

**JALIS AHMAD & CO.**  
**CHARTERED ACCOUNTANTS**

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BLOCK-5, MAIN CLIFTON ROAD,  
KARACHI-75600 (PAKISTAN)

**AUDITOR'S REPORT TO THE MEMBERS**

We have audited the annexed Interim Balance Sheet of Sindh Energy Holding Company (Private) Limited ("the Company"), as at June 30, 2015 and the related Income Statement, Cash Flow Statement, Statement of Comprehensive Income and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

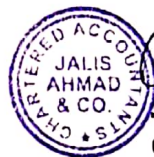
It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies used 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 accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion-
  - i) the Balance Sheet and Income Statement together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Income Statement, Cash Flow Statement, Statement of Comprehensive Income and Statement of Changes in Equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's interim affairs as June 30, 2015 and of the profit, its comprehensive profit, 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).

Date: 03 SEP 2015

Place: KARACHI



*Jalil Ahmad & Co.*  
**Jalil Ahmad & Co.**  
Chartered Accountants  
Engagement person: Mr. Iqbal Yousuf- FCA

*[Signature]*

**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**

**BALANCE SHEET  
AS AT JUNE 30, 2015**

	Notes	2015 Rupees	2014 Rupees
<b>NON-CURRENT ASSETS</b>			
Investments	5	1,021,720,658	-
<b>CURRENT ASSETS</b>			
Prepaid and advances	6	4,947,031	338,460
Cash and bank balances	7	10,970,770	252,526,672
		15,917,801	252,865,132
		<u>1,037,638,459</u>	<u>252,865,132</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised 250,000,000 (2014:100,000) ordinary shares of Rs. 10/- each	8	<u>2,500,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid up capital		1,000,000,000	1,000,000
Opening reserves		1,854,443	-
Profit for the year	9	23,584,451	1,854,443
		25,438,894	1,854,443
<b>NON-CURRENT LIABILITIES</b>			
Due to government	10	-	249,000,000
<b>CURRENT LIABILITIES</b>			
Other liability	11	50,000	55,370
Provision for taxation	12	12,149,565	955,319
Contingencies and commitments	13		
		<u>1,037,638,459</u>	<u>252,865,132</u>

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

Chief Executive 



Director

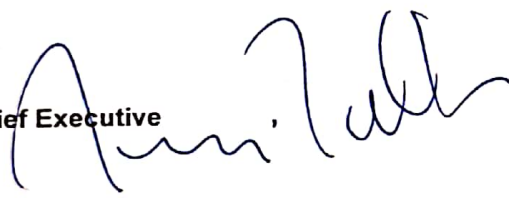




**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

	Notes	2015 Rupees	2014 Rupees
Revenue		-	-
Cost of sales		<u>-</u>	<u>-</u>
Gross profit			
Other income	14	45,028,092	3,108,602
General and administrative expenses	15	9,294,076	298,840
Profit before tax		<u>35,734,016</u>	<u>2,809,762</u>
Taxation		12,149,565	955,319
Profit after tax		<u><u>23,584,451</u></u>	<u><u>1,854,443</u></u>

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

Chief Executive   


 Director

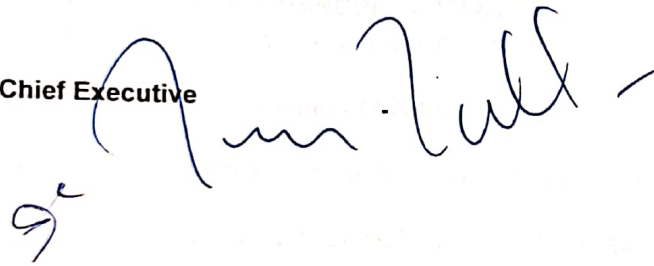
SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2015

	Share capital	Unappropriate profit / (loss)	Net shareholders' equity
	Rupees	Rupees	Rupees
Issue of share capital	1,000,000	-	1,000,000
Profit for the period	-	1,854,443	1,854,443
<b>Balance as at June 30, 2014</b>	<b>1,000,000</b>	<b>1,854,443</b>	<b>2,854,443</b>
Issue of share capital	999,000,000	-	999,000,000
Profit for the year	-	23,584,451	23,584,451
<b>Balance as at June 30, 2015</b>	<b>1,000,000,000</b>	<b>23,584,451</b>	<b>1,023,584,451</b>

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

Chief Executive



Director



**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

The company was incorporated in Pakistan on March 19, 2014 as a provincial holding company under the Companies Ordinance, 1984. Government of Sindh own 100% shareholding of the Company. The company main business is to invest in all oil & gas exploratory and production activities in Sindh and later on may take part in other coal, solar & wind based energy ventures/projects. The registered office of the Company is situated at Lakson Square Building 3, Sarwar Shaheed Road, Saddar, Karachi. The company is a holding company of Government of Sindh with shareholding 100%

**2 STATEMENT OF COMPLIANCE**

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

**3 ACCOUNTING CONVENTION**

These accounts have been prepared under historical cost convention, except for measurement of certain financial instruments at fair values.

**4 SIGNIFICANT ACCOUNTING POLICIES**

**4.1 TAXATION**

Provision for current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001.

**4.2 PROPERTY PLANT & EQUIPMENT**

**Owned assets**

Tangible fixed assets are stated at cost less accumulated depreciation or impairment, if any, except capital work in progress which is stated at cost.

Intangible assets with finite useful life are initially recorded at cost and are amortized over its finite useful life on a systematic basis.

Intangible assets with indefinite useful life are not amortized. The useful life is reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that assets.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of fixed assets are included in income currently.

**Depreciation and amortization**

Depreciation on all tangible, operating, owned and leased assets is charged to income applying the straight line method, whereby, the cost of an asset is written off over its estimated useful lives.

Amortization on intangible assets is written off over its estimated useful life using the straight line method, whereby, the cost of an intangible asset is written off over its estimated useful life.

Depreciation is charged from the month of addition up to the month of disposal.

# SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### Leases

#### Assets subject to finance lease

Assets subject to finance lease are accounted for by recording the asset and related liability at the amounts determined on the basis of lower of fair value of the asset and the present value of minimum lease payments.

The outstanding obligation under the lease less finance charges allocated to future periods is shown as a liability.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged on the leased assets on the basis similar to that of owned tangible assets.

#### Assets subject to operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit on a straight line basis over the lease term.

### 4.3 INVESTMENTS

The investments of the organization if any are classified under investments held for trading, held to maturity and available for sale. Investments in securities are recognized on a trade date basis and are initially measured at cost, which is the fair value of the consideration paid.

#### Subsequent measurement

##### - Held for trading

These are securities which are either acquired for generating a profit from short term fluctuation in prices, or are securities included in a portfolio in which a pattern of short term profit taking exists.

Held for trading investments are measured at subsequent reporting dates at fair value. Unrealized gains and losses are included in the net profit and loss account for the year.

Gain or losses on disposal are taken to profit and loss account currently.

##### - Available for sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale.

Subsequent to the initial measurement of available for sale investments at cost, the fund measure the investments at their fair values. A gain or loss arising from a change in the fair value of available for sale investments is recognized directly in equity, until the investments is derecognized, at which time the cumulative gain or loss previously recognized in equity is recognized in profit and loss account.

Investments on associated undertaking are stated at cost. Permanent diminution in value, if any, is provided for.

##### - Held to maturity

Investments in fixed maturity, where the management has both the intent and the ability to hold the investments to maturity, are classified as held-to-maturity.

Subsequent to initial recognition at cost, these investments are measured at amortized cost less any accumulated impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition by using the rates as specified in respective investment rules.

## SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

#### 4.4 Investments in subsidiaries

Investments in subsidiaries are initially recognized and carried at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exists the investment's recoverable amount is estimated which is the higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in Profit and Loss Account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the Profit and Loss Account.

#### 4.5 TRADE AND OTHER DEBTS

Trade and other debts are stated at original invoice amount as reduced by appropriate provision for debts considered doubtful. Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

#### 4.6 PROVISIONS

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

#### 4.7 TRADE AND OTHERS PAYABLE

Liabilities for trade and other amounts payable are stated at cost which is the fair value of the consideration to be paid in future for goods and services.

Liabilities are booked on the basis of Procurement orders issued during the financial year. This treatment is in accordance with the industry practice followed by the government /semi-government organizations and is adopted to show the overall utilization of funds for the year and to meet the budgeted targets.

#### 4.8 IMPAIRMENT

At each balance sheet, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is established to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined has no impairment loss been recognized for the assets in prior years. A reversal on a impairment loss is recognized as income immediately.

#### 4.9 REVENUE RECOGNITION

Income are recorded on an accrual basis.

Income on investments / deposits is accrued on a time proportionate basis, taking into account the effective interest rates

**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**4.10 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise of cash and cheques in hand, with banks on current and deposit accounts and running finance under mark-up arrangements, if any.

**4.11 FINANCIAL INSTRUMENTS**

**- Financial assets**

Financial assets comprise cash and bank balance, trade debts, advances and other receivables and investments. All financial assets are stated at their fair values.

**- Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are long term loans, obligation under finance lease, short term running finance and creditors, accrued and other liabilities and deferred liabilities.

Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in net profit and loss for the year in which it arises.

Assets and liabilities that are of contractual nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the company.

**Offsetting of a financial asset and a financial liability**

A financial asset and a financial liability is offset and net amount is reported in the balance sheet when an enterprise 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.

**4.12 EXPENSES**

Expenses are recorded in the period in which they are incurred.

**4.13 RELATED PARTY TRANSACTIONS**

All transactions with related parties are priced on an arm's length basis. Prices for these transactions are determined on the basis of admissible valuation methods, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.



**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

		Notes	2015 Rupees	2014 Rupees
<b>5 INVESTMENTS</b>				
	2015	2014		
		<b>Un-quoted company</b>		
	3,000,000	-	Sindh Petroleum (Private) Limited	<u>30,000,000</u>
				<u>-</u>
<b>5.1</b>	The company holds 100% ownership interest in Sindh Petroleum (Private) Limited.			
<b>5.2</b>	The book of Sindh Petroleum (Private) Limited on the audited financial statements as at June 30, 2015 is Rs.10.28 (2014: N/A)			
	Other Investment			
	Held-to-maturity			
	Treasury Bill		457,282,500	-
	Investment in Pakistan Investment Bond		534,438,158	-
			991,720,658	-
			<u>1,021,720,658</u>	<u>-</u>
<b>6 PREPAID AND ADVANCES</b>				
	Prepaid expense		-	27,600
	Advance tax		4,947,032	310,860
			<u>4,947,032</u>	<u>338,460</u>
<b>7 CASH AND BANK BALANCES</b>				
	Cash at bank		10,969,830	252,526,672
	Cash in hand		940	-
			<u>10,970,770</u>	<u>252,526,672</u>
<b>8 SHARE CAPITAL</b>				
	<b>Authorized capital</b>			
	This represents Authorised capital 250,000,000		<u>2,500,000,000</u>	<u>1,000,000</u>
	(2014:100,000) ordinary shares of Rs. 10/- each fully paid in cash			
	<b>Issued, subscribed and paid up share capital</b>			
	100,000,000 (2014: 100,000) ordinary shares of Rs. 10/- each fully paid in cash		<u>1,000,000,000</u>	<u>1,000,000</u>
<b>8.1 Reconciliation of issued, subscribed and Paid up Capital</b>				
	Opening balance		100,000	100,000
	Issued shares during the year		99,900,000	-
			<u>100,000,000</u>	<u>100,000</u>

**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>9 RESERVES</b>			
Unappropriate profit		<u>23,584,451</u>	<u>1,854,443</u>
<b>10 DUE TO GOVERNMENT</b>			
Long term loan		<u>-</u>	<u>249,000,000</u>
<b>10.1</b>	This represent amount to be utilized against any future issue of share capital.		
<b>11 OTHER LIABILITY</b>			
Audit remuneration		50,000	25,000
Other liability		-	27,150
Third party tax liability		-	3,220
		<u>50,000</u>	<u>55,370</u>
<b>12 PROVISION FOR TAXATION</b>			
Opening		955,319	-
Provision for the year		12,149,565	955,319
		13,104,884	955,319
Less: Payment and adjustments made during year		(955,319)	-
		<u>12,149,565</u>	<u>955,319</u>
<b>13 CONTINGENCIES AND COMMITMENTS</b>			
<b>14 OTHER INCOME</b>			
Profit on bank balance		16,671,928	3,108,602
Profit on Pakistan Investment Bond		28,356,164	-
		<u>45,028,092</u>	<u>3,108,602</u>
<b>15 GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Director fee		120,000	200,000
Preliminary expense		-	27,050
Bank Charges		3,470	790
Legal charges		70,380	18,400
Rent, rates & taxes	15.1	7,610,070	22,600
Stationary expense		35,702	5,000
Communication charges		11,220	-
Travelling expense		660,884	-
Membership charges		724,500	-
Miscellaneous		7,850	-
Auditors' remuneration		50,000	25,000
		<u>9,294,076</u>	<u>298,840</u>

**15.1** It includes Government fees of Rs 7,515,000 for increase of authorized capital and other miscellaneous fee and professional charges.

**15.2** None of the directors and chief executive taken any remuneration from the company

**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

- 16** The Company has related party relationship with its associated companies, directors and key management personal. The details of significant related party transactions and balances as at 30th June 2015 are as follows:

	<b>30-Jun-15</b>			
	Associated Companies	Key Management Personnel	Directors	Other related Parties
<b>Transactions during the period</b>				
Profit on daily product account	-	-	-	8,964,591
Expenses paid on behalf of Sindh Petroleum (private) Limited	9,650	-	-	-
Director's meeting fees	-	-	120,000	-
<b>Balances at the year end</b>				
Daily product account	-	-	-	10,970,770

**17 GENERAL**

Figures have been rounded off to a nearest thousand of rupees, unless otherwise stated.

**17.1 Transactions with related parties**

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

<b>Subsidiary</b>	<b>2015 Rupees</b>	<b>2014 Rupees</b>
Investment in Sindh Petroleum (Private) Limited	30,000,000	-

**17.2 Number of employees**

Average employees during the year  
Employees as at June 30

**2015                  2014  
(Number)**

-                          -  
-                          -

- 17.3** Corresponding figures where necessary has been reclassified for the purpose of better presentation.

SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

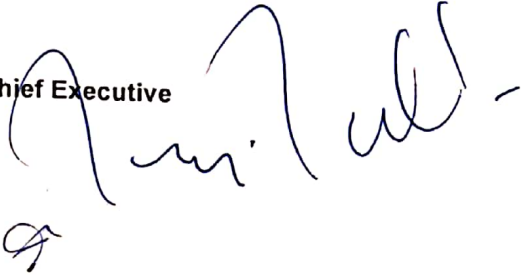
**18 FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are presented in Pakistan rupees which is company's functional currency. All financial information presented in Pakistan rupees has been rounded to the nearest thousand

**19 DATE OF AUTHORIZATION**

These financial statements were authorized for issue by the Board of Directors in their meeting held on 03 SEP 2015

Chief Executive



Director

