
Vehicle	2,162,846	196,455	1,966,391	2,200,000	Insurance claim	EFU general insurance
	<u>5,484,643</u>	<u>978,744</u>	<u>4,505,899</u>	<u>4,857,120</u>		

	Note	2016 Rupees	2015 Rupees
10. TRADE DEBTS - unsecured			
Considered good	10.1	63,437,289	-

10.1 This represents the Operation and Maintenance fee receivable from the holding company.

10.2 As at June 30, 2016, there are no past due or impaired trade debts.

	Note	2016 Rupees	2015 Rupees
11. LOANS AND ADVANCES			
Considered good			
Loan to staff - Executives		3,580,876	-
Advances			
Staff		322,910	-
Suppliers		4,450,098	-
		4,773,008	
		8,353,884	-

12. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments		20,164,850	-
Other receivables - considered good			
Staff retirement benefit	12.1	8,685,000	-
Interest accrued		185,442	-
Others		573,975	-
		29,609,267	-

12.1 Staff retirement benefit - staff gratuity		8,685,000	-
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Actuarial valuation was carried out as on June 30, 2016. The present value of defined benefit obligation has been calculated using the Projected Unit Credit method.

	2016 Rupees	2015 Rupees
Reconciliation of the net (asset) / liability recognised in the balance sheet		
Present value of defined benefit obligation	205,277,000	-
Fair value of plan assets	(213,962,000)	-
Net (asset) / liability recognised in the balance sheet	(8,685,000)	-
Reconciliation of the movements during the year in the net (asset) / liability recognised in the balance sheet		
Opening net (asset) / liability	-	-
Expense recognised	19,697,000	-
Remeasurement loss recognised in Other Comprehensive Income (OCI)	(7,266,000)	-
Contributions to the fund made during the year	(21,116,000)	-
Closing net (asset) / liability	(8,685,000)	-
Expense recognised		
Current service cost	19,701,000	-
Net Interest income	(4,000)	-
Expense recognised	19,697,000	-

	2016 Rupees	2015 Rupees
Remeasurements recognised in OCI during the year		
Remeasurement gain on obligation	(6,024,000)	-
Remeasurement gain on plan assets	(1,242,000)	-
	<u>(7,266,000)</u>	<u>-</u>

Movements in the present value of defined benefit obligation

Present value of defined benefits obligation at beginning of the year	-	-
Liability transferred from ex-operator of hub plant to gratuity fund	180,074,000	-
Service cost	19,701,000	-
Interest cost on defined benefits obligation	15,707,000	-
Benefits paid to outgoing members	(4,181,000)	-
Remeasurements	(6,024,000)	-
Present value of defined benefits obligation at end of the year	<u>205,277,000</u>	<u>-</u>

Movements in the fair value of plan assets

Fair value of plan assets at beginning of the year	-	-
Interest income on plan assets	15,711,000	-
Net amount transferred by employer to the fund	21,116,000	-
Amount transferred from ex-operator of hub plant to gratuity fund	180,074,000	-
Benefits paid during the year	(4,181,000)	-
Remeasurements	1,242,000	-
Fair value of plan assets at end of the year	<u>213,962,000</u>	<u>-</u>

Actual return on plan assets	<u>16,953,000</u>	<u>-</u>
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Contribution expected to be paid to the fund during the next year	<u>24,024,000</u>	<u>-</u>
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Breakup of plan assets:

Cash and cash equivalents	37,074,000	-
Mutual funds	44,200	-
Market treasury bills	132,058	-
	<u>37,250,258</u>	<u>-</u>

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

- Valuation discount rate per annum	7.25%	-
- Expected return on plan assets per annum	7.25%	-
- Expected rate of increase in salary level per annum	7.25%	-
- Mortality rates	SLIC 2001-05	-

Expected maturity analysis of undiscounted retirement benefit plans:

	Less than 1 year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
Retirement benefit plan	<u>19,751,000</u>	<u>16,708,000</u>	<u>62,824,000</u>	<u>120,724,000</u>	<u>220,007,000</u>

Sensitivity analysis on significant actuarial assumptions - Impact on defined benefit obligation

- Discount rate +1%	16,701,000	-
- Discount rate -1%	(19,253,000)	-
- Long Term Salary Increases +1%	(18,542,000)	-
- Long Term Salary Increases -1%	16,406,000	-

	Note	2016 Rupees	2015 Rupees
13. CASH AND BANK BALANCES			
Cash at bank			
Savings account		46,968,183	-
Term deposit account		222,000,000	-
	13.1	268,968,183	-
Cash in hand		700,000	30
		<u>269,668,183</u>	<u>30</u>

13.1 Savings and deposits accounts carry mark-up rates from 3.75% to 5.58% (2015: nil%) per annum.

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

During the year, the Company has received Rs. 99,970 against the shares subscribed by the holding company as per the Memorandum of Association of the Company filed with the Registrar, resulting in increase in the paid up share capital of the Company to Rs. 100,000.

	2016 Rupees	2015 Rupees
15. TRADE AND OTHER PAYABLES		
Trade creditors	23,770,702	-
Accrued liabilities	127,745,346	331,320
Other payables		
Payable to the holding company	86,667,070	-
Withholding tax payable	10,336,396	-
Provincial sales tax payable	25,908,786	-
Staff retirement benefit - Provident fund	6,196,647	-
Staff retirement benefit - Pension fund	1,812,679	-
Miscellaneous	121,081	-
	131,042,659	-
	<u>282,558,707</u>	<u>331,320</u>

16. COMMITMENTS AND CONTINGENCIES

16.1 Commitments in respect of revenue expenditures amounts to Rs. 2.550 million (2015: Nil).

16.2 Commitments in respect of Ijarah financing arrangement with financial institution entered during the period:

	Rupees
Not later than one year	6,361,732
Later than one year and not later than five years	7,952,165
Later than five years	-

16.3 Pursuant to the terms of O&M agreements with the holding company, the Company is required to comply with certain performance conditions. In the event the Company fail to comply, the Company will share loss sustained by the holding company in the proportion mentioned in the term of the agreements.

	Note	For the year ended June 30, 2016 Rupees	For the period from March 26, 2015 to June 30, 2015 Rupees
17. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES			
Chief Executive	17.1	-	-
Directors' fee	17.1 & 18.2	250,000	-
Executives			
Managerial remuneration		217,083,127	-
Bonus		74,973,097	-
House rent		125,555,141	-
Utilities		28,233,952	-
Retirement benefits		60,206,574	-
Other benefits		122,915,055	-
		628,966,946	-
Total		629,216,946	-
Number of persons			
Chief Executive		-	-
Directors		2	-
Executives		181	-
		183	-

17.1 During the year, no remuneration has been paid to Chief Executive and Executive Director of the Company. However, the holding company has allocated cost of Rs. 6.624 million and Rs. 2.262 million in relation to the remuneration of the Chief Executive and Executive Director.

In addition to above, the holding company has also allocated Rs. 34.122 million in relation to executives of the holding company.

These figures are not included in the above amounts.

17.2 Certain Executives are provided with the use of Company maintained automobiles and certain other benefits.

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

18. RELATED PARTY TRANSACTIONS

Related parties comprise of the holding company, retirement benefits funds and key management personnel. Transactions with related parties are carried out on mutually agreed terms. Significant transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements are as follows:

	Note	For the year ended June 30, 2016 Rupees	For the period from March 26, 2015 to June 30, 2015 Rupees
Holding Company			
Services rendered	4	1,487,745,982	-
Reimbursement of expenditures		132,183,758	-
Advances received		281,379,173	-
Advance repaid / adjusted		261,379,173	-
Contribution to staff retirement benefit funds		62,893,345	-
Remuneration to key management personnel			
Salaries, benefits and other allowances		51,511,827	-
Retirements benefits		6,176,787	-
	17.1 & 18.1	57,688,614	-
Directors' fee	18.2	250,000	-

- 18.1 Transactions with key management personnel are carried out under the term of their employment. Key management personnels are also provided with the use of Company maintained automobiles and certain other benefits.
- 18.2 This represents fee paid to two directors for attending meetings.

			2016 Rupees	2015 Rupees
19. PROVIDENT FUND TRUST				
Size of the trust			495,491,668	-
Cost of investments made			462,503,173	-
Percentage of investments made (based on fair value)			93.73%	-
Fair value of investments made			464,442,969	-
	2016	2015	2016	2015
Break-up of fair value of Investments	%	%	Rupees	Rupees
Mutual Funds	6.9%	-	31,939,796	-
Bank balances	93.1%	-	432,503,173	-
	100%	-	464,442,969	-

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

			2016 Rupees	2015 Rupees
20. FINANCIAL INSTRUMENTS BY CATEGORY				
Financial assets as per balance sheet				
Loans and receivables				
Long term deposit			1,881,375	-
Trade debts			63,437,289	-
Loans and advances			8,353,884	-
Other receivables			759,417	-
Cash and bank balances			269,668,183	30
			344,100,148	30
Financial liabilities as per balance sheet				
At amortized cost				
Trade and other payables			238,304,199	331,320

21. FINANCIAL RISK MANAGEMENT

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

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

21.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from balances with banks and trade debts. The credit risk on balances with banks is limited because the counter parties are banks with good credit ratings.

The maximum exposure to credit risk at the reporting date is as follows:

	2016	2015
	Rupees	Rupees
Long term deposit	1,881,375	-
Trade debts	63,437,289	-
Loans and advances	8,353,884	-
Other receivables	759,417	-
Bank balances	268,968,183	-
	<u>343,400,148</u>	<u>-</u>

Trade debts represent contractual O&M fee receivable from the holding company and are not past due.

The credit quality of bank balances can be assessed with reference to external credit ratings as follows:

Name of Bank	Rating Agency	Ratings	
		Short-term	Long-term
National Bank of Pakistan	PACRA	A1+	AAA
Habib Bank Limited	JCR-VIS	A1+	AAA

21.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. Market risk comprises three types of risks: currency risk, interest / mark-up rate risk and other price risk. The Company is not materially exposed to currency risk and other price risk whereas the exposure to interest rate risk is given below:

21.2.1 Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company while dealing in financial instruments negotiates attractive interest rates, which reduces the interest rate price risk.

The Company doesn't hold any financial instruments with fixed and variable interest rates except for bank balances which is subject to fixed interest rate. The Company does not account for any fixed rate financial assets and liabilities at fair value through the profit and loss account. Therefore, a change in interest rate at the reporting date would not affect the profit and loss account.

21.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash / bank balance.

The table below summarizes the maturity profile of the Company's financial liabilities.

	Carrying amount	Contractual cash flows	Up to one year	After one year
	----- Rupees -----			
Trade and other payables	238,304,199	238,304,199	238,304,199	-

21.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying amounts of all the financial instruments reflected in these financial statements approximate their fair value.

22. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

23. NUMBER OF EMPLOYEES

The total and average number of employees as at June 30, 2016 and during the year were 286 (2015: Nil) and 264 (2015: Nil) respectively.

24. COMPARATIVE FIGURES

Since the Company was incorporated on March 26, 2015, therefore the comparative figures for profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity have been presented for the period from March 26, 2015 to June 30, 2015 and therefore are not comparable.

25. RECLASSIFICATION

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

26. DATE OF AUTHORISATION

These financial statements were authorised for issue on 09 AUG 2016 in accordance with the resolution of the Board of Directors.



Khalid Mansoor
Chief Executive

DYA



Abdul Nasir
Director