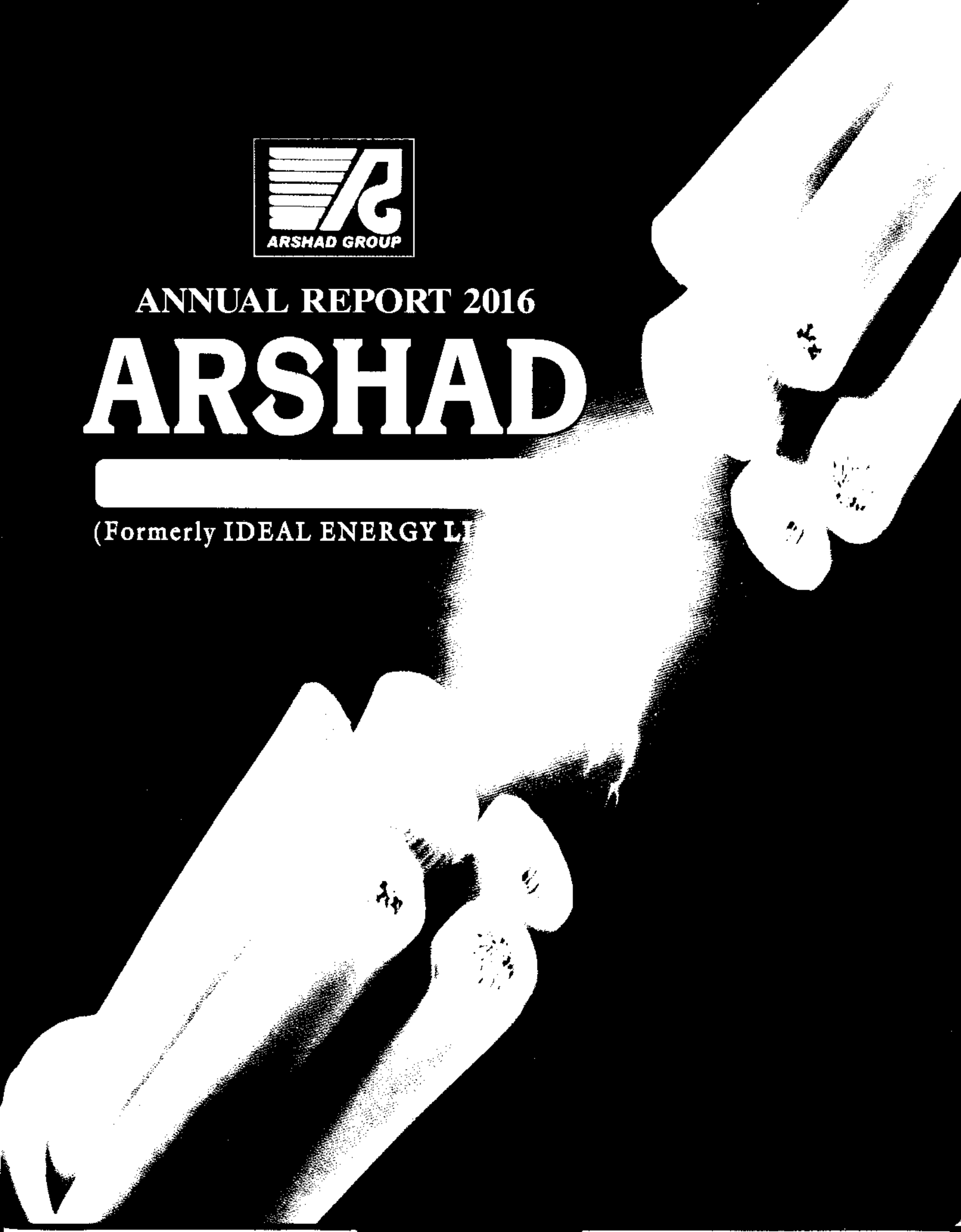
ARSHAD GROUP

ANNUAL REPORT 2016

ARSHAD

(Formerly IDEAL ENERGY L



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COMPANY INFORMATION

CHAIRMAN	Mr.Nisar Ahmad Sheikh
CHIEF EXECUTIVE	Mr.Muhammad Arshad
DIRECTORS	Mr.Shahzad Ahmed Sheikh Mr.Shehryar Arshad Mrs.Shahida Arshad Mrs.Naureen Shahzad Ms.Resham Shahzad
AUDIT COMMITTEE	
CHAIRMAN	Mr.Nisar Ahmad Sheikh
MEMBER	Mr.Shahzad Ahmed Sheikh
MEMBER	Mr.Shehryar Arshad
HR & REMUNERATION COMMITTEE	
CHAIRMAN	Mr.Nisar Ahmad Sheikh
MEMBER	Mr.Shahzad Ahmed Sheikh
MEMBER	Mrs.Naureen Shahzad
CHIEF FINANCIAL OFFICER	Mr.Nasir Mahmood
COMPANY SECRETARY	Mr.Javed Abbas Naqvi
AUDITORS	M/S Riaz Ahmad & Co. Chartered Accountants
BANKERS	Faysal Bank Limited Habib Bank Limited
LEGAL ADVISOR	Rana Iftikhar Ahmad
REGISTERED OFFICE	404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi. Tel. 021-32412814 Web: www.arshadenergy.com
SHARES REGISTRAR	F.D.Registrar Services (SMC-Pvt.) Limited 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi.
PLANT	35-K.M., Sheikhupura Road, Tehsil Jaranwala, District Faisalabad.

NOTICE OF MEETING

Notice is hereby given that the 22nd Annual General Meeting of **ARSHAD ENERGY LIMITED** will be held at 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi on Monday, October 31, 2016 at 03:00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 21st Annual General Meeting held on October 31, 2015.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2016 together with the Auditors' and Directors' Reports there on.
3. To appoint the auditors for the year 2016-2017 and to fix their remuneration. The present auditors M/S Riaz Ahmad & CO. Chartered Accountants, being eligible have offered themselves for re-appointment.
4. To transact any other business with the permission of the chair.

By order of the Board

Javed Abbas Naqvi
(Company Secretary)

Karachi
Dated: September 30, 2016

Notes:

1. The Share Transfer Books of the Company will remain closed from October 24, 2016 to November 01, 2016 (both days inclusive). Transfers received at Shares Registrar M/S F.D. Registrar Services (SMC-Pvt) Ltd., 1705, 17th Floor, Saima Trade Tower-A, I.I.Chundrigar Road Karachi-74000 at the close of business hours on October 21, 2016 will be treated in time.
2. A member entitled to attend and vote at this general meeting is entitled to appoint another member as proxy. Proxies must be received in order to effective at the registered office of the Company not less than 48 hours before the time for the meeting.
3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport to prove his/her identity and in case of Proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Shareholders are requested to notify the change in their addresses if any, immediately.

5. **Submission of copy of CINC (Mandatory)**

   The Securities and Exchange Commission of Pakistan (SECP) vide their SRO 779(i) 2011 dated August 18, 2011 has directed the company to print your CINC number on your dividend warrants and if your CINC number is not available in our records, your dividend warrant will not be issued/dispatched to you. In order to comply with the regulatory requirement, you are requested to kindly send photocopy of your CNIC to your Participant/ Investor Account Services or to us (in case of physical shareholding) immediately to Company's Shares Registrar, M/S F.D. Registrar Services (SMC-Pvt) Ltd., 1705, 17th Floor, Saima Trade Tower-A, I.I.Chundrigar Road, Karachi-74000.

6. **Transmission of Annual Financial Statements through E-Mail:**

   SECP vide SRO 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through email. Hence, members who hold shares in physical form and are interested in receiving the annual reports electronically in future are required to submit their e-mail addresses and consent for electronic transmission to the Shares Registrar of the Company, CDC shareholders are requested to submit their email address and consent directly to their broker (Participant)/CDC investor Account Services.

7. In compliance with SECP notification No.634(1)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for year ended June 30, 2016 are being placed on the Company's website:www.arshadenergy.com for the information and review of shareholders.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting.

Transactions with Associates

Company is doing transactions with associated companies of normal trade and the directors of the company are also directors in associated companies and therefore are common directors. On this ground they have indirect interest in associated undertakings due to common directorship. All the transactions with associates as disclosed in accounts for the year ended June 30, 2016 of the company seeks approval in Annual General Meeting and hence the notice of facts is given to shareholders.

Transactions with Associated Undertakings	2016
Sale of energy	235,990,952
Store purchased	11,836
Other charges paid	476,896

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors of your Company feel pleasure in submitting audited financial statements of your Company for the year ended June 30, 2016.

FINANCIAL RESULTS	2016 Rupees	2015 Rupees
Sales	235,990,952	119,381,130
Cost of generation	(226,219,709)	(122,903,894)
Gross profit/(loss)	9,771,243	(3,522,764)
Administrative expenses	(3,496,765)	(2,501,296)
Other expenses	(914,481)	-
Other income	5,951,186	6,524
Finance cost	(6,635)	(7,973)
Profit/(loss) before taxation	11,304,548	(6,025,509)
Taxation	-	-
Profit/(loss) after taxation	11,304,548	(6,025,509)
Earnings/(loss) per share - basic and diluted (Rupees)	1.41	(0.75)

REVIEW OF OPERATING RESULTS

Net sales for the year were Rs.235.991 million (2015: Rs.119.381 million) and net profit was Rs.9.771 million (2015: net loss Rs.3.523 million).

The Management is doing its level best and hopeful to maintain the profitability in the year to come if the oil prices will maintain in current level in the coming year.

AUDITORS

The present Auditors M/S Riaz Ahmad & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE

The statement of compliance of best practices of Code of Corporate Governance is annexed.

CORPORATE AND FINANCIAL REPORTING FRAME WORK:

In compliance to listing regulations of stock exchanges and as required under the Companies Ordinance, 1984, your Directors are pleased to state as under:

1. The financial statements prepared by the Management of your Company present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of accounts of the Company has been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates, which are based on reasonable and prudent judgment.

4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.
5. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
6. Key operating financial data of last six years in summarized form is annexed.
7. During the period under review four (04) meetings of Board of Directors were held. Attendance of each director is as follows:

NAME OF DIRECTOR	MEETINGS ATTENDED
Mr.Nisar Ahmad Sheikh	1
Mr.Muhammad Arshad	4
Mr.Shahzad Ahmed Sheikh	4
Mr.Shehryar Arshad	4
Mrs.Naureen Shahzad	2
Mrs.Shahida Arshad	1
Ms.Resham Shahzad	2

Directors who did not attend the above meetings were granted leave of absence by the Board of Directors.

TRADING OF SHARES

Director, company secretary, chief financial officer, Head of internal Audit and their spouses and minor children has not purchased or sold shares during the year.

STATEMENT OF DIRECTOR'S RESPONSIBILITY

Board of Directors is mindful of its responsibilities and duties under legal and corporate frame work. The Board defines and establishes Company's overall objectives and directions and monitors status thereof. Short term and long term plans and business performance targets are set by Chief Executive under over all policy frame work of the Board.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2016 is annexed.

ACKNOWLEDGEMENT:

The Board places on record its appreciation for the cooperation, commitment and hard work extended to the Company by the customers, suppliers, bankers and all the employees of the Company.

On behalf of the Board

(Nisar Ahmad Sheikh)
Chairman

FAISALABAD.
Dated: September 30, 2016

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE TO THE MEMBERS

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Chapter 5.19 of Rule Book of Pakistan Stock Exchange Limited (PSX) for the purpose of establishing the framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (The Board). Since there was no contestant for independent director, so shareholders didn't elect. At present the board includes:

   Non-Executive Directors

   i) Mr.Nisar Ahmad Sheikh
   ii) Mr.Muhammad Arshad
   iii) Mr.Shahzad Ahmed Sheikh
   iv) Mr.Shehryar Arshad
   v) Mrs.Shahida Arshad
   vi) Mrs.Naureen Shahzad
   vii) Ms.Resham Shahzad

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a broker of a stock exchange has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred in the Board during the year ended 30 June 2016.

5. 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.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other non-executive directors, have been taken by the Board.

8. All the meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met at least once in each quarter during the year ended 30 June 2016. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Ms. Resham Shahzad attended the Directors' Training Programs during the year.

10. The Board has approved terms of appointment and remuneration including terms and conditions of employment of Chief Financial Officer (CFO), Company Secretary and the Head of Internal Audit.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and it fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval by the Board.

13. 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.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of three members, who are non-executive directors including the chairman of the Committee.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises 3 members, who are non-executive directors and the chairman of the committee is a non-executive director.

18. The Board has set-up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with except for the requirements pertaining to change in composition of Board and Audit Committee towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year.

By order of the Board

Javed Abbas Naqvi
Company Secretary

Date: 30 September 2016

OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

Particulars						
Financial Position	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Paid up Capital	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Capital reserve share premium	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Revenue Reserve	(58,279,352)	(70,307,335)	(64,205,229)	(33,224,142)	(18,803,497)	(4,131,439)
Fixed Assets at cost	413,478,989	391,607,342	392,347,459	359,690,252	362,378,345	370,178,345
Accumulated Depriciation	261,465,861	251,741,501	246,183,845	242,547,877	240,545,191	241,916,998
Long Term Loans	-	-	-	-	-	-
Long Term Deposits	-	-	-	-	-	-
Deffered Liabilities	2,888,853	2,413,020	1,564,502	2,429,292	2,192,876	2,160,420
Current Assets	47,762,076	56,275,218	35,627,232	46,306,807	36,701,442	42,369,994
Current Liabilities	52,651,332	72,139,677	35,184,420	34,254,582	15,158,868	12,612,910
INCOME						
Sales	235,990,952	119,381,130	54,445,177	152,998,086	133,727,318	43,459,909
Other Incomes	5,951,186	6,524	242,897	560,460	96,458	-
Statistics and Ratios						
Current Ratio	0.90:1	0.78:1	1.01:1	1.35:1	2.42:1	3.36:1
Paid up value Per Share	10	10	10	10	10	10
Earning per Share	1.41	(0.75)	(3.83)	(1.82)	(1.83)	(1.44)
Cash Dividend %	-	-	-	-	-	0.20
Generation (Mega watt hours)	**24,873**	**13,519**	**2,891**	**8,210**	**7,859**	**2,620**

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of ARSHAD ENERGY LIMITED (formerly Ideal Energy Limited) ("the Company") for the year ended 30 June 2016 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code 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 Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company personnel and reviews of various documents prepared by the Company to comply with the Code.

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 Code requires 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, 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 Code as applicable to the Company for the year ended 30 June 2016.

As stated in paragraph no. 1 of the Statement of Compliance, there is no independent director on the Board of Directors of the Company which is required by rule 5.19.1(b) of the Regulations of Pakistan Stock Exchange Limited.

RIAZ AHMAD & COMPANY
Chartered Accountants

Riaz Ahmad & Co.

Name of engagement partner:
Liaqat Ali Panwar
Date: SEPTEMBER 30, 2016.
FAISALABAD

AUDITORS' REPORT TO THE MEMBERS

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

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

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

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 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).

We draw attention to Note No. 1.1 to the financial statements, which states that these financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention as the Company is no longer a going concern for the reasons stated in the aforesaid note. Our report is not qualified in respect of this matter.

RIAZ AHMAD & COMPANY
Chartered Accountants

Riaz Ahmad & Co.

Name of engagement partner:
Liaqat Ali Panwar
Date: SEPTEMBER 30, 2016.
FAISALABAD

BALANCE SHEET AS AT 30 JUNE 2016

	NOTE	2016 Book value Rupees	2016 Estimated settlement value Rupees	2015 Book value Rupees	2015 Estimated settlement value Rupees
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Authorized share capital					
10 000 000 (2015: 10 000 000) ordinary shares of Rupees 10 each		100,000,000	100,000,000	100,000,000	100,000,000
Issued, subscribed and paid up share capital	3	80,000,000	80,000,000	80,000,000	80,000,000
Reserves	4	21,720,648	21,720,648	9,692,665	9,692,665
Total equity		101,720,648	101,720,648	89,692,665	89,692,665
Net surplus on estimated realizable / settlement values		-	42,514,371	-	31,895,697
Surplus on revaluation of property, plant and equipment	5	42,514,371	-	31,895,697	-
LIABILITIES					
Trade and other payables	6	39,351,332	39,351,332	58,837,867	58,837,867
Borrowings	7	13,300,000	13,300,000	13,301,810	13,301,810
Staff retirement gratuity	8	2,888,853	2,888,853	2,413,020	2,413,020
CONTINGENCIES AND COMMITMENTS	9				
TOTAL EQUITY AND LIABILITIES		199,775,204	199,775,204	196,141,059	196,141,059

	NOTE	2016 Book value Rupees	2016 Estimated realizable value Rupees	2015 Book value Rupees	2015 Estimated realizable value Rupees
ASSETS					
Cash and bank balances	10	1,883,507	1,883,507	1,190,955	1,190,955
Loans and advances	11	3,052,582	3,052,582	2,909,769	2,909,769
Other receivables	12	1,810,706	1,810,706	3,060,196	3,060,196
Trade debts	13	15,970,830	15,970,830	6,181,392	6,181,392
Stock of oil and lubricants	14	12,086,899	12,086,899	24,198,301	24,198,301
Stores, spare parts and loose tools	15	12,947,002	12,947,002	18,724,055	18,724,055
Security deposits		10,550	10,550	10,550	10,550
Property, plant and equipment	16	152,013,128	152,013,128	139,865,841	139,865,841
TOTAL ASSETS		199,775,204	199,775,204	196,141,059	196,141,059

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

SHAHZAD AHMAD SHEIKH
DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 RUPEES	2015 RUPEES
SALES	17	235,990,952	119,381,130
COST OF GENERATION	18	(226,219,709)	(122,903,894)
GROSS PROFIT / (LOSS)		9,771,243	(3,522,764)
ADMINISTRATIVE EXPENSES	19	(3,496,765)	(2,501,296)
OTHER EXPENSES	20	(914,481)	-
OTHER INCOME	21	5,951,186	6,524
FINANCE COST	22	(6,635)	(7,973)
PROFIT / (LOSS) BEFORE TAXATION		11,304,548	(6,025,509)
TAXATION	23	-	-
PROFIT / (LOSS) AFTER TAXATION		11,304,548	(6,025,509)
EARNINGS / (LOSS) PER SHARE- BASIC AND DILUTED - RUPEES	24	1.41	(0.75)

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

SHAHZAD AHMAD SHEIKH
DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	2016 RUPEES	2015 RUPEES
PROFIT / (LOSS) AFTER TAXATION	11,304,548	(6,025,509)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	-	(838,107)
Surplus on revaluation of property, plant and equipment (i)	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive loss for the year	-	(838,107)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	11,304,548	(6,863,616)

(i) Surplus on revaluation of property, plant and equipment is presented under separate head below equity in accordance with the requirements of section 235 of the Companies Ordinance, 1984.

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

SHAHZAD AHMAD SHEIKH
DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 RUPEES	2015 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	25	5,299,906	18,403,137
Finance cost paid		(6,635)	(7,973)
Income tax paid		(20,557)	(1,100,764)
Staff retirement gratuity paid		-	(332,900)
Net cash generated from operating activities		5,272,714	16,961,500
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(4,578,352)	(15,860,379)
Net cash used in investing activities		(4,578,352)	(15,860,379)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings - net		(1,810)	(795,641)
Net cash used in financing activities		(1,810)	(795,641)
NET INCREASE IN CASH AND CASH EQUIVALENTS		692,552	305,480
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,190,955	885,475
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 10)		1,883,507	1,190,955

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

SHAHZAD AHMAD SHEIKH
DIRECTOR

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

	SHARE CAPITAL	RESERVES						TOTAL EQUITY
		CAPITAL RESERVE	REVENUE RESERVES			TOTAL		
		Share premium	General	Accumulated loss	Sub total			
	RUPEES							
Balance as at 30 June 2014	80,000,000	80,000,000	14,408,600	(78,613,829)	(64,205,229)	15,794,771		95,794,771
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	761,510	761510	761,510		761,510
Loss for the year	-	-	-	(6,025,509)	(6,025,509)	(6,025,509)		(6,025,509)
Other comprehensive loss for the year	-	-	-	(838,107)	(838,107)	(838,107)		(838,107)
Total comprehensive loss for the year	-	-	-	(6,863,616)	(6,863,616)	(6,863,616)		(6,863,616)
Balance as at 30 June 2015	80,000,000	80,000,000	14,408,600	(84,715,935)	(70,307,335)	9,692,665		89,692,665
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	723,435	723,435	723,435		723,435
Profit for the year	-	-	-	11,304,548	11,304,548	11,304,548		11,304,548
Other comprehensive income for the year	-	-	-	-	-	-		-
Total comprehensive income for the year	-	-	-	11,304,548	11,304,548	11,304,548		11,304,548
Balance as at 30 June 2016	80,000,000	80,000,000	14,408,600	(72,687,952)	(58,279,352)	21,720,648		101,720,648

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

SHAHZAD AHMAD SHEIKH
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. THE COMPANY AND ITS OPERATIONS

Arshad Energy Limited (formerly Ideal Energy Limited) (the Company) is a public limited company incorporated in Pakistan on 20 February 1994 under the Companies Ordinance, 1984 and listed on Pakistan Stock Exchange Limited. Its registered office is situated at Room No. 404 and 405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi. The Company is engaged in the business of generation and distribution of electricity. The project is located at Tehsil Jaranwala, District Faisalabad in the Province of Punjab. The Company has changed its name from Ideal Energy Limited to Arshad Energy Limited on 04 January 2016.

1.1 Going concern assumption

Previously the Company was not in operations properly because of high price of furnace oil. Now, due to decrease in the furnace oil prices in the world market, the cost of generation of electricity by the Company has been decreased. Therefore, the Company has increased its production activities. But, its present customers are two related parties only. Moreover, the current demand of the electricity is due to lower rate of furnace oil, which may be reduced in future due to possible increase in furnace oil prices. This may adversely affect the operations of the Company. Hence, the Company is not ensured a going concern.

Keeping in view the above factors, the management of the Company has prepared these financial statements on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in the order of liquidity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (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.

b) Accounting convention

Keeping in view the fact that the Company may not be able to continue as going concern, these financial statements are prepared on the basis of realizable / settlement values of assets and liabilities respectively. In realizable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business. Realizable / settlement values of assets and liabilities respectively as disclosed in the balance sheet are based on the management's best estimate.

In addition to the accounting convention of realizable / settlement values of assets and liabilities, these financial statements have also been prepared under the historical cost convention except for certain operating fixed assets which are carried at revalued amounts. Accounting policies of this accounting convention are disclosed, in detail, in Notes 2.2 to 2.17 to these financial statements.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

i) Realizable / settlement values of assets and liabilities respectively
ii) Useful lives, patterns of economic benefits and impairments
iii) Taxation
iv) Provision for doubtful debts
v) Inventories
vi) Employees retirement benefit

d) Standard that is effective in current year and is relevant to the Company

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

e) Standards and amendments to published standards that are effective in current year but not relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standards and amendments to published standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2016 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the de-recognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments will result in certain additional disclosures in the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method which is based on revenue, generated by an activity by using an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

On 25 September 2014, IASB issued Annual Improvements to IFRSs: 2012 – 2014 Cycle, incorporating amendments to four IFRSs more specifically in IAS 19 'Employee Benefits' and IAS 34 'Interim Financial Reporting', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2016. The amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

g) Standards and amendments to published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2016 but are considered not to be relevant to the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Property, plant, equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the assets to working condition.

Subsequent costs are included in the asset's carrying amount or recognized 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. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to surplus on revaluation of operating fixed assets except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss account, in which case the increase is recognized in profit and loss account. A revaluation deficit is recognized in profit and loss account, except to the extent that it offsets an existing surplus on the same asset recognized in surplus on revaluation of operating fixed assets.

An annual transfer from surplus on revaluation of operating fixed assets to unappropriated profit is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

b) Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 16 except plant and machinery on which depreciation is charged on unit of production method subject to minimum of Rupees 3 million to cover obsolescence. The Company charges the depreciation on additions from the month of acquisition and on deletions upto the month preceding the disposal when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

c) Capital work-in-progress

Capital work-in-progress is stated at cost less any recognized impairment loss and is transferred to the operating fixed assets as and when asset is available for use.

d) De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

2.3 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.4 Borrowing cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

2.5 Inventories

These are valued at the lower of moving average cost and net realizable value. Items considered obsolete are carried at nil value and items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost necessary to make the sales.

2.6 Taxation

Current

The provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available under the law. However, as stated in Note 23 to the financial statements as the Company's income is exempt from tax, therefore, no provision for current tax has been recognized in these financial statements.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets 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 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 reporting date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax has not been provided in these financial statements as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the Company remains exempt from taxation under Clause 132 of Part I of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

2.7 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.9 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.10 Staff retirement benefit

The Company operates defined benefit plan - unfunded gratuity scheme for its employees, who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Actuarial Cost Method. Latest actuarial valuation has been carried on 30 June 2015.

2.11 Financial instruments

Financial instruments carried on the balance sheet include deposits, trade debts, other receivables, loans and advances, cash and bank balances, trade and other payables and borrowings etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for 'financial instruments at fair value through profit or loss' which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.12 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.13 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

2.14 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.15 Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.16 Revenue recognition

Revenue from sale of electricity is recognized at the time of transmission.

2.17 Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 8 000 000 (2015: 8 000 000) ordinary shares of Rupees 10 each fully paid in cash. 375 750 ordinary shares (2015: 375 750) of the Company are held by Arshad Textile Mills Limited - an associated company.

4. RESERVES

	2016 RUPEES	2015 RUPEES
Composition of reserves is as follows:		
Capital reserve		
Premium on issue of right shares (Note 4.1)	80,000,000	80,000,000
Revenue reserves		
General reserve	14,408,600	14,408,600
Accumulated loss	(72,687,952)	(84,715,935)
	(58,279,352)	(70,307,335)
	21,720,648	9,692,665

4.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2016 RUPEES	2015 RUPEES
Surplus on revaluation of property, plant and equipment as at 01 July	31,895,697	32,657,207
Add: Increase in surplus on revaluation	11,342,109	-
	43,237,806	32,657,207
Less: Transferred to accumulated loss in respect of incremental depreciation charged during the year	723,435	761,510
	42,514,371	31,895,697

5.1 This represents surplus resulting from revaluation of freehold land, buildings thereon and plant and machinery carried out on 30 June 2016 by Messrs Creative Consultants and Construction using prevailing market prices. Previously revaluation was carried out on 30 June 2014 by an independent valuer.

	2016 RUPEES	2015 RUPEES
6. TRADE AND OTHER PAYABLES		
Creditors (Note 6.1)	30,080,496	41,319,928
Accrued liabilities	1,264,092	945,467
Advances from customers (Note 6.2)	7,374,090	16,509,164
Income tax deducted at source	6,330	31,960
Unclaimed dividend	31,348	31,348
Workers' profit participation fund (Note 20)	594,976	-
	39,351,332	58,837,867

6.1 This includes Rupees 9.680 million (2015: Rupees 10.680 million) due to an associated undertaking.

6.2 This represents the advances received from associated companies against electricity supply.

	2016 RUPEES	2015 RUPEES
7. BORROWINGS		
Unsecured		
From director (Note 7.1)	13,300,000	13,300,000
From banking companies		
Temporary bank overdraft	-	1,810
	13,300,000	13,301,810

7.1 This represents interest free un-secured loan obtained from director of the Company which is repayable on demand.

	2016 RUPEES	2015 RUPEES
8. STAFF RETIREMENT GRATUITY		
Opening balance	2,413,020	1,564,502
Charge for the year (Note 8.2)	475,833	343,311
Retirement benefit paid	-	(332,900)
Experience adjustment recognized in other comprehensive income	-	838,107
Closing balance	2,888,853	2,413,020
8.1 Movement in the net liability recognized		
Opening balance	2,413,020	1,564,502
Add: Charge for the year (Note 8.2)	475,833	343,311
Experience adjustment recognized in other comprehensive income	-	838,107
	2,888,853	2,745,920
Less: Paid during the year	-	332,900
	2,888,853	2,413,020
8.2 Charge for the year		
Current service cost	343,549	158,069
Interest cost	132,284	185,242
	475,833	343,311

	2016	2015
8.3 Principal actuarial assumptions used		
Discount rate for interest cost in profit and loss charge (per annum)	13.25%	13.25%
Discount rate for year end obligation (per annum)	9.75%	9.75%
Expected rate of increase in salary (per annum)	8.75%	8.75%
Average duration of the benefit	1	1
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Age based	Age based
Retirement assumption	Age 60	Age 60

Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligations as at reporting date to changes in the weighted principal assumption is:

	2016	2015
Discount rate	1.00%	1.00%
Increase in assumption (Rupees)	(495,402)	(19,569)
Decrease in assumption (Rupees)	(454,271)	21,562
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees)	(454,271)	21,562
Decrease in assumption (Rupees)	(495,748)	(19,915)

8.4 **Amounts for the current and previous four years:**

	2016	2015	2014	2013	2012
			RUPEES		
Present value of defined benefit obligation	2,888,853	2,413,020	1,564,502	2,306,203	2,113,265
Experience adjustment on obligation	-	(838,107)	(486,898)	229,989	-

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit plan to significant actuarial assumptions, the same method (present value of the defined benefit plan calculated with the projected unit credit method at the end of the reporting period) has been applied.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

9. **CONTINGENCIES AND COMMITMENTS**

There was no contingent liability and commitment as at 30 June 2016 (2015: Rupees Nil).

	2016 RUPEES	2015 RUPEES
10. CASH AND BANK BALANCES		
With banks:		
On current accounts	1,724,767	1,045,411
Cash in hand	158,740	145,544
	1,883,507	1,190,955
11. LOANS AND ADVANCES		
Considered good:		
Employees - interest free (Note 11.1)	12,500	2,000
Advances to suppliers	1,549,731	1,437,975
Income tax	1,490,351	1,469,794
	3,052,582	2,909,769

11.1 These represent interest free loans given to employees for meeting their personal expenditure and are secured against balance to the credit of employees in the staff retirement gratuity. These are recoverable in equal monthly installments.

12. **OTHER RECEIVABLES**

	2016	2015
Sales tax refundable	1,461,404	2,710,894
Others	349,302	349,302
	1,810,706	3,060,196

		2016 RUPEES	2015 RUPEES
13.	**TRADE DEBTS**		
	Considered good:		
	Unsecured:		
	Related parties (Note 13.1 and Note 13.2)	15,105,602	5,266,164
	Others (Note 13.3)	865,228	915,228
		15,970,830	6,181,392

13.1 This represents amounts due from the following related parties:

	2016 RUPEES	2015 RUPEES
Arshad Textile Mills Limited	15,105,602	-
Arshad Corporation (Private) Limited	-	5,266,164
	15,105,602	5,266,164

13.2 As at 30 June 2016, trade debts due from related parties amounting to Rupees 2.090 million (2015: Rupees Nil) were past due but not impaired. The ageing analysis of these trade debts was as follows:

	2016 RUPEES	2015 RUPEES
Upto 1 month	2,090,305	-

13.3 As at 30 June 2016, these trade debts amounting to Rupees 0.865 million were past due but not impaired (2015: Rupees 0.915 million). These relate to an independent customer from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2016 RUPEES	2015 RUPEES
More than 6 months	865,228	915,228

14. STOCK OF OIL AND LUBRICANTS

	2016 RUPEES	2015 RUPEES
Furnace oil	11,338,094	23,111,282
Diesel oil	280,021	651,113
Lube oils	468,784	435,906
	12,086,899	24,198,301

15. STORES, SPARE PARTS AND LOOSE TOOLS

	2016 RUPEES	2015 RUPEES
Stores	401,143	300,662
Spare parts (Note 15.1)	19,947,250	25,593,872
Loose tools	14,479	11,185
	20,362,872	25,905,719
Less: Provision for slow moving and obsolete stores, spare parts and loose tools (Note 15.2)	7,415,870	7,181,664
	12,947,002	18,724,055

15.1 These include spare parts in transit amounting to Rupees Nil (2015: Rupees 4.599 million).

15.2 Provision for slow moving and obsolete stores, spares and loose tools

	2016 RUPEES	2015 RUPEES
Balance as on 01 July	7,181,664	7,181,664
Provision made during the year (Note 20)	234,206	-
Balance as on 30 June	7,415,870	7,181,664

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Plant and machinery	Factory equipment	Electric Installations	Office equipment	Computers	Electric appliances	Furniture and fittings	Vehicles	Total
						RUPEES					
At 30 June 2014											
Cost / revalued amount	20,325,000	56,142,348	306,781,558	248,147	6,540,882	227,030	254,280	604,821	350,923	872,470	392,347,459
Accumulated depreciation	-	(31,447,948)	(206,831,062)	(214,680)	(5,607,410)	(188,373)	(238,447)	(493,637)	(291,200)	(871,088)	(246,183,845)
Impairment loss	-	-	(16,600,496)	-	-	-	-	-	-	-	(16,600,496)
Net book value	20,325,000	24,694,400	83,350,000	33,467	933,472	38,657	15,833	111,184	59,723	1,382	129,563,118
Year ended 30 June 2015											
Opening net book value	20,325,000	24,694,400	83,350,000	33,467	933,472	38,657	15,833	111,184	59,723	1,382	129,563,118
Additions	-	-	15,860,379	-	-	-	-	-	-	-	15,860,379
Depreciation charge	-	(1,234,720)	(4,200,260)	(3,347)	(93,347)	(3,866)	(4,750)	(11,118)	(5,972)	(276)	(5,557,656)
Closing net book value	20,325,000	23,459,680	95,010,119	30,120	840,125	34,791	11,083	100,066	53,751	1,106	139,865,841
At 30 June 2015											
Cost / revalued amount	20,325,000	56,142,348	322,641,937	248,147	6,540,882	227,030	254,280	604,821	350,923	872,470	408,207,838
Accumulated depreciation	-	(32,682,668)	(211,031,322)	(218,027)	(5,700,757)	(192,239)	(243,197)	(504,755)	(297,172)	(871,364)	(251,741,501)
Impairment loss	-	-	(16,600,496)	-	-	-	-	-	-	-	(16,600,496)
Net book value	20,325,000	23,459,680	95,010,119	30,120	840,125	34,791	11,083	100,066	53,751	1,106	139,865,841
Year ended 30 June 2016											
Opening net book value	20,325,000	23,459,680	95,010,119	30,120	840,125	34,791	11,083	100,066	53,751	1,106	139,865,841
Additions	-	-	4,511,767	-	-	-	-	-	-	66,585	4,578,352
Effect of surplus on revaluation as at 30 June 2016	5,081,250	1,700,254	4,560,605	-	-	-	-	-	-	-	11,342,109
Depreciation charge	-	(1,172,984)	(8,434,177)	(3,012)	(84,012)	(3,479)	(3,325)	(10,007)	(5,375)	(7,989)	(9,724,360)
Reversal of Impairment loss	-	-	5,951,186	-	-	-	-	-	-	-	5,951,186
Closing net book value	25,406,250	23,986,950	101,599,500	27,108	756,113	31,312	7,758	90,059	48,376	59,702	152,013,128
At 30 June 2016											
Cost / revalued amount	25,406,250	57,842,602	331,714,309	248,147	6,540,882	227,030	254,280	604,821	350,923	939,055	424,128,299
Accumulated depreciation	-	(33,855,652)	(219,465,499)	(221,039)	(5,784,769)	(195,718)	(246,522)	(514,762)	(302,547)	(879,353)	(261,465,861)
Impairment loss	-	-	(10,649,310)	-	-	-	-	-	-	-	(10,649,310)
Net book value	25,406,250	23,986,950	101,599,500	27,108	756,113	31,312	7,758	90,059	48,376	59,702	152,013,128
	-	5	Note 2.2	10	10	10	30	10	10	20	

16.1 If the freehold land, buildings thereon and plant and machinery were measured using the cost model, the carrying amounts would be as follows:

	Cost	Accumulated depreciation	Impairment loss	Book value
	RUPEES			
Freehold land	2,898,010	-	-	2,898,010
Buildings on freehold land	40,912,131	32,370,707	-	8,541,424
Plant and machinery	327,153,704	219,465,499	10,649,310	97,038,895
2016	370,963,845	251,836,206	10,649,310	108,478,329
2015	43,810,141	31,921,157	-	11,888,984

16.2 Depreciation charge for the year has been allocated as follows:

	2016 RUPEES	2015 RUPEES
Cost of generation (Note 18)	9,704,192	5,542,792
Administrative expenses (Note 19)	20,168	14,864
	9,724,360	5,557,656

17. SALES

Electricity	276,109,414	139,675,922
Less: Sales tax	40,118,462	20,294,792
	235,990,952	119,381,130

18. COST OF GENERATION

Oil and lubricants consumed	205,839,989	111,706,969
Salaries, wages and other benefits	5,138,879	3,180,242
Staff retirement benefit	361,703	296,465
Stores, spare parts and loose tools consumed	5,162,696	1,945,232
Repair and maintenance	12,250	232,194
Depreciation (Note 16.2)	9,704,192	5,542,792
	226,219,709	122,903,894

	2016 RUPEES	2015 RUPEES
19. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	1,536,000	502,529
Staff retirement benefit	114,130	46,846
Postage and telephone	117,818	198,497
Vehicles' running	395,588	462,121
Traveling and conveyance	186,154	313,193
Printing and stationery	61,492	71,119
Repair and maintenance	111,365	-
Entertainment	58,002	55,230
Fee and subscription	480,509	581,566
Rent, rates and taxes	50,200	50,400
Advertisement	62,640	45,000
Auditors' remuneration (Note 19.1)	145,900	85,000
Insurance	13,154	21,018
Depreciation (Note 16.2)	20,168	14,864
Others	143,645	53,913
	3,496,765	2,501,296

19.1 Auditors' remuneration:

Statutory audit	100,000	75,000
Other certifications including half yearly review	45,900	10,000
	145,900	85,000

20. OTHER EXPENSES

Workers' profit participation fund (Note 6)	594,976	-
Loans and advances written off	85,299	-
Provision for obsolete stores, spare parts and loose tools (Note 15.2)	234,206	-
	914,481	-

21. OTHER INCOME

Income from non-financial assets

Reversal of impairment loss on plant and machinery	5,951,186	-
Credit balances written back	-	6,524
	5,951,186	6,524

22. FINANCE COST

Bank charges and commission	6,635	7,973

23. TAXATION

The profit and gains derived by the Company from the electric power generation projects are exempt from levy of income tax under Clause 132 of Part-I of the Second Schedule of the Income Tax Ordinance, 2001.

24. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings / (loss) per share which is based on:

		2016	2015
Profit / (loss) for the year	(Rupees)	11,304,548	(6,025,509)
Weighted average number of ordinary shares	(Numbers)	8,000,000	8 000 000
Earnings / (loss) per share	(Rupees)	1.41	(0.75)

		2016 RUPEES	2015 RUPEES
25.	**CASH GENERATED FROM OPERATIONS**		
	Profit / (loss) before taxation	11,304,548	(6,025,509)
	Adjustments for non-cash charges and other items:		
	Depreciation	9,724,360	5,557,656
	Reversal of impairment loss on plant and machinery	(5,951,186)	-
	Provision for staff retirement gratuity	475,833	343,311
	Loans and advances written off	85,299	-
	Credit balances written back	-	(6,524)
	Provision for slow moving and obsolete stores, spare parts and loose tools	234,206	-
	Finance cost	6,635	7,973
	Provision for workers' profit participation fund	594,976	-
	Working capital changes (Note 25.1)	(11,174,765)	18,526,230
		5,299,906	18,403,137
25.1	**Working capital changes**		
	Decrease / (increase) in current assets		
	Stores, spare parts and loose tools	5,542,847	(1,226,973)
	Stock of oil and lubricants	12,111,402	(11,887,920)
	Trade debts	(9,789,438)	(3,848,528)
	Loans and advances	(207,555)	(663,793)
	Other receivables	1,249,490	(1,603,978)
		8,906,746	(19,231,192)
	(Decrease) / increase in trade and other payables	(20,081,511)	37,757,422
		(11,174,765)	18,526,230

26. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to the Executive of the Company is as follows:

	Executive	
	2016	2015
	.........RUPEES..........	
Managerial remuneration	999,996	960,000
Allowances		
House rent	450,000	432,000
Utilities	50,000	48,000
	1,499,996	1,440,000
Number of persons	1	1

26.1 No remuneration, fee or any other expenses were paid to Chief Executive Officer or any Director of the Company.

27. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies / undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2016 RUPEES	2015 RUPEES
Associated companies / undertakings		
Sale of energy	235,990,952	119,381,130
Stores purchased	11,836	-
Other charges paid	476,896	1,525,960

28. NUMBER OF EMPLOYEES

	2016	2015
	(Number of Persons)	
Number of employees as on 30 June	22	16
Average number of employees during the year	18	10

29. PLANT CAPACITY AND ACTUAL PRODUCTION

	2016	2015
Number of generators installed	3	3
Number of generators worked	2	2
Installed energy generation capacity (MWH)	96 480	96 480
Actual energy generation (MWH)	24 873	13 519

29.1 REASON FOR LOW GENERATION

Energy generation is lower than installed capacity due to less demand of electricity by the purchasers.

30. FINANCIAL RISK MANAGEMENT

30.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity and use of non-derivative financial instruments.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company has no receivable / payable balances in foreign currency as at 30 June 2016 (2015: Nil).

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant interest-bearing assets and liabilities.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2016 RUPEES	2015 RUPEES
Trade debts	15,970,830	6,181,392
Loans and advances	12,500	2,000
Deposits	10,550	10,550
Bank balances	1,724,767	1,045,411
	17,718,647	7,239,353

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

	Rating			2016	2015
	Short Term	Long term	Agency	---------- RUPEES ----------	
Banks					
Faysal Bank Limited	A1+	AA	PACRA	-	48,435
Habib Bank Limited	A-1+	AAA	JCR-VIS	112,219	681,714
National Bank of Pakistan	A-1+	AAA	JCR-VIS	165,776	191,070
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	15,049	14,907
Soneri Bank Limited	A1+	AA-	PACRA	-	12,620
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	195,659	-
Bank Al-Habib Limited	A1+	AA+	PACRA	1,206,291	68,112
United Bank Limited	A-1+	AAA	JCR-VIS	29,773	28,553
				1,724,767	1,045,411

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 13.

Due to the Company's long standing business relationships with these counterparties, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash. At 30 June 2016, the Company had Rupees 1,883,507 (2015: Rupees 1,190,955) cash and bank balances. The management believes liquidity risk to be high.

Following are the contractual maturities of financial liabilities as at 30 June 2016:

	Carrying Amount	Contractual cash flows	6 months or less
	----------	RUPEES	----------
Trade and other payables	31,970,912	31,970,912	31,970,912
Borrowings	13,300,000	13,300,000	13,300,000
	45,270,912	45,270,912	45,270,912

Contractual maturities of financial liabilities as at 30 June 2015:

	Carrying Amount	Contractual cash flows	6 months or less
	----------	RUPEES	----------
Trade and other payables	42,296,743	42,296,743	42,296,743
Borrowings	13,301,810	13,301,810	13,301,810
	55,598,553	55,598,553	55,598,553

30.2 Financial Instruments by categories

	2016 RUPEES	2015 RUPEES
	Loans and Receivables	
Assets as per balance sheet		
Trade debts	15,970,830	6,181,392
Loans and advances	12,500	2,000
Deposits	10,550	10,550
Cash and bank balances	1,883,507	1,190,955
	17,877,387	7,384,897
	Financial Liabilities at amortized cost	
Liabilities as per balance sheet		
Trade and other payables	31,970,912	42,296,743
Borrowings	13,300,000	13,301,810
	45,270,912	55,598,553

30.3 Offsetting financial assets and financial liabilities

As on balance sheet date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

30.4 Capital risk management

Due to factors stated in Note 1.1 to these financial statements, the management concludes that the Company is not a going concern. Therefore, there is no need to maintain and adjust the capital structure and monitor the issues pertaining to the capital risk management of the Company.

31. RECOGNIZED FAIR VALUE MEASUREMENTS

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. Due to the short-term nature, carrying amounts of most of the financial assets and financial liabilities are considered to be the same as their fair value.

32 RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

The judgments and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 30 June 2016	Level 1	Level 2	Level 3	Total
	RUPEES			
Freehold land	-	25,406,250	-	25,406,250
Buildings on freehold land	-	23,986,950	-	23,986,950
Plant and machinery	-	101,599,500	-	101,599,500
Total non-financial assets	-	150,992,700	-	150,992,700

At 30 June 2015	Level 1	Level 2	Level 3	Total
	RUPEES			
Freehold land	-	20,325,000	-	20,325,000
Buildings on freehold land	-	23,459,680	-	23,459,680
Total non-financial assets	-	43,784,680	-	43,784,680

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) **Valuation techniques used to determine level 2 fair values**

The Company obtains independent valuation for its freehold land, buildings thereon and plant and machinery on annual basis.

At the end of each reporting period, the management updates the assessment of the fair value of freehold land, buildings thereon and plant and machinery, taking into account the most recent independent valuation. The management determines the value of these assets within a range of reasonable fair value estimates. The best evidence of fair value of land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the replacement value / new purchase of the same plant and machinery.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land, buildings thereon and plant and machinery. As at 30 June 2016, the fair value of these assets has been determined by Messrs Creative Consultants and Construction.

Changes in fair values are analyzed at the reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

33. **INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING**

33.1

Description	Note	2016 Carried under		2015 Carried under	
		Non-Shariah arrangements	Shariah arrangements	Non-Shariah arrangements	Shariah arrangements
		RUPEES			
Assets					
Loans and advances					
Loans to employees	11	-	12,500	-	2,000
Advances to suppliers / contractors	11	-	1,549,731	-	1,437,975
Deposits					
Deposits		-	10,550	-	10,550
Bank balances	10	-	1,724,767	-	1,045,411
Liabilities					
Loan and advances					
Short term borrowings	7	-	13,300,000	-	13,301,810

33.2 Sources of other income

	2016 RUPEES	2015 RUPEES
Reversal of impairment loss on plant and machinery	5,951,186	-
Credit balances written back	-	6,524
	5,951,186	6,524

33.3 Relationship with banks

Name	Relationship: Non Islamic window operations	Relationship: With Islamic windows operations
Habib Bank Limited	✔	
National Bank of Pakistan	✔	
Al-Baraka Bank (Pakistan) Limited		✔
Habib Metropolitan Bank Limited	✔	
Bank Al-Habib Limited	✔	
United Bank Limited	✔	

34. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 30, 2016 by the Board of Directors of the Company.

35. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

36. GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.

MUHAMMAD ARSHAD **CHIEF EXECUTIVE OFFICER**	**SHAHZAD AHMAD SHEIKH** **DIRECTOR**

PATTERN OF SHAREHOLDINGS
AS AT 30 JUNE 2016

Serial No.	From	To	Number of Share Holders	Total Shares Held
1	1	100	80	1161
2	101	500	36	17676
3	501	1000	31	29500
4	1001	5000	60	201600
5	5001	10000	27	225500
6	10001	15000	5	71000
7	15001	20000	1	20000
8	20001	25000	3	65500
9	40001	45000	1	41000
10	45001	50000	2	97625
11	55001	60000	1	56800
12	65001	70000	1	70000
13	70001	75000	1	75000
14	95001	100000	1	100000
15	130001	135000	1	135000
16	135001	140000	1	137375
17	140001	145000	1	142875
18	195001	200000	2	400000
19	215001	220000	1	216000
20	265001	270000	3	807820
21	295001	300000	1	300000
22	330001	335000	1	331180
23	375001	380000	1	375750
24	485001	490000	2	978438
25	755001	760000	1	760000
26	1135001	1140000	1	1139500
27	1200001	1205000	1	1203700
	TOTAL		**267**	**8,000,000**

Categories of Shareholding

As at June 30,2016

Categories of Shareholding	Numbers	Shares held	Percentage (%)
Associated companies,			
ARSHAD TEXTILE MILLS LTD	1	375750	4.70
Directors,Chief Executive & their Spouse and Children			
Mr.Muhammad Arshad Sheikh	3	1347200	16.84
Mr.Nisar Ahmed Sheikh	3	1187750	14.85
Spouse	1	135000	1.69
Mr.Shahzad Ahmed Sheikh	1	760000	9.50
Shahida Arshad	2	547180	6.84
Mr.Shehryar Arshad	2	757945	9.47
Mrs.Naureen Shahzad	1	56800	0.71
Resham Shahzad	2	626313	7.83
Financial Institution	2	300499	3.76
Joint Stock Companies	4	6500	0.08
Individuals	245	1899063	23.74
TOTAL	**267**	**8000000**	**100.00**

STATEMENT SHOWING SHARES BOUGHT AND SOLD BY DIRECTORS CEO,CFO, COMPANY SECRETARY AND THE MINOR FAMILY MEMBERS FROM 1ST JULY 2015 TO 30TH JUNE 2016

NAME	SHARES BOUGHT	SHARES SOLD
MR.NISAR AHMED SHEIKH		
MR.MUHAMMAD ARSHAD SHEIKH		
MR.SHAHZAD AHMED SHEIKH		
Mrs.SHAHIDA ARSHAD		
MR.SHEHRYAR ARSHAD		
MRS.NAUREEN SHAHZAD		
MRS.RESHAM SHAHZAD		
MR.NASIR MAHMOOD		
MR.JAVED ABBAS NAQVI		

ARSHAD ENERGY LIMITED
Room No.404-405, 4th Floor, Business Centre,
Mumtaz Hassan Road, Karachi.

PROXY FORM

I/We____of____________________ _______________ being member(s) of ARSHAD ENERGY LIMITED holding ____________ ordinary shares as per Registered Folio./CDC A/c No. ___________ hereby appoint _______________________ Folio/CDC Account No.__________ of_____________ CNIC/Passport No.______________ or failing whom _____________________ Folio/CDC Account No.________ of___________ CNIC/Passport No.______________ of _______________ (being member of the Company) as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held on October 31, 2016 and/or any adjournment thereof.

Signed this _________________day of ________________ 2016.

Witnesses:

1. Signature ___________________
   Name ______________________
   Address ____________________
   CNIC ______________________

Signature on Rs.5/- Revenue Stamps

Signature_______________________
(Signature must agree with the specimen signature registered with the Company)

CNIC or Passport No.__________________

2. Signature ___________________
   Name ______________________
   Address ____________________
   CNIC ______________________

Notes:

1. This form of proxy, duly completed and singed, must be deposited at the Company's Registered Office not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his/her attorney duly authorized in writhing. If the Member is a Corporation, its common seal should be affixed to the instrument.
3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf expect that a corporation may appoint a person who is not a Member.

For CDC Account Holders/Corporate Entities:

In addition to the above, following requirements have to be met:

(i) The proxy form shall be witnessed by two persons whose names, addressed and CNIC or passport Numbers shall be mentioned on the form.

(ii) Attested copies of CINC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(iii) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.

(iv) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پروکسی فارم

میں/ہم ---------------- از ---------------- بحیثیت ارشد انرجی لمیٹڈ (سابقہ آئیڈیل انرجی لمیٹڈ) کے ممبر اور عام حصص یافتہ مطابق شیئر رجسٹر فولیو/سی ڈی سی اکاؤنٹ نمبر ---------------- مقرر کرتا ہوں ---------------- فولیو/سی ڈی سی اکاؤنٹ نمبر ---------------- سی این آئی نمبر یا پاسپورٹ نمبر ---------------- یا بصورت دیگر ---------------- فولیو/سی ڈی سی اکاؤنٹ نمبر ---------------- سی این آئی نمبر یا پاسپورٹ نمبر ---------------- جو کمپنی کے ممبر بھی ہیں، کو کمپنی کے سوموار 31 اکتوبر 2016ء کو دوپہر 3 بجے منعقد ہونیوالے بائیسویں سالانہ اجلاس میں اپنی جانب سے شرکت اور رائے دہی کیلئے اپنا پروکسی مقرر کرتا ہوں۔

دستخط مورخہ ---------------- 2016ء

گواہی:

1: دستخط ----------------

نام ----------------

پتہ ----------------

سی این آئی سی یا پاسپورٹ نمبر ----------------

2: دستخط ----------------

نام ----------------

پتہ ----------------

سی این آئی سی یا پاسپورٹ نمبر ----------------

5 روپے کا محصول ٹکٹ

دستخط ----------------

(کمپنی کے پاس دستخط کے نمونے کے مطابق ہوں)

سی این آئی سی/پاسپورٹ نمبر ----------------

ضروری:

1- پروکسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں جمع کرادیا جائے۔

2- فارم پر ممبر یا اس کا تحریراً مقرر کردہ اٹارنی دستخط کریگا۔ ممبر کارپوریشن ہونے کی صورت میں اس کی مہر فارم پر ثبت کرنی ہوگی۔

3- اجلاس میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کیلئے دوسرے ممبر کو اپنا پروکسی مقرر کرسکتا ہے تاہم کارپوریشن کسی بھی غیر ممبر کو اپنا پروکسی مقرر کرسکتی ہے۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز/ کارپوریشن اینٹٹی

مزید براں مندرجہ ذیل شرائط پر عمل کرنا ہوگا۔

(i) پروکسی فارم پر دو افراد کی گواہی ہونی چاہیے جن کے نام اور سی این آئی سی یا پاسپورٹ نمبر فارم پر درج ہوں۔

(ii) ممبر اور پروکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم کے ہمراہ منسلک کرنی ہوں گی۔

(iii) پروکسی اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔

(iv) کارپوریٹ اینٹٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی معہ نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) پروکسی فارم کے ہمراہ کمپنی کو پیش کرنے ہوں گے۔