



ANNUAL REPORT

30th June 2016



NATIONAL POWER PARKS MANAGEMENT COMPANY (PRIVATE) LTD
Ministry of Water & Power, Government of
Pakistan 2nd Floor, A Block, Pak Secretariat, Islamabad

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CORPORATE INFORMATION

| | | |
|--------------------------------------|---|------------------------|
| Board of Directors | 1. Mr. Arif Saeed (Chairman) | Independent Director |
| | 2. Mr. Asad Ali Khan | Independent Director |
| | 3. Mr. Nauman Ahmad Khan | Independent Director |
| | 4. Syed Maratib Ali | Independent Director |
| | 5. Mr. Shah Jahan Mirza | Non-Executive Director |
| | 6. Mr. Zafar Abbas | Non-Executive Director |
| | 7. Mr. Aamer Mehmood Hussain | Non-Executive Director |
| | 8. Mr. Amjad Latif | Non-Executive Director |
| Chief Executive Officer | Mr. Rashid Mahmood | |
| Finance & Audit Committee | 1. Syed Maratib Ali | Chairman |
| | 2. Mr. Aamer Mehmood Hussain | Member |
| | 3. Mr. Nauman Ahmad Khan | Member |
| Human Resource Committee | 1. Mr. Arif Saeed | Chairman |
| | 2. Mr. Amjad Latif | Member |
| | 3. Mr. Zafar Abbas | Member |
| | 4. Mr. Nauman Ahmed Khan | Member |
| Procurement Committee | 1. Mr. Asad Ali Khan | Chairman |
| | 2. Mr. Arif Saeed | Member |
| | 3. Mr. Zafar Abbas | Member |
| | 4. Mr. Aamer Mehmood Hussain | Member |
| Nomination Committee | 1. Mr. Arif Saeed | Chairman |
| | 2. Mr. Zafar Abbas | Member |
| | 3. Mr. Nauman Ahmed Khan | Member |
| Risk Management Committee | 1. Syed Maratib Ali | Chairman |
| | 2. Mr. Nauman Ahmad Khan | Member |
| | 3. Mr. Shah Jahan Mirza | Member |
| Chief Financial Officer | Mr. Sajjad Ahmed | |
| Company Secretary | Mr. Shahzad Iqbal | |
| Auditors | M/S Deloitte Yousuf Adil & Co, Chartered Accountants | |
| Bankers to the Company | National Bank of Pakistan | |
| Registered Office | Room No. 235, A-Block, Ministry of Water & Power, Pak Secretariat, Constitution Avenue, Islamabad | |

DIRECTORS REPORT 2016

DEAR MEMBERS

The Directors of National Power Parks Management Company (Private) Limited (NPPMCL), are pleased to furnish this report along with the Financial Statements for the period ending 30th June 2016 and Auditors Report thereon, as per the provisions of Companies Ordinance 1984.

COMPANY'S OVERVIEW

The acute energy shortage in the country demands fast track addition in generation capacity. Installation of high efficiency Combined Cycle Power Plants (CCPP) based on Re-Gasified Liquid Natural Gas (RLNG) is one of the quickest possible solution to address the power crisis under the given circumstances. The Cabinet Committee on Energy decided to establish two such power plants through complete funding from PSDP.

NPPMCL was incorporated as a special purpose company to build, own and operate these two power plants at Haveli Bahadar Shah District Jhang (1230 MW gross) and Balloki District Kasur (1223 MW gross). NPPMCL took the challenge to complete these projects within an ambitious timeframe of 27 months with the aim to:

- a. Install efficient technology so that affordable electricity could be produced and supplied to the main load centres i.e. Lahore and Faisalabad through the National Grid.
- b. Contribute in reducing power shortfall.

In line with its aims, NPPMCL while maintaining the highest financial discipline and transparency in procurement, has been able to restrict the cost of these projects as Rs. 98.104 billion and Rs. 92.337 billion for Haveli Bahadar Shah and Balloki, respectively.

The financial information for the expenditure incurred till 30th June 2016 on these projects is given as under:

| <i>(Rs. In million)</i> | | |
|---|---------------|----------------|
| Projects' Financial Information | HBS | Balloki |
| EPC Milestones Achieved | 9,673 | 9,345 |
| Advance to M/S Power China | 7,498 | - |
| Payments to SNGPL for spur Gas pipeline | 2,058 | 642 |
| Consultancy Fees | 411 | 411 |
| Borrowing cost | 1,056 | 641 |
| Insurance | 126 | 121 |
| LC Commission | 78 | 88 |
| Others | 44 | 59 |
| Total | 20,944 | 11,307 |

The summary of company's financial affairs till 30th June 2016 vis-à-vis 30th June 2015 is given hereunder:

| | <i>(Rs. In million)</i> | |
|-----------------------------------|-------------------------|--------------|
| <u>Financial Position</u> | 2016 | 2015 |
| Non-Current Assets | 33,017 | 915 |
| Current Assets | 26,684 | 1,593 |
| Total | 59,701 | 2,508 |
| Equity & Reserves | 2,512 | 2,502 |
| Non-Current Liabilities | 46,365 | - |
| Current Liabilities | 10,825 | 6 |
| Total | 59,701 | 2,508 |
| <u>Statement of Income</u> | | |
| Other Income | 139 | 4 |
| Admin Expenses | (125) | (1) |
| Taxation | (5) | (1) |
| Net Profit | 10 | 2 |

CORPORATE & FINANCIAL REPORTING: The Board submits that:

1. the relevant principles of corporate governance have been complied with, and the rules that have not been complied with have been identified alongwith the period in which such non-compliance continued, and reasons thereof;
2. the financial statements present fairly company's true state of affairs, result of operations, cash flows and changes in equity;
3. the proper books of accounts of the Company have been maintained;
4. auditors for the period ending 30th June 2016 were appointed keeping in view all legal formalities;
5. the appropriate accounting policies have been framed, being consistently applied in preparation of financial statements and that the accounting estimates are based on reasonable and prudent judgment;
6. the appointment of the chairman, members of the Board and the terms of their appointment along with the remuneration policy are in the best interests of the Company as well as in line with the best practices;
7. the International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements;
8. all statutory and corporate information has been furnished to SECP as required;
9. the projects are at gestation phase so there are no earnings from operations, no allocation of reserves, no declaration of dividends, and earning per share is also not relevant.

BOARD MEETINGS' ATTENDANCE

| <u>Name of Director</u> | <u>Attendance / Number of Meetings</u> |
|---------------------------|--|
| Mr. Arif Saeed, Chairman | 10/10 |
| Mr. Asad Ali Khan | 07/10 |
| Mr. Nauman Ahmed Khan | 07/10 |
| Syed Maratib Ali | 03/10 |
| Mr. Shah Jahan Mirza | 08/10 |
| Mr. Zafar Abbas | 10/10 |
| Mr. Aamer Mehmood Hussain | 10/10 |
| Mr. Arif Hameed | 01/04 |
| Ms. Uzma Adil | 00/04 |
| Mr. Amer Tufail | 00/01 |
| Mr. Amjad Latif | 01/01 |

PATTERN OF SHAREHOLDING

| <u>Name of Member</u> | <u>No. of Shares held</u> | <u>% of holding</u> |
|---|-------------------------------|-------------------------|
| 1. Mr. Muhammad Younus Dagha, Secretary, Ministry of Water & Power | 1 | 33.33% |
| 2. Mr. Omer Rasul Add. Secretary, Ministry of Water & Power | 1 | 33.33% |
| 3. Mr. Zafar Abbas, Joint Secretary, Ministry of Water & Power | 1 | 33.33% |
| | <u>3</u> | <u>100%</u> |

MR. ARIF SAEED

Chairman Board of Directors

Dated: 8th October 2016, Lahore

ڈائریکٹرز رپورٹ 2016

معزز ممبران

نیشنل پاور پارکس مینجمنٹ کمپنی (پرائیویٹ) لمیٹیڈ (NPPMCL) کے سب ڈائریکٹرز اپنی اس رپورٹ کے ساتھ مورخہ 30 جون 2016 تک کے مالی گوشوارے خوشی سے پیش کر رہے ہیں اور ان کے ساتھ مروجہ قانون کمپنی 1984 کے تحت آڈیٹر کی رپورٹ شامل ہے۔

کمپنی کا مجموعی جائزہ

ملک میں توانائی کی شدید قلت کے پیش نظر اس کی پیداواری صلاحیت کو تیزی کے ساتھ آگے بڑھانے ضرورت ہے۔ موجودہ حالات کے اندر اعلیٰ کارکردگی کے حامل قدرتی گیس اور دوہرے چکر سے چلنے والے پاور پلانٹ کی تنصیب ایک بہترین اور کم وقت لینے والا منصوبہ ہے جو کہ توانائی کے بحران کو حل کرنے میں مددگار ثابت ہوگا۔ کابینہ کمیٹی برائے توانائی نے اس طرح کے دو پاور پلانٹ کو بنانے کا فیصلہ کیا ہے جس کے مکمل اخراجات حکومت پاکستان کی طرف سے ہونگے۔

NPPMCL کو اس خاص مقصد کے لیے کمپنی کے طور پر بنایا گیا جو کہ ان دونوں پاور پلانٹس کو از خود حویلی بہادر شاہ ضلع جھنگ (1230 MW gross) اور بلوکی ضلع قصور (1223 MW gross) میں بنائے گی اور چلائے گی۔ NPPMCL نے ان منصوبوں کو محدود وقت 27 ماہ کے اندر اندر پورے کرنے کا چیلنج قبول کیا جس کے تحت:-

a- موثر ٹیکنالوجی کی تنصیب کی جائے گی تاکہ سستی بجلی پیدا کی جائے اور اس کی ترسیل بذریعہ نیشنل گرڈ یقینی بنایا جائے۔

b- بجلی کی کمی کو پورا کرنے میں مدد ملے گی۔

ان مقاصد کے حصول کے ساتھ ساتھ، NPPMCL اعلیٰ ترین مالیاتی ضوابط اور خریداری میں شفافیت کو برقرار رکھے گی اور ان منصوبوں میں بالترتیب 98.104 ارب روپے حویلی بہادر شاہ اور

92.337 ارب روپے بلوکی کے لیے مختص کیے گئے ہیں۔

مالی منصوبوں برائے اخراجات مورخہ 30 جون 2016 تک کی تفصیل درج ذیل ہے:-

(روپے ملین میں)

| <u>بلوکی</u> | <u>حویلی بہادر شاہ</u> | <u>منصوبوں کی مالی معلومات</u> |
|--------------|------------------------|------------------------------------|
| 9,345 | 9,673 | EPC سنگ میل کی تکمیل |
| - | 7,498 | پیشگی رقم میسرز پاور چائنہ |
| 642 | 2,058 | SNGPL کو گیس پائپ لائنز کی ادائیگی |
| 411 | 411 | مشاورت فیس |
| 641 | 1,056 | قرضوں کے حصول کے اخراجات |
| 121 | 126 | انشورنس (بیمہ) |
| 88 | 78 | LC کمیشن |
| 59 | 44 | دیگر اخراجات |
| 11,307 | 20,944 | کل اخراجات |

کمپنی کے مالی امور کا خلاصہ 1 جولائی 2015 سے لے کر 30 جون 2016 تک درج ذیل ہے:-

(روپے ملین میں)

| <u>2015</u> | <u>2016</u> | <u>منصوبوں کی معلومات</u> |
|--------------|---------------|---------------------------|
| 915 | 33,017 | طویل مدت کے اثاثہ جات |
| 1,593 | 26,684 | مختصر مدت کے اثاثہ جات |
| 2,508 | 59,701 | کل اثاثہ جات |
| 2,502 | 2,512 | سرمایہ اور ذخائر |
| - | 46,365 | طویل مدت کی ذمہ داریاں |
| 6 | 10,825 | مختصر مدت کی ذمہ داریاں |
| 2,508 | 59,701 | کل ذمہ داریاں |
| | | آمدن سے متعلقہ |
| 4 | 139 | دیگر آمدن |
| (1) | (125) | انتظامی اخراجات |
| (1) | (5) | ٹیکس |
| 2 | 10 | کل منافع |

بورڈ کی مالیاتی اور کارپوریٹ رپورٹ کے مطابق کہ:-

- 1- کارپوریٹ گورننس کے اصولوں پر عمل کیا گیا ہے اور جہاں ان پر عمل نہیں ہوا اس کو واضح کیا گیا ہے اور اسکی وجوہات بھی بتائی گئی ہیں۔
- 2- مالی گوشوارے ادارے کے حسابات کا درست اور منصفانہ جائزہ پیش کرتے ہیں۔
- 3- مروجہ قانون میں بتائی گئی تمام کتابیں بنائی گئی ہیں۔
- 4- تمام قانونی کاروائیوں کے بعد ادارہ کے آڈیٹر کو برائے سال 2015-16 مقرر کیا گیا تھا۔
- 5- مناسب حسابی پالیسیاں مرتب کی گئی ہیں جو کہ مالی گوشوارے بناتے وقت توازن سے استعمال ہوتی ہیں اور یہ کہ حسابی

تختیے محتاط اندازوں اور مروجہ اصولوں کی بنیاد پر لگائے گئے ہیں۔

6۔ چیئرمین اور تمام ممبران بورڈ کی تقرری، اور ان کے معاوضوں کی پالیسی ادارے کے بہترین مفاد میں اور بہترین مروجہ پریکٹس کے مطابق بنائی گئی ہیں۔

7۔ مالی گوشوارے بناتے ہوئے عالمی حسابی معیارات جو کہ پاکستان میں لاگو ہیں ان کو عمل میں لایا گیا ہے۔

8۔ تمام قانونی معلومات، جو کہ ضروری ہیں، SECP کو فراہم کی گئی ہیں۔

9۔ منصوبے ابھی زیر تعمیر ہیں لہذا ابھی آمدنی کا آغاز نہیں ہوا اور نہ ایسا منافع ہوا ہے جسے ذخائر میں ڈالا جاسکتا ہو۔

بورڈ میٹنگ کی حاضری:

| ڈائریکٹرز کے نام | حاضری/میٹنگ کی تعداد |
|-------------------------|----------------------|
| جناب عارف سعید، چیئرمین | 10/10 |
| جناب اسد علی خان | 07/10 |
| جناب نعمان احمد خان | 07/10 |
| جناب سید مراتب علی | 03/10 |
| جناب شاہ جہان مرزا | 08/10 |
| جناب ظفر عباس | 10/10 |
| جناب عامر محمود حسین | 10/10 |
| جناب عارف حمید | 01/04 |
| محترمہ عظمیٰ عادل | 00/04 |
| جناب عامر طفیل | 00/01 |
| جناب امجد لطیف | 01/01 |

شیر ہولڈرز

| ممبر کا نام | شیرز کی تعداد | کتنے فی صد % |
|---|---------------|--------------|
| محمد یونس ڈھاگہ سیکرٹری وزارت پانی و بجلی | 1 | 33.33% |
| عمر رسول ایڈیشنل سیکرٹری وزارت پانی و بجلی | 1 | 33.33% |
| ظفر عباس جوائنٹ سیکرٹری وزارت پانی و بجلی | 1 | 33.33% |
| کل شیرز | 3 | 100% |

عارف سعید

چئیرمین بورڈ آف ڈائریکٹرز

مورخہ: 8 اکتوبر 2016ء، لاہور

**National Power Parks Management
Company (Private) Limited
Financial Statements
For the year ended
June 30, 2016**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **National Power Parks Management Company (Private) 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 misstatements. 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 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 parts thereof conform with the 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, its 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).

The financial statements of the Company for the period from March 02, 2015 to June 30, 2015 were audited by another firm of Chartered Accountants, who, vide their report dated March 05, 2016 expressed an unqualified opinion thereon.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:

Rana M. Usman Khan

Dated: October 08, 2016

Lahore

NATIONAL POWER PARKS MANAGEMENT COMPANY (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

| | <i>Note</i> | <i>June 30, 2016</i> <i>Rupees</i> | <i>June 30, 2015</i> <i>Rupees</i> |
|--|-------------|---------------------------------------|---------------------------------------|
| ASSETS | | | |
| <i>Non-current assets</i> | | | |
| Property, plant and equipment | 4 | 33,009,827,851 | 914,505,200 |
| Long term security deposit | | 7,037,952 | - |
| | | <u>33,016,865,803</u> | <u>914,505,200</u> |
| <i>Current assets</i> | | | |
| Advances, prepayments and other receivables | 5 | 267,650,016 | 3,855,362 |
| Tax refunds due from Government | 6 | 741,543,786 | - |
| Cash and bank balances | 7 | 25,675,046,225 | 1,589,637,764 |
| | | <u>26,684,240,027</u> | <u>1,593,493,126</u> |
| | | <u>59,701,105,830</u> | <u>2,507,998,326</u> |
| EQUITY AND LIABILITIES | | | |
| <i>Share capital and reserves</i> | | | |
| Authorized capital | 8 | <u>100,000</u> | <u>100,000</u> |
| Issued, subscribed and paid up capital | 8 | 30 | 30 |
| Share deposit money | 9 | 2,500,000,000 | 2,500,000,000 |
| Accumulated profit | | <u>11,525,190</u> | <u>1,993,359</u> |
| | | <u>2,511,525,220</u> | <u>2,501,993,389</u> |
| <i>Non-current liabilities</i> | | | |
| Long term loan | 10 | 45,000,000,000 | - |
| Retention money | 11 | 1,357,156,590 | - |
| Deferred liabilities | 12 | 7,423,212 | - |
| | | <u>46,364,579,802</u> | <u>-</u> |
| <i>Current liabilities</i> | | | |
| Trade and other payables | 13 | 8,324,450,216 | 5,023,133 |
| Accrued markup | | 2,495,782,473 | - |
| Provision for taxation | | 4,768,119 | 981,804 |
| | | <u>10,825,000,808</u> | <u>6,004,937</u> |
| <i>Contingencies and commitments</i> | | | |
| | 14 | - | - |
| | | <u>59,701,105,830</u> | <u>2,507,998,326</u> |

The annexed notes from 1 to 23 form an integral part of these financial statements.

DYA


Chief Executive Officer


Director

NATIONAL POWER PARKS MANAGEMENT COMPANY (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

| | | <i>For the year ended June 30, 2016</i> | <i>For the period from March 02, 2015 to June 30, 2015</i> |
|------------------------------|-------------|---|--|
| | <i>Note</i> | <i>Rupees</i> | <i>Rupees</i> |
| Administrative expenses | 15 | (124,713,697) | (880,199) |
| Other income | 16 | 138,833,320 | 3,855,362 |
| | | <u>14,119,623</u> | <u>2,975,163</u> |
| Bank charges | | <u>(102,225)</u> | <u>-</u> |
| Profit before taxation | | 14,017,398 | 2,975,163 |
| Taxation | 17 | (4,485,567) | (981,804) |
| Profit for the year / period | | <u><u>9,531,831</u></u> | <u><u>1,993,359</u></u> |

DVA

The annexed notes from 1 to 23 form an integral part of these financial statements.


Chief Executive Officer


Director

NATIONAL POWER PARKS MANAGEMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

| | <i>For the year ended June 30, 2016</i> | <i>For the period from March 02, 2015 to June 30, 2015</i> |
|--|---|--|
| <i>Note</i> | <i>Rupees</i> | <i>Rupees</i> |
| Profit for the year / period | 9,531,831 | 1,993,359 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year / period | <u>9,531,831</u> | <u>1,993,359</u> |

The annexed notes from 1 to 23 form an integral part of these financial statements.


 Chief Executive Officer


 Director

DYA

NATIONAL POWER PARKS MANAGEMENT COMPANY (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

| | <i>For the year ended June 30, 2016 Rupees</i> | <i>For the period from March 02, 2015 to June 30, 2015 Rupees</i> |
|--|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 14,017,398 | 2,975,163 |
| Adjustments for: | | |
| Depreciation | 4,078,482 | - |
| Bank charges | 102,225 | - |
| Provision for gratuity | 2,637,353 | - |
| Exchange gain on remeasurement of financial liabilities | (2,258,082) | - |
| Operating profit before working capital changes | 18,577,376 | 2,975,163 |
| Changes in working capital | | |
| Increase in advances, prepayments and other receivables | (187,567,287) | (3,855,362) |
| Increase in tax refunds due from Government | (741,543,786) | - |
| Increase in trade and other payables | 15,416,082 | 5,023,133 |
| | (913,694,991) | 1,167,771 |
| Cash (used in) / generated from operations | (895,117,615) | 4,142,934 |
| Bank charges paid | (102,225) | - |
| Income taxes paid | (76,227,367) | - |
| | (76,329,592) | - |
| Net cash (used in) / from operating activities | (971,447,207) | 4,142,934 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additions to operating fixed assets | (31,203,533) | - |
| Additions to capital work in progress | (21,264,317,519) | (914,505,200) |
| Long term security deposits paid | (7,037,952) | - |
| Net cash used in investing activities | (21,302,559,004) | (914,505,200) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term loan received | 45,000,000,000 | - |
| Retention money | 1,359,414,672 | - |
| Advance received against issue of shares | - | 2,500,000,000 |
| Shares issued during the period | - | 30 |
| Net cash from financing activities | 46,359,414,672 | 2,500,000,030 |
| Net increase in cash and cash equivalents | 24,085,408,461 | 1,589,637,764 |
| Cash and cash equivalents at beginning of the year / period | 1,589,637,764 | - |
| Cash and cash equivalents at end of the year / period | 25,675,046,225 | 1,589,637,764 |

The annexed notes from 1 to 23 form an integral part of these financial statements.


Chief Executive Officer


Director

NATIONAL POWER PARKS MANAGEMENT COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

| <i>Share capital</i> | <i>Share deposit money</i> | <i>Accumulated profit</i> | <i>Total</i> |
|---------------------------|----------------------------|---------------------------|--------------|
| <i>----- Rupees -----</i> | | | |

Profit after tax for the period from
March 02, 2015 to June 30, 2015

Other comprehensive income

Total comprehensive income

| | | | |
|---|---|-----------|-----------|
| - | - | 1,993,359 | 1,993,359 |
| - | - | - | - |
| - | - | 1,993,359 | 1,993,359 |

Transactions with shareholders:

Share deposit money

Shares issued during the period

| | | | |
|----|---------------|---|---------------|
| - | 2,500,000,000 | - | 2,500,000,000 |
| 30 | - | - | 30 |

Balance at June 30, 2015

| | | | |
|----|---------------|-----------|---------------|
| 30 | 2,500,000,000 | 1,993,359 | 2,501,993,389 |
|----|---------------|-----------|---------------|

Profit after tax for the year

Other comprehensive income

Total comprehensive income

| | | | |
|---|---|-----------|-----------|
| - | - | 9,531,831 | 9,531,831 |
| - | - | - | - |
| - | - | 9,531,831 | 9,531,831 |

Balance at June 30, 2016

| | | | |
|----|---------------|------------|---------------|
| 30 | 2,500,000,000 | 11,525,190 | 2,511,525,220 |
|----|---------------|------------|---------------|

DYA

The annexed notes from 1 to 23 form an integral part of these financial statements.


Chief Executive Officer


Director

NATIONAL POWER PARKS MANAGEMENT COMPANY (PRIVATE) LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. LEGAL STATUS AND OPERATIONS

- 1.1** National Power Parks Management Company (Private) Limited ("the Company") was incorporated as a private limited company under the Companies Ordinance, 1984 on 02 March, 2015. The principal activity of the Company is to carry on business of generation of electricity through fossil fuels and bio fuels, Oil (RFO Oil, High Speed Diesel), Gas, Coal, hydro or alternative energy resources including wind, solar and hydal or any other fuel mix used for generation of electricity in Pakistan and or outside Pakistan and to provide/sell the electricity produced to buyers in accordance with applicable laws. The registered office of the Company is situated at Room No. 235, A-Block, Ministry of Water & Power, Pak Secretariat, Constitution Avenue, Islamabad, Pakistan.
- 1.2** Currently, the Company is setting up two RLNG based combined cycle power plants of 1,223 MW and 1,230 MW at Balloki, District Kasur and Haveli Bahadur Shah (HBS), District Jhang respectively. The Erection, Procurement and Construction (EPC) contractor for Balloki project is a joint venture of Harbin Electric International & Habib Rafiq (Private) Limited ("HEI – HRL") whereas the EPC contractor for HBS project is a joint venture of Power Construction Corporation of China & Qavi Engineers (Private) Limited ("PCCC – QEL"). The Ministry of Petroleum & Natural Resources, through its letters dated 06 October 2015, has allocated 200 MMCFD RLNG for each power plant w.e.f. 01 April 2017. Funds have been allocated to both projects from Public Sector Development Program (PSDP).
- 1.3** National Electric Power Regulatory Authority (NEPRA) has determined generation tariff for both Balloki and HBS projects on August 09, 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the 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 (IASB) 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 Basis of measurement

These financial statements have been prepared under historical cost convention.

2.3 Functional and presentation currency

These financial statements are prepared in Pakistani Rupee which is the Company's functional and presentation currency.

2.4 Adoption of new and revised standards, amendments and interpretations:

2.4.1 Standards, amendments to standards and interpretations becoming effective in current year

There were certain new standards and amendments to the approved accounting standards which became effective during the year ended June 30, 2016 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

DYN

2.4.2 Standards, amendments to standards and interpretations becoming effective in future periods

There are certain new amendments to the approved accounting standards that are mandatory for the Company's accounting periods beginning after July 1, 2016 but are considered not to be relevant or are not expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs:

Property, plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment, if any.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

3.1 Property, plant and equipment

a) Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment loss, if any, except for freehold land which is stated at cost. Cost comprises of acquisition and other directly attributable cost.

Depreciation is charged to profit and loss account on the straight line method so as to write off the historical cost of an asset over its estimated useful life at the rates specified in Note 4. Depreciation on additions is charged from the month in which an asset is acquired or is available for use, and on disposals up to the preceding month of disposal.

Assets residual values, useful lives and depreciation rates are reviewed, and adjusted, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Maintenance and normal repairs are charged to profit and loss account.

DYN

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected to arise from continuing use of assets. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognized.

b) Capital work in progress:

Capital work in progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets / projects incurred during the installation and construction period are carried under capital work-in-progress including financial charges on borrowings for financing the projects which takes substantial time for completion, until such projects are available for their intended use. These costs are transferred to operating fixed assets as and when assets are ready for intended use.

3.2 Impairment of non-financial assets

Assets that have an indefinite useful life, for example freehold land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment on the balance sheet date, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized, equal to the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment, are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized. An impairment loss, or the reversal of an impairment loss, are both recognized in the income for the year.

3.3 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash at banks in current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.4 Borrowings

These are recorded at the proceeds received and stated at net of repayments. Financial charges are accounted for on accrual basis and are disclosed as accrued interest / markup to the extent of the amount remaining unpaid.

3.5 Employee retirement benefits

Defined benefit plan – gratuity

The Company operates unfunded gratuity scheme for its permanent employees according to the terms of employment, subject to a minimum qualifying period of service. As per policy, the provision is made under the scheme for all employees eligible to gratuity benefits. Gratuity is based on employee's last drawn salary.

3.6 Trade and other payables

Liabilities for other payables are carried at their cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

DYA

3.7 Related party transactions

Transactions and contracts with related parties are carried out at mutually agreed prices. Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

3.8 Borrowing costs

Borrowing and other related costs (net of interest income on specific borrowings) directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets to the extent the carrying amount of the assets does not exceed its recoverable value, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

3.9 Taxation

-Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to the profit and loss account except to the extent it relates to items recognized directly in other comprehensive income, in which case it is also recognized in other comprehensive income.

-Deferred

Deferred income tax is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred income tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted, or substantively enacted by the balance sheet date. Deferred income tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income in which it is included in other comprehensive income.

3.10 Provisions

Provisions are recognized in the balance sheet when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.11 Foreign currency transactions

Transactions in foreign currencies are translated into functional currency (Pakistani Rupee) using exchange rates approximating those ruling on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pakistani Rupee at the rates of exchange ruling at the balance sheet date. Exchange gains and losses resulting from settlement of foreign currency transactions and translation of monetary assets and liabilities at the rates prevailing at the reporting date are included in the profit and loss account. Non-monetary items that are measured in terms of a historical cost in a foreign currency are not retranslated.

DYK

3.12 Revenue recognition - other income

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is recognized in the case of profit on bank deposits on time proportion basis by reference to the principal outstanding and applicable rate of return.

3.13 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The Company derecognizes the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments.

a) Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognized and derecognized on trade date (the date on which the Company commits to purchase or sell the asset).

The Company classifies financial assets into the following categories; financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables, and available for sale financial assets.

Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried at fair value through profit or loss, where transaction costs are expensed in the profit and loss account. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any interest in such transferred financial assets that is created or retained by the company is recognized as a separate asset or liability.

b) Financial liabilities

All financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. The Company classifies financial liabilities initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial liabilities of the Company comprise of borrowings, trade and other payables.

c) Off-setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

DYA

| | | <i>June 30, 2016</i> | <i>June 30, 2015</i> |
|--------------------------|--------------------------------------|-----------------------|----------------------|
| | <i>Note</i> | <i>Rupees</i> | <i>Rupees</i> |
| 4 | PROPERTY, PLANT AND EQUIPMENT | | |
| Operating fixed assets | 4.1 | 759,371,739 | - |
| Capital work in progress | 4.2 | 32,250,456,112 | 914,505,200 |
| | | <u>33,009,827,851</u> | <u>914,505,200</u> |

4.1 Operating fixed assets

| <i>Description</i> | <i>Cost</i> | | | <i>Accumulated depreciation</i> | | | <i>Book value at June 30, 2016</i> | <i>Annual rate of depreciation</i> |
|----------------------------|-------------------------|------------------|-------------------------|---------------------------------|----------------------------|-------------------------|------------------------------------|------------------------------------|
| | <i>At July 01, 2015</i> | <i>Additions</i> | <i>At June 30, 2016</i> | <i>At July 01, 2015</i> | <i>Charge for the year</i> | <i>At June 30, 2016</i> | | |
| | <i>Rupees</i> | | | | | | | <i>%</i> |
| Owned | | | | | | | | |
| Freehold land | - | 732,246,688 | 732,246,688 | - | - | - | 732,246,688 | - |
| Motor vehicles | - | 19,592,500 | 19,592,500 | - | 2,889,315 | 2,889,315 | 16,703,185 | 20 |
| Office equipment | - | 4,170,875 | 4,170,875 | - | 176,018 | 176,018 | 3,994,857 | 10 |
| Furniture and fixture | - | 4,129,156 | 4,129,156 | - | 227,542 | 227,542 | 3,901,614 | 10 |
| Computers and IT equipment | - | 3,311,002 | 3,311,002 | - | 785,607 | 785,607 | 2,525,395 | 30 |
| Year ended June 30, 2016 | - | 763,450,221 | 763,450,221 | - | 4,078,482 | 4,078,482 | 759,371,739 | |
| Period ended June 30, 2015 | - | - | - | - | - | - | - | |

DYA

4.2 Capital work in progress

| | Note | June 30, 2016 | | | June 30, 2015 |
|---|-------|-----------------------|---------------------------|-----------------------|--------------------|
| | | HBS Project Rupees | Balloki Project Rupees | Total Rupees | Total Rupees |
| EPC Milestones payments | | 9,673,264,794 | 9,345,168,512 | 19,018,433,306 | - |
| Advance to PCCC - QEL | 4.2.1 | 7,497,724,452 | - | 7,497,724,452 | - |
| Advance to SNGPL | 4.2.2 | 2,058,000,000 | 642,000,000 | 2,700,000,000 | - |
| Legal, professional and consultants fee | 4.2.3 | 410,955,265 | 410,889,058 | 821,844,323 | 174,057,544 |
| Borrowing cost | 4.2.4 | 1,055,992,223 | 641,423,512 | 1,697,415,735 | - |
| Advance for purchase of land | | 997,500 | 2,722,125 | 3,719,625 | 740,447,656 |
| LC commission | | 77,544,891 | 87,801,170 | 165,346,061 | - |
| Projects' insurance | | 126,049,636 | 120,908,355 | 246,957,991 | - |
| Custom duties and infrastructure cess | | 259,951 | 11,368,212 | 11,628,163 | - |
| Site maintenance expenses | | 10,454,132 | 13,851,569 | 24,305,701 | - |
| Rent | | 5,896,904 | 7,467,456 | 13,364,360 | - |
| Salaries, wages and benefits - projects | 4.2.5 | 21,397,193 | 18,138,983 | 39,536,176 | - |
| Fee and subscription | | 4,225,800 | 4,225,800 | 8,451,600 | - |
| Other pre-operation costs | | 1,034,997 | 693,622 | 1,728,619 | - |
| | | 20,943,797,738 | 11,306,658,374 | 32,250,456,112 | 914,505,200 |

4.2.1 This represents advance payment of 15% of the contract price. The advance is adjustable against all milestone invoices of the contractor at the rate of 15% of each invoice value.

4.2.2 This represents advance paid to SNGPL for construction of spur gas pipelines of 38KM for HBS project and 8 KM for Balloki project.

4.2.3 This includes consultancy fee paid to National Engineering Services Pakistan (Private) Limited. The services include providing overview, coordination and design review services sufficient to realize turnkey implementation of the project.

4.2.4 This represents markup accrued at the rate of 10.53% per annum announced by Finance Division of Government of Pakistan (GOP) for 2014-15. Borrowing cost is net of interest income of Rs. 798.366 million (2015: Nil) earned on bank deposits and term deposit receipts.

4.2.5 Salaries, wages and benefits include gratuity provision aggregating to Rs. 4.086 million (2015: Nil).

DYK

| | <i>June 30, 2016</i> <i>Rupees</i> | <i>June 30, 2015</i> <i>Rupees</i> |
|--|---------------------------------------|---------------------------------------|
| 4.2.6 Movement of capital work in progress: | | |
| Opening balance | 914,505,200 | - |
| Additions during the year / period | 32,068,197,600 | 914,505,200 |
| Transferred to operating fixed assets | (732,246,688) | - |
| Closing balance | <u><u>32,250,456,112</u></u> | <u><u>914,505,200</u></u> |

**5 ADVANCES, PREPAYMENTS
AND OTHER RECEIVABLES**

| | | |
|------------------------------|---------------------------|-------------------------|
| Accrued markup | 187,651,160 | 3,855,362 |
| Advance income tax | 76,227,367 | - |
| Prepaid insurance - vehicles | 3,381,489 | - |
| Advance for office expenses | 210,000 | - |
| Other receivables | 180,000 | - |
| | <u><u>267,650,016</u></u> | <u><u>3,855,362</u></u> |

6 TAX REFUNDS DUE FROM GOVERNMENT

This consists of sales tax input of Rs. 741,452,066 against taxable services of PRA and Rs. 91,720 against taxable supplies of FBR.

| | <i>Note</i> | <i>June 30, 2016</i> <i>Rupees</i> | <i>June 30, 2015</i> <i>Rupees</i> |
|---------------------------------|-------------|---------------------------------------|---------------------------------------|
| 7 CASH AND BANK BALANCES | | | |
| Cash in hand | | 30 | 30 |
| Cash at bank- saving accounts | 7.1 | 5,640,095 | 1,589,637,734 |
| Term deposit receipts | 7.2 | 25,669,406,100 | - |
| | | <u><u>25,675,046,225</u></u> | <u><u>1,589,637,764</u></u> |

7.1 These balances carry interest rate of 3.75% (2015: 4.5%) per annum.

7.2 These term deposit receipts have a maturity period of equal to or less than 3 months. The rate of return on these term deposits ranges from 5.50% to 5.90% (2015: Nil) per annum.

| | <i>June 30, 2016</i> <i>Rupees</i> | <i>June 30, 2015</i> <i>Rupees</i> |
|--|---------------------------------------|---------------------------------------|
| 8 SHARE CAPITAL | | |
| <i>Authorized</i> | | |
| 10,000 (2015: 10,000) ordinary shares of Rs 10 each | <u><u>100,000</u></u> | <u><u>100,000</u></u> |
| <i>Issued, subscribed and paid up</i> | | |
| 3 (2015: 3) ordinary shares of Rs 10 each fully paid in cash | <u><u>30</u></u> | <u><u>30</u></u> |

DYK

| | | | <i>June 30, 2016</i> <i>Rupees</i> | <i>June 30, 2015</i> <i>Rupees</i> |
|-------------|---|-------------|---------------------------------------|---------------------------------------|
| | <i>Note</i> | | | |
| 9 | SHARE DEPOSIT MONEY | | | |
| | Advance against issue of shares | 9.1 | <u>2,500,000,000</u> | <u>2,500,000,000</u> |
| 9.1 | This represents advance received from Government of Pakistan for issue of shares. The Company is in the process of completing necessary formalities for issuance of shares. | | | |
| | | | <i>June 30, 2016</i> <i>Rupees</i> | <i>June 30, 2015</i> <i>Rupees</i> |
| 10 | LONG TERM LOAN | | | |
| | Loan from Government of Pakistan (GOP) | | <u>45,000,000,000</u> | <u>-</u> |
| 10.1 | This represents cash development loan (CDL) received from Government of Pakistan payable in 20 years with grace period of 5 years. The applicable mark up rate is announced by Finance Division, Government of Pakistan each year. The markup rate announced by Finance Division, Government of Pakistan is 10.53% per annum for the financial year 2014-15, while the markup rate for the financial year 2015-16 is yet to be announced. | | | |
| | | | <i>June 30, 2016</i> <i>Rupees</i> | <i>June 30, 2015</i> <i>Rupees</i> |
| 11 | RETENTION MONEY | | | |
| | PCCC - QEL | | 677,128,442 | - |
| | HEI - HRL | | 680,028,148 | - |
| | | | <u>1,357,156,590</u> | <u>-</u> |
| 11.1 | This represents money retained on payments to EPC contractors at the rate of 7% of each invoice value. Maximum 5% of contract price can be retained from payments as retention money and 50% retention money is payable after the facility take over certificate is issued by the Company and the rest of the 50% will be paid upon completion of punch list. | | | |
| | | | <i>June 30, 2016</i> <i>Rupees</i> | <i>June 30, 2015</i> <i>Rupees</i> |
| 12 | DEFERRED LIABILITIES | <i>Note</i> | | |
| | Provision for gratuity | 12.1 | 6,723,960 | - |
| | Deferred taxation | 12.2 | 699,252 | - |
| | | | <u>7,423,212</u> | <u>-</u> |
| 12.1 | The Company operates an unfunded gratuity scheme for all its employees in service. Under the scheme, the Company pays an amount equal to one month gross salary for each year of completed service. | | | |

DYA

12.2 Deferred taxation

| | <i>At July 01, 2015</i> | <i>Charged / (credited) to profit and loss</i> | <i>At June 30, 2016</i> |
|----------------------------------|-------------------------|--|-------------------------|
| | <i>Rupees</i> | | |
| Deferred tax liabilities: | | | |
| Property plant and equipment | - | 820,619 | 820,619 |
| Retention money | - | 722,586 | 722,586 |
| | - | 1,543,205 | 1,543,205 |
| Deferred tax assets: | | | |
| Provision for gratuity | - | (843,953) | (843,953) |
| | - | 699,252 | 699,252 |

| | <i>June 30, 2016</i> | <i>June 30, 2015</i> |
|------------------------------------|----------------------|----------------------|
| | <i>Rupees</i> | <i>Rupees</i> |
| 13 TRADE AND OTHER PAYABLES | | |
| PCCC - QEL | 7,545,406,274 | - |
| HEI - HRL | 447,621,583 | - |
| Consultancy services | 310,983,144 | - |
| Accrued expenses | 4,897,612 | - |
| Withholding tax payable | 200,453 | 4,668,132 |
| Other liabilities | 15,341,150 | 355,001 |
| | <u>8,324,450,216</u> | <u>5,023,133</u> |

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There are no known contingencies as at June 30, 2016 (June 30, 2015: Nil).

14.2 Commitments

- Commitments for capital expenditure include; Engineering, Procurement and Construction cost of Rs. 48,846 million for Balloki Project, Rs. 43,934 million for HBS Project, Engineering Consultancy cost of Rs. 470 million for each project and payment to SNGPL for construction of spur gas pipelines for HBS and Balloki projects are of Rs. 856 million.
- The Company has provided performance guarantee in favor of Private Power Infrastructure Board (PPIB) for the issuance of Letter of Intent (LOI) for HBS and Balloki Projects amounting to US\$ 1.23 million and US\$ 1.22 million respectively.
- The Company has provided a bank guarantee in favour of Pakistan State Oil (PSO) for purchase of fuel on credit amounting to Rs. 0.971 million.
- The Company has opened eight Letters of Credit (LCs) with National Bank of Pakistan to facilitate payments to EPC contractors for both projects. The amount of these LCs is US \$ 848.430 million for offshore portion and Rs. 21,886 million for onshore portion.

DYA

| | | | <i>For the year ended June 30, 2016 Rupees</i> | <i>For the period from March 02, 2015 to June 30, 2015 Rupees</i> |
|-----------|-------------------------------------|-------------|--|---|
| 15 | ADMINISTRATIVE EXPENSES | Note | | |
| | Salaries, wages and benefits | 15.1 | 59,702,083 | 80,000 |
| | Directors' meeting fee and expenses | | 1,611,000 | - |
| | Travelling and conveyance | | 1,326,968 | - |
| | Vehicles running and maintenance | | 1,401,948 | - |
| | Printing and stationary | | 930,146 | - |
| | Office supplies and utilities | | 3,900,780 | - |
| | Repair and maintenance | | 575,060 | - |
| | Legal and Professional | | 769,300 | - |
| | Auditors' remuneration | 15.2 | 400,250 | 275,000 |
| | Publicity and advertisements | | 34,517,384 | 525,199 |
| | Fee and subscription | | 89,142 | - |
| | Rent, rates and taxes | | 11,729,920 | - |
| | Security services | | 490,739 | - |
| | Telephone and telex | | 1,231,137 | - |
| | Insurance | | 1,959,358 | - |
| | Depreciation | 4.1 | 4,078,482 | - |
| | | | <u>124,713,697</u> | <u>880,199</u> |

15.1 Salaries, wages and benefits include gratuity provision aggregating to Rs. 2.637 million (2015: Nil).

| | | | <i>For the year ended June 30, 2016 Rupees</i> | <i>For the period from March 02, 2015 to June 30, 2015 Rupees</i> |
|-------------|---|--|--|---|
| 15.2 | Auditors' remuneration: | | | |
| | Statutory audit fee | | 275,000 | 150,000 |
| | Compliance Report on Corporate Governance Rules, 2013 | | 97,750 | 85,000 |
| | Out of pocket expenses | | 27,500 | 40,000 |
| | | | <u>400,250</u> | <u>275,000</u> |

16 OTHER INCOME

Income from financial assets and financial liabilities:

| | | |
|---|--------------------|------------------|
| Profit on saving accounts | 36,809,609 | 3,855,362 |
| Profit on term deposit receipts | 99,677,129 | - |
| Exchange gain on remeasurement of financial liabilities | 2,258,082 | - |
| | <u>138,744,820</u> | <u>3,855,362</u> |

Income from non-financial assets and non-financial liabilities:

| | | |
|---------------------------------------|--------------------|------------------|
| Income from sale of bidding documents | 88,500 | - |
| | <u>138,833,320</u> | <u>3,855,362</u> |

BYX

| | <i>For the year ended June 30, 2016 Rupees</i> | <i>For the period from March 02, 2015 to June 30, 2015 Rupees</i> |
|--------------------|--|---|
| 17 TAXATION | | |
| Current | 3,786,315 | 981,804 |
| Deferred | 699,252 | - |
| | <u>4,485,567</u> | <u>981,804</u> |

17.1 Assessment for the tax year 2015 has been finalized and is considered as deemed assessed in terms of Section 120 (1) of the Income Tax Ordinance, 2001. as per return filed by the Company.

| | <i>For the year ended June 30, 2016</i> | <i>For the period from March 02, 2015 to June 30, 2015</i> |
|---|---|--|
| 17.2 Reconciliation of accounting profit and tax expense | | |
| Accounting profit | Rupees <u>14,017,398</u> | <u>2,975,163</u> |
| Tax rate | Percentage 32% | 33% |
| Tax on accounting profit | Rupees 4,485,567 | 981,804 |
| | <u>Rupees 4,485,567</u> | <u>981,804</u> |

**18 REMUNERATION OF CHIEF EXECUTIVE,
DIRECTORS AND EXECUTIVES**

| | <i>CEO</i> | <i>Directors</i> | <i>Executives</i> |
|------------------------------------|-------------------|------------------|-------------------|
| | <i>Rupees</i> | | |
| Managerial remuneration | 12,779,482 | - | 67,879,363 |
| House rent | 105,050 | - | - |
| Utilities | 215,717 | - | - |
| Post employment benefits | 317,044 | - | 6,122,624 |
| Fees and reimbursement of expenses | - | 1,611,000 | - |
| | <u>13,417,293</u> | <u>1,611,000</u> | <u>74,001,987</u> |
| Number of persons | <u>1</u> | <u>9</u> | <u>31</u> |

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19 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees policies for managing each of these risks.

19.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Currently, the Company is in initial stages and has no counterparties except certain advances, deposits, and other receivables and bank balances.

The credit risk on liquid funds is limited because the counterparty is a bank with highest credit quality and unlimited liability.

The maximum exposure to credit risk at the reporting date is given below:

| | <i>June 30, 2016</i> <i>Rupees</i> | <i>June 30, 2015</i> <i>Rupees</i> |
|-----------------------------|---------------------------------------|---------------------------------------|
| Bank balances | 25,675,046,195 | 1,589,637,734 |
| Long term security deposits | 7,037,952 | - |
| Accrued markup | 187,651,160 | 3,855,362 |
| | <u>25,869,735,307</u> | <u>1,593,493,096</u> |

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

| Name of bank | Rating agency | Rating | |
|---------------------------|---------------|------------|-----------|
| | | Short term | Long term |
| National Bank of Pakistan | PACRA | A1+ | AAA |

19.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position.

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Maturity analysis of financial liabilities

The following table details the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities.

Carrying amount and contractual cash flows of financial liabilities are approximately same.

| | | <i>June 30, 2016</i> <i>Rupees</i> | <i>June 30, 2015</i> <i>Rupees</i> |
|--------------------------|----------------------------|---------------------------------------|---------------------------------------|
| Long term loan | Maturity more than 5 years | 45,000,000,000 | - |
| Accrued markup | Maturity upto 6 months | 2,495,782,473 | - |
| Trade and other payables | Maturity upto 3 months | 8,324,450,216 | 5,023,133 |
| | | <u>55,820,232,689</u> | <u>5,023,133</u> |

19.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's cost. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on risk.

a) Foreign currency risk management

The Company does not foresee any risk associated with currency risk, as any variation in currency rates will be absorbed in final tariff determination by NEPRA.

Pak Rupee (PKR) is the functional currency of the Company and as a result currency exposure arises from transactions and balances in currencies other than PKR. The Company manages its currency risk by close monitoring of currency markets. As per central bank regulation, the Company cannot hedge its currency risk exposure. The Company's potential currency exposure comprises of following risks.

The Company is in development phase and there are only expenditure relating to consultants and contractors which are not in Pak Rupees. These currency risks are managed as a part of overall risk management strategy.

| Exposure to currency risk | <i>June 30, 2016</i> <i>USD</i> | <i>June 30, 2015</i> <i>USD</i> |
|---------------------------------------|------------------------------------|------------------------------------|
| Payables to PCCC - QEL | 71,126,583 | - |
| Retention money payable to PCCC - QEL | 6,383,155 | - |
| Payables to HEI - HRL | 4,166,699 | - |
| Retention money payable to HEI - HRL | 4,547,526 | - |

An increase / decrease in exchange rate by Rs. 1 per USD will result in an increase / decrease in payable to PCCC - QEL, payable to HEI - HRL, Retention money payable to PCCC - QEL, and Retention money payable to HEI - HRL by Rs. 71.127 million, Rs. 4.167 million, Rs. 6.383 million and Rs. 4.548 million. However, any variation in foreign currency exchange rates will be adjusted in final tariff determination by NEPRA.

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is currently being charged to profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

The Company has provided bank guarantees in favor Private Power Infrastructure Board (PPIB) of USD 1,230,540 and USD 1,223,106 for HBS project and Balloki project respectively.

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The significant spot exchange rate applied is PKR/US\$ 104.70 (2015: 101.77):

b) Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

At the reporting date, the Company has long term loan as a variable interest bearing financial instrument.

Currently, the markup is accrued at the provisional rate of 10.53%. Any increase / decrease in markup rate by 1% will result in an increase / decrease in accrued markup and capital work in progress by Rs. 237.016 million. However, any variation in interest rates will be adjusted in final tariff determination by NEPRA.

19.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

19.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with other companies in the industry, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net borrowing divided by total capital employed. Net borrowing is calculated as total borrowings less cash and bank balances. Total capital employed includes total equity plus net borrowings:-

| | <i>June 30, 2016</i> <i>Rupees</i> | <i>June 30, 2015</i> <i>Rupees</i> |
|---------------------------------|---------------------------------------|---------------------------------------|
| Total borrowings | 45,000,000,000 | - |
| Less: cash and cash equivalents | 25,675,046,225 | 1,589,637,764 |
| Net borrowings | 19,324,953,775 | (1,589,637,764) |
| Total equity | 2,511,525,220 | 2,501,993,389 |
| Total capital employed | 21,836,478,995 | 912,355,625 |
| Gearing ratio | 88.50% | 0.00% |

20 RELATED PARTY TRANSACTIONS

The Company is owned by the Government of Pakistan and therefore, all the government departments / agencies are related parties of the Company. Further, the related parties comprise of related group companies, directors of the Company, common directorship companies, associated companies, and key management personnel. Being a government owned entity, details of significant and quantifiable transactions and balances with government owned entities and other related parties, other than remuneration of Chief Executive, Directors and Executives are as follows:

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| <i>Name of party and relationship</i> | <i>Nature of transaction(s)</i> | <i>For the year ended June 30, 2016 Rupees</i> | <i>For the period from March 02, 2015 to June 30, 2015 Rupees</i> |
|---------------------------------------|--|--|---|
| <i>Associates</i> | | | |
| NESPAK | Consultancy fee | 645,686,779 | 174,057,544 |
| National Bank of Pakistan | Profit on saving accounts | 150,410,848 | 3,855,362 |
| National Bank of Pakistan | Profit on term deposit receipts | 784,442,629 | - |
| Sui Northern Gas Pipelines Limited | Advance for construction of spur gas pipelines | 2,700,000,000 | - |
| <i>Parent</i> | | | |
| Government of Pakistan | Share deposit money | - | 2,500,000,000 |
| Government of Pakistan | Long term loan received | 45,000,000,000 | - |
| | | <i>June 30, 2016 Number</i> | <i>June 30, 2015 Number</i> |
| 21 | <i>NUMBER OF EMPLOYEES</i> | | |
| | At end of the year | 84 | 1 |
| | Average employees during the year | 46 | 1 |

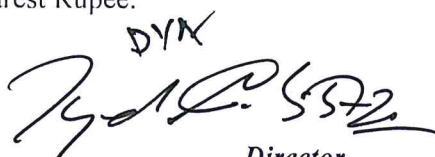
22 **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on **08 OCT 2016**

23 **GENERAL**

Figures in these financial statements have been rounded off to the nearest Rupee.


Chief Executive Officer


Director

Review Report to the Members on the Statements of Compliance with Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 ("the Rules") prepared by the Board of Directors of National Power Parks Management Company (Private) Limited ("the Company") for the year ended June 30, 2016.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the instances mentioned in Explanation of Non-Compliance annexure, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2016.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Rana M. Usman Khan

Dated: October 08, 2016
Lahore

**Statement of Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013**

Name of Company: National Power Parks Management (Private) Limited

Name of the line Ministry: Ministry of Water & Power, Government of Pakistan

For the year ended: June 30, 2016

I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II. The company has complied with the provisions of the Rules in the following manner:

| S. No. | Provision of the Rules | Rule No. | Y | N | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------|--|---------------------|-----------------------|---------------------|-----------------------|-------------------|------------|----------------------|------------|--------------------------|------------|---------------------|------------|---------------------|-------------------|------------|--------------------------|--------------------|------------|-----------------------------|------------|-------------------------|------------|--------------------|------------|------|--|---|
| | | | Tick the relevant Box | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. | The Independent Directors meet the criteria of independence, as defined under the Rules. | 2(d) | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | The Board has the requisite percentage of independent directors. At present the board includes: <table><tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr><tr><td rowspan="4">Independent Directors</td><td>1. Mr. Arif Saeed</td><td>30-04-2015</td></tr><tr><td>2. Mr. Asad Ali Khan</td><td>30-04-2015</td></tr><tr><td>3. Mr. Nauman Ahmad Khan</td><td>30-04-2015</td></tr><tr><td>4. Syed Maratib Ali</td><td>30-04-2015</td></tr><tr><td>Executive Directors</td><td>1- Rashid Mahmood</td><td>30-04-2015</td></tr><tr><td rowspan="4">Non- Executive Directors</td><td>1- Mr. Zafar Abbas</td><td>02-03-2015</td></tr><tr><td>2- Mr. Amer Mehmood Hussain</td><td>30-04-2015</td></tr><tr><td>3- Mr. Shah Jahan Mirza</td><td>30-04-2015</td></tr><tr><td>4- Mr. Amjad Latif</td><td>07-03-2016</td></tr></table> | Category | Names | Date of Appointment | Independent Directors | 1. Mr. Arif Saeed | 30-04-2015 | 2. Mr. Asad Ali Khan | 30-04-2015 | 3. Mr. Nauman Ahmad Khan | 30-04-2015 | 4. Syed Maratib Ali | 30-04-2015 | Executive Directors | 1- Rashid Mahmood | 30-04-2015 | Non- Executive Directors | 1- Mr. Zafar Abbas | 02-03-2015 | 2- Mr. Amer Mehmood Hussain | 30-04-2015 | 3- Mr. Shah Jahan Mirza | 30-04-2015 | 4- Mr. Amjad Latif | 07-03-2016 | 3(2) | | ✓ |
| Category | Names | Date of Appointment | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Independent Directors | 1. Mr. Arif Saeed | 30-04-2015 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2. Mr. Asad Ali Khan | 30-04-2015 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3. Mr. Nauman Ahmad Khan | 30-04-2015 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4. Syed Maratib Ali | 30-04-2015 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Executive Directors | 1- Rashid Mahmood | 30-04-2015 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non- Executive Directors | 1- Mr. Zafar Abbas | 02-03-2015 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2- Mr. Amer Mehmood Hussain | 30-04-2015 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3- Mr. Shah Jahan Mirza | 30-04-2015 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4- Mr. Amjad Latif | 07-03-2016 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | A casual vacancy occurring on the board was filled up by the Directors within ninety days. | 3(4) | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | The Directors have confirmed that none of them is serving as a Director on more than five public sector companies and listed companies simultaneously, except their subsidiaries. | 3(5) | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | |

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|-----|--|-------------------|------------|---|
| 5. | The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as board members under the provisions of the Ordinance. | 3(7) | ✓ | |
| 6. | The Chairman of the Board is working separately from the Chief Executive of the Company. | 4(1) | ✓ | |
| 7. | The Chairman has been elected from amongst the Independent Directors. | 4(4) | ✓ | |
| 8. | The Board has evaluated the candidates for the position of the Chief Executive on the basis of fit and proper criteria as well as the guidelines specified by the Commission | 5(2) | ✓ | |
| 9. | (a) The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices | 5(4) | ✓ | ✓ |
| 10. | The Board has established sound system of internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholder in a manner prescribed in the Rules. | 5(5) | | ✓ |
| 11. | The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interest, and the procedures for disclosing such interest. | 5(5) (b) (ii) | | ✓ |
| 12. | The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company. | 5(5) (b) (vi) | | ✓ |
| 13. | (a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and condition of service. (b) A Committee has been formed to investigate the deviations from the Company's Code of Conduct. | 5(5) (c) (ii) | ✓ ✓ | |
| 14. | The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with the suppliers of goods and services. | 5(5) (c) (iii) | ✓ | |

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| | | | | |
|-----|---|------|-----|---|
| 15. | The Board has developed a vision or mission statement, corporate strategy and significant policies of the company. A complete record of the particulars of significant policies along with the date on which they were approved or amended has been maintained. | 5(6) | | ✓ |
| 16. | The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration. | 5(8) | N/A | |
| 17. | (a) The Board has met at least four times during the year. | 6(1) | ✓ | |
| | (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. | 6(2) | ✓ | |
| | (c) The Minutes of the meetings were appropriately recorded and circulated. | 6(3) | ✓ | |
| 18. | The Board has carried out performance evaluation of its members, including the Chairman and the Chief Executive, on the basis of a process, based on specified criteria, developed by it. The Board has also monitored and assessed the performance of senior management on annual/half-yearly/quarterly basis. | 8 | | ✓ |
| 19. | The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained including the pricing methods approved by the Board. | 9 | ✓ | |
| 20. | The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end, and has placed the annual financial statements on the Company's website. Monthly accounts were also prepared and circulated amongst the Board members. | 10 | | ✓ |
| 21. | All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules. | 11 | ✓ | |
| 22. | (a) The board has formed the requisite Committees, as specified in the Rules. | 12 | ✓ | |
| | (b) The Committees were provided with written Term of Reference defining their duties, authority and composition. | | ✓ | |

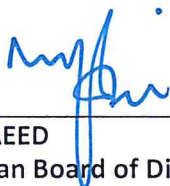
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| | <p>(c) The Minutes of the meetings of the Committees were circulated to all the board members.</p> <p>(d) The committees were chaired by the following non-executive directors:</p> <table><tr><th>Committee</th><th>Number of members</th><th>Name of Chair</th></tr><tr><td>Audit Committee</td><td>3</td><td>Mr. Syed Maratib Ali</td></tr><tr><td>Risk Management Committee</td><td>3</td><td>Mr. Syed Maratib Ali</td></tr><tr><td>Human Resource Committee</td><td>4</td><td>Mr. Arif Saeed</td></tr><tr><td>Procurement Committee</td><td>4</td><td>Mr. Asad Ali Khan</td></tr><tr><td>Nomination Committee</td><td>3</td><td>Mr. Arif Saeed</td></tr></table> | Committee | Number of members | Name of Chair | Audit Committee | 3 | Mr. Syed Maratib Ali | Risk Management Committee | 3 | Mr. Syed Maratib Ali | Human Resource Committee | 4 | Mr. Arif Saeed | Procurement Committee | 4 | Mr. Asad Ali Khan | Nomination Committee | 3 | Mr. Arif Saeed | | ✓ | |
|---------------------------|---|----------------------|-------------------|---------------|-----------------|---|----------------------|---------------------------|---|----------------------|--------------------------|---|----------------|-----------------------|---|-------------------|----------------------|---|----------------|--|---|--|
| Committee | Number of members | Name of Chair | | | | | | | | | | | | | | | | | | | | |
| Audit Committee | 3 | Mr. Syed Maratib Ali | | | | | | | | | | | | | | | | | | | | |
| Risk Management Committee | 3 | Mr. Syed Maratib Ali | | | | | | | | | | | | | | | | | | | | |
| Human Resource Committee | 4 | Mr. Arif Saeed | | | | | | | | | | | | | | | | | | | | |
| Procurement Committee | 4 | Mr. Asad Ali Khan | | | | | | | | | | | | | | | | | | | | |
| Nomination Committee | 3 | Mr. Arif Saeed | | | | | | | | | | | | | | | | | | | | |
| 23. | The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications. | 13/14 | ✓ | | | | | | | | | | | | | | | | | | | |
| 24. | The Company has adopted International Financial Reporting Standards notified by the Commission under clause (I) of subsection (3) of section 234 of the Ordinance. | 16 | ✓ | | | | | | | | | | | | | | | | | | | |
| 25. | The Directors' report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed. | 17 | ✓ | | | | | | | | | | | | | | | | | | | |
| 26. | The Directors, CEO and Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding. | 18 | ✓ | | | | | | | | | | | | | | | | | | | |
| 27. | A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place. The annual report of the company contains criteria and details of remuneration of each director. | 19 | ✓ | | | | | | | | | | | | | | | | | | | |

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|-----------------------|---|-----------------------------------|----------|-------------------------|----------------------|----------------------|----------------------------|-------------------|------------------------|-------------|-----------------------|----------------------|-----------------------------------|----|---|--|
| 28. | The financial statements of the company were duly endorsed by the Chief Executive and Chief Financial Officer, before approval of the board. | 20 | ✓ | | | | | | | | | | | | | |
| 29. | <div>The Board has formed an Audit Committee, with defined and written Terms of Reference, and having the following members:</div> <table><tr><td>Name of Member</td><td>Category</td><td>Professional Background</td></tr><tr><td>Mr. Syed Maratib Ali</td><td>Independent Director</td><td>BA and Management Diplomas</td></tr><tr><td>Mr. Aamer Mehmood</td><td>Non-Executive director</td><td>CSP Officer</td></tr><tr><td>Mr. Nauman Ahmed Khan</td><td>Independent Director</td><td>Masters in Industrial Engineering</td></tr></table> <div>The Chief Executive and Chairman of the Board are not members of Audit Committee</div> | Name of Member | Category | Professional Background | Mr. Syed Maratib Ali | Independent Director | BA and Management Diplomas | Mr. Aamer Mehmood | Non-Executive director | CSP Officer | Mr. Nauman Ahmed Khan | Independent Director | Masters in Industrial Engineering | 21 | ✓ | |
| Name of Member | Category | Professional Background | | | | | | | | | | | | | | |
| Mr. Syed Maratib Ali | Independent Director | BA and Management Diplomas | | | | | | | | | | | | | | |
| Mr. Aamer Mehmood | Non-Executive director | CSP Officer | | | | | | | | | | | | | | |
| Mr. Nauman Ahmed Khan | Independent Director | Masters in Industrial Engineering | | | | | | | | | | | | | | |
| 30. | The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee, and which worked in accordance with the applicable standards. | 22 | ✓ | | | | | | | | | | | | | |
| 31. | The Company has appointed its external auditors in line with the requirements envisaged under the Rules. | 23 | ✓ | | | | | | | | | | | | | |
| 32. | The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan. | 23(4) | ✓ | | | | | | | | | | | | | |
| 33. | The external auditors have not been appointed to provide non-audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard. | 23(5) | ✓ | | | | | | | | | | | | | |
| 34. | The Company has complied with all the corporate and financial reporting requirements of the Rules. | - | | | | | | | | | | | | | | |

DVA



ARIF SAEED
Chairman Board of Directors



RASHID MAHMOOD
Chief Executive Officer

Dated: 08 OCT 2016

Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year:

| Sr. No. | Rule / sub-rule no. | Reason for non-compliance | Future course of action |
|---------|---------------------|--|--|
| 1. | 3 (2) | Currently the Company has a casual vacancy on its Board. This vacancy is yet to be filled by having an independent director. Consequently, independent directors will be in majority as required by the provisions of the Rules. | Casual vacancy will be filled by the end of 2 nd quarter of 2016-17 |
| 2. | 3 (4) | One of the directors resigned during the year which has resulted in a casual vacancy. The nomination committee is in the process to find suitable candidates for placing the options before the Board so that the vacancy may be filled. | Casual vacancy will be filled by the end of 2 nd quarter of 2016-17 and any future casual vacancies will be filled within 90 days |
| 3. | 3 (5) | Being Government owned Company all directors were appointed by the Government, being the best option. Only one of the directors has confirmed that he is at the Boards of more than 5 Public Sector Companies. | The Company will ensure the compliance of the said provisions as the director has taken appropriate measures to comply the requirement. |
| 4. | 5 (4) | Code of conducted has been prepared but could not been placed on website as the design and content of the website has been finalized but the website is in its development phase. | Website and its content will be made available soon. Website is in its development phase, once it is made available for use the code of conduct will be uploaded on the website. |
| 5. 3. | 5 (5) | The Company was incorporated in March 2015. The establishment of policies and procedures takes time to prepare, develop, deliberate, and finalize. | Previously the Company communicated that it will be approved by April 2016. The delay is due to the changes required to finalize such policies and procedures and these will be approved in next Board meeting to be held in October 2016. |

D/YK

| | | | |
|-----|------------------|---|--|
| 6. | 5(5) (b) (ii) | The Company was incorporated in March 2015. The establishment of policies and procedures takes time to prepare, develop, deliberate, and finalize. | Previously the Company communicated that it will be approved by April 2016. The delay is due to the changes required to finalize such policies and procedures and these will be approved in next Board meeting 2016. |
| 7. | 5(5) (b) (iv) | The Company was incorporated in March 2015. The establishment of policies and procedures takes time to prepare, develop, deliberate, and finalize. | Previously the Company communicated that it will be approved by April 2016. The delay is due to the changes required to finalize such policies and procedures and these will be approved in next Board meeting 2016. |
| 8. | 5(6) | The Company was incorporated in March 2015. The establishment of policies and procedures takes time to prepare, develop, deliberate, and finalize. | Previously the Company communicated that it will be approved by April 2016. The delay is due to the changes required to finalize such policies and procedures and these will be approved in next Board meeting 2016. |
| 9. | 8 | It is first complete year of the Company's operations and most of the Board members and senior management have been appointed/ recruited during the year. | <p>The Company has invited request for proposals for appointment of 3rd party to evaluate performance of board and its committees.</p> <p>Performance evaluation of senior management will be done in scheduled to be done at the start of every calendar year.</p> |
| 10. | 10 | The provision is partly complied with except for placement of accounts on the Company's website, as the design and content of the website has been finalized but the website is in its development phase. | Website and its content will be made available soon. Website is in its development phase, once it is made available for use the Company's accounts will be uploaded on the website. |

DYA

Form of Proxy

of National Power Parks Management Company (Private) Limited
2nd Floor, A Block, Pak Secretariat, Islamabad

I/We, _____, of
_____, being a member of National Power Parks
Management Company (Private) Limited., holder of
_____ Ordinary Share(s) as per Register Folio No.
_____ hereby Appoint Mr.
_____ Folio No. _____ of
_____ or failing him Mr. _____ Folio No.
_____ of _____, who is also a member of National Power Parks
Management Company (Private) Limited., as my / our proxy in my / our absence to attend and
vote for me / us, and on my / our behalf at the Annual General Meeting of the Company to be
held on _____ 2016 and at any adjournment thereof.

Signed under my / our hand this _____ day of _____, 2016.

Signed in the presence of:

Signature should
agree
with the specimen
signature registered
with the company

Signature of Witness No. 1

Signature of Witness No. 1

Name: _____

Name: _____

CNIC No.: _____

CNIC No.: _____

NOTES:

1 This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized. No person shall be appointed as a proxy who is not a member of the Company qualified to vote except that a corporation being a member may appoint a person who is not a member.

2 The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty-eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid

پراکسی کا فارم

میں / ہم ----- برائے ----- سکیورٹی پیپرز لمیٹڈ کے ممبر (ز) اور
 آڈیزی شیئرز کے ہولڈر پچور شیئر رجسٹر فولیو / C D C اکاؤنٹ نمبر
 تقرر کرتا ہوں ----- فولیو / C D C اکاؤنٹ نمبر
 اور ----- شناختی کارڈ / پاسپورٹ نمبر ----- جس
 کے ذریعے ----- فولیو / C D C اکاؤنٹ نمبر ----- کا شناختی کارڈ / پاسپورٹ نمبر
 جو کمپنی کا ممبر بھی ہے میرے / ہمارے پراکسی کے طور پر مجھے / ہمیں 50 سالانہ جنرل میٹنگ جو 28 اگست 2015 صبح
 11:00 بجے بروز جمعہ منعقد کی جائے گی میں ووٹ ڈالنے کا اہل ہے۔ بلا تعطل

دستخط کریں ----- بروز ----- 2015

کواہ

1 دستخط

نام:

پتہ:

شناختی کارڈ اور پاسپورٹ نمبر:

2 دستخط

نام:

پتہ:

شناختی کارڈ اور پاسپورٹ نمبر:

اہم نکات

- 1- میٹنگ سے 48 گھنٹے قبل پراکسی کا یہ فارم جو ہر لحاظ سے مکمل اور دستخط شدہ ہو کمپنی کے رجسٹرڈ آفس میں جمع کرا دیا جائے۔
- 2- یہ فارم ممبر یا اس کے انارٹی کی جانب سے جسے تحریری طور پر اتھارائزڈ کیا گیا ہو، کی جانب سے دستخط کیا جائے۔ اگر ممبر کوئی کارپوریشن ہے تو اس کی عام ہر موجود ہوئی چاہیے۔
- 3- ایسا ممبر جو میٹنگ میں شمولیت اور ووٹ دینے کا اہل ہے وہ کسی دوسرے ممبر کو اپنے / اپنی پراکسی کے طور پر میٹنگ میں شمولیت اور ووٹ دینے کیلئے نامزد کر سکتا ہے

علاوہ ازیں کارپوریشن ایسے شخص کو نامزد کر سکتی ہے جو ممبر نہ ہو۔