


AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Quaid-e-Azam Solar Power (Private) Limited as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year ended June 30, 2016 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:

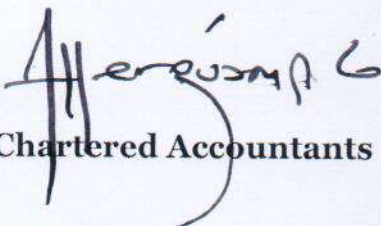
- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes resulted on initial application of standards, amendments, or an interpretation to the existing standards as stated in note 2.2.1 to the annexed financial statements, with which we concur;
 - (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;


A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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A.F. FERGUSON & CO.

- (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, statement of changes in equity and cash flow statement 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 profit, total comprehensive income, changes in equity and its cash flows for the year ended June 30, 2016; and
- (d) In our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).


Chartered Accountants

Lahore, November 25, 2016

Name of engagement partner: Asad Aleem Mirza

QUAID-E-AZAM SOLAR POWER (PRIVATE) LIMITED

BALANCE SHEET AS AT JUNE 30, 2016

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital		6,000,000	6,000,000
600,000 ordinary shares of Rs 10,000 each			
Issued, subscribed and paid up capital			
380,978 (2015: 1,000) ordinary shares			
of Rs 10,000 each			
Share deposit money	5	3,809,780	10,000
Accumulated profit / (loss)	5	606,297	3,799,785
		4,416,082	(108,814)
		3,700,971	
NON-CURRENT LIABILITIES			
Long term finances - secured	6	9,678,306	6,090,418
Deferred liabilities	7	4,592	3,688
Long term retentions	8	7,800	-
		9,690,698	6,094,106
CURRENT LIABILITIES			
Current portion of long term finances - secured	6	760,652	300,140
Trade and other payables	9	1,459,357	3,902,550
Accrued finance cost		209,122	294,342
Provision for taxation		207,771	47,042
		2,636,902	4,544,074
CONTINGENCIES AND COMMITMENTS			
	10	-	-
		16,743,682	14,339,151
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Intangible assets			
Long term deposits and prepayments			
	11	13,272,433	12,507,304
	12	1,294	308
	13	1,497	1,547
		13,275,224	12,509,159
CURRENT ASSETS			
Trade debts	14	823,185	240,959
Advances, deposits, prepayments and other receivables	15	206,800	10,068
Cash and bank balances	16	2,438,473	1,578,965
		3,468,458	1,829,992
		16,743,682	14,339,151

The annexed notes 1 to 33 form an integral part of these financial statements.

Chief Executive

Director

QUAID-E-AZAM SOLAR POWER (PRIVATE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees in thousand)	2015
Sales	17	2,956,304	-
Cost of sales	18	(847,227)	-
Gross profit		<u>2,109,077</u>	<u>-</u>
Administrative expenses	19	(99,817)	(142,375)
Other income	20	174,294	195,089
Other operating expenses	21	(102,635)	(67,079)
		<u>2,080,919</u>	<u>(14,365)</u>
Finance cost	22	(1,038,124)	(127)
Profit / (loss) before taxation		<u>1,042,795</u>	<u>(14,492)</u>
Taxation	23	(27,357)	(78,380)
Profit / (loss) for the year		<u>1,015,438</u>	<u>(92,872)</u>
Earnings / (loss) per share - basic and diluted	27	<u>2.67</u>	<u>(0.24)</u>

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[Signature]

[Signature]
Chief Executive

[Signature]
Director


QUAID-E-AZAM SOLAR POWER (PRIVATE) LIMITED

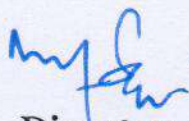
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	2016 (Rupees in thousand)	2015
Profit / (loss) for the year	1,015,438	(92,872)
Other comprehensive income		
<i>Items that will not be re-classified to profit or loss</i>		
Remeasurement of net defined benefit liability	(327)	-
Tax effect	-	-
	(327)	-
<i>Items that may be re-classified subsequently to profit or loss</i>	-	-
Other comprehensive income for the year - net of tax	(327)	-
Total comprehensive income for the year	<u>1,015,111</u>	<u>(92,872)</u>

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Alt


Chief Executive


Director

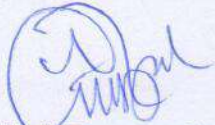
QUAID-E-AZAM SOLAR POWER (PRIVATE) LIMITED

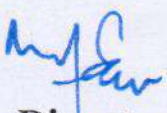
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

	(Rupees in thousand)			
	Share capital	Share deposit money	Accumulated profit / (loss)	Total
Balance as on June 30, 2014	10,000	3,799,785	(15,942)	3,793,843
Total comprehensive loss for the year ended June 30, 2015	-	-	(92,872)	(92,872)
Balance as on June 30, 2015	10,000	3,799,785	(108,814)	3,700,971
Transaction with owners				
Issuance of ordinary shares	3,799,780	(3,799,780)	-	-
Interim dividend for the year ended June 30, 2016 - Rs 787.45 per share	-	-	(300,000)	(300,000)
	3,799,780	(3,799,780)	(300,000)	(300,000)
Total comprehensive income for the year ended June 30, 2016	-	-	1,015,111	1,015,111
Balance as on June 30, 2016	3,809,780	5	606,297	4,416,082

The annexed notes 1 to 33 form an integral part of these financial statements.

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Chief Executive


Director

QUAID-E-AZAM SOLAR POWER (PRIVATE) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from / (used in) operations	26	2,327,088	(139,009)
Finance costs paid		(1,160,048)	(88,161)
Taxes paid		(16,545)	(31,033)
Gratuity paid		(1,409)	(675)
Net cash generated from / (used in) operating activities		1,149,086	(258,878)
Cash flows from investing activities			
Fixed capital expenditure		(4,337,978)	(8,305,721)
Proceeds from disposal of property, plant and equipment		-	59
Net decrease in long term deposits and prepayments		-	12,627
Net cash used in investing activities		(4,337,978)	(8,293,035)
Cash flows from financing activities			
Proceeds from long term finances - secured		4,566,089	6,383,084
Repayment of long term finances - secured		(517,689)	-
Net cash generated from financing activities		4,048,400	6,383,084
Net increase / (decrease) in cash and cash equivalents		859,508	(2,168,829)
Cash and cash equivalents at the beginning of the year		1,578,965	3,747,794
Cash and cash equivalents at the end of the year	16	2,438,473	1,578,965

The annexed notes 1 to 33 form an integral part of these financial statements.

[Signature]

[Signature]
Chief Executive

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Director

QUAID-E-AZAM SOLAR POWER (PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

1. Legal status and nature of business

Quaid-e-Azam Solar Power (Private) Limited ('The Company') was incorporated as a private limited Company under the Companies Ordinance, 1984 on September 16, 2013. The principal activity of the Company is to build, own, operate and maintain a solar power plant having a total capacity of 100 MW in Lal Sohanra, Cholistan, Bahawalpur. The registered office of the Company is situated at 3rd Floor, 83A-E1, Gulberg III, Main Boulevard, Lahore, Pakistan. The company achieved Commercial Operations Date ('COD') on July 15, 2015. National Electric Power Regulatory Authority ('NEPRA') has granted generation license to the company which is valid till December 30, 2039.

2. Statement of compliance

2.1 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. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current period

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Interpretations which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in the financial statements except for the amendments as explained below:

IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The application of this standard does not have a material impact on the Company's financial statements.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 01, 2016 or later periods, but the Company has not early adopted them:

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Standards or Interpretations	Effective date (accounting periods beginning on or after)
Annual improvements 2014	January 1, 2016
Amendments to IAS 1, 'Presentation of financial statements' on disclosure initiative	January 1, 2016
Amendments to IAS 38 'Intangible assets' in relation to use of revenue based methods to calculate the depreciation	January 1, 2016
Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative	January 1, 2017
Amendments to IAS 12, 'Income taxes' in relation to recognition of deferred tax assets for unrealized losses	January 1, 2017
Amendments to IAS 16 'Property, plant and equipment' in relation to use of revenue based methods to calculate the depreciation	January 1, 2017
IFRS 9 - 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	January 1, 2018
IFRS 16 'Leases'	January 1, 2019

2.2.3 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 dated January 16, 2012, has exempted the application of International Financial Reporting Interpretations Committee (IFRIC) 4 'Determining whether an Arrangement contains a Lease' to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 on the results of the companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17, 'Leases'.

Consequently, the company is not required to account for a portion of its Energy Purchase Agreement (EPA) with Central Power Purchase Agency Limited (CPPA) as a lease under IAS - 17. If the company were to follow IFRIC - 4 and IAS - 17, the effect on the financial statements would be as follows:

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