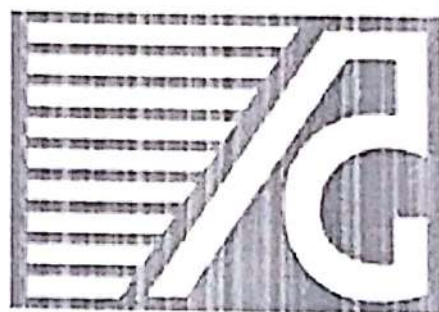


ARSHAD ENERGY LIMITED



ARSHAD GROUP

HALF YEARLY  
ACCOUNTS  
FOR THE PERIOD  
ENDED 31, DECEMBER 2018

## COMPANY INFORMATION

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

### **Vision statement:**

To become the most cost effective power generation company, committed to empowering Pakistan growth by not only maximizing energy outputs from the existing plant through sustained excellence in performance and innovation.

### **Mission statement:**

Support the power purchaser to cope with the energy shortfalls in the country. Become the most efficient and economical plant while protecting commercial interests of the stakeholders. Create a work environment for employees that meets international standards of environment, health and safety.

**DIRECTOR'S REVIEW TO THE SHARE HOLDERS**

The Directors of your Company feel pleasure in submitting un-audited financial information of your Company for the quarter ended December 31, 2018

**FINANCIAL RESULTS**

Half year ended	
31 December 2018	31 December 2017
-----RUPEES-----	

SALES	-	117,721,707
COST OF GENERATION	(5,828,088)	(120,556,561)
GROSS LOSS	(5,828,088)	(2,834,854)
ADMINISTRATIVE EXPENSES	(2,887,554)	(2,613,278)
FINANCE COST	(2,427)	(35,352)
LOSS BEFORE TAXATION	(8,718,069)	(5,483,484)
TAXATION	-	-
LOSS AFTER TAXATION	(8,718,069)	(5,483,484)
LOSS PER SHARE - BASIC AND DILUTED - RUPEES	(1.09)	(0.69)

**Performance**

Net sales for the period were Nil as compared to Rs. 117.721 million for the corresponding period. The Company has incurred net loss of Rs. 8.718 million as compared to loss of Rs. 5.483 Million of corresponding period.



**Future Prospects**

The Operations of the Company remain closed during the period due to non-viability of sale prices in contrast with cost of operating. The management is continuously monitoring the fuel price and sales rates to restart Operations.

**Acknowledgement**

The Board places on record its appreciation for the loyalty and devotion to work by staff and workers of the Company.

On behalf of the Board



(Muhammad Arshad)

Chief Executive Officer

FAISALABAD

DATED: DECEMBER 27, 2019

## ڈائریکٹرز رپورٹ شیئر ہولڈرز کیلئے

کمپنی کے ڈائریکٹرز 31 دسمبر 2018ء کو ششماہی مالیاتی کارکردگی پر پریذنٹ کرنے میں خوشی محسوس کر رہے ہیں۔

31-12-2018	31-12-2017	فائنیشل رزلٹس
روپے	روپے	ریونیو
-	117,721,707	بجلی بنانے کی قیمت
(5,828,088)	(120,556,561)	گراس منافع / نقصان
(5,828,088)	(2,834,854)	انتظامی اخراجات
(2,887,554)	(2,613,278)	مالیاتی کاسٹ
(2,427)	(35,352)	نقصان محصولات سے پہلے
(8,718,069)	(5,483,484)	محصولات
-	-	نقصان بعد از محصولات
(8,718,069)	(5,483,484)	نقصان فی شیئر (روپے فی شیئر) بنیادی اور Diluted
(1.09)	(0.69)	

مالیاتی کارکردگی کا جائزہ

پچھلے سال کے مقابلے میں اس سال نیٹ سیلز صفر تھی جبکہ پچھلے سال 117.721 ملین تھی۔ کمپنی کو 8.718 ملین کا نقصان ہوا ہے جبکہ پچھلے متعلقہ چھ ماہ میں 5.483 ملین نقصان تھا۔

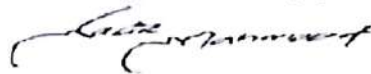
مستقبل کی نوید:

آپریٹنگ کی لاگت کے برعکس فروخت کی قیمتوں کی غیر استحکام کی وجہ سے اس مدت کے دوران کمپنی کے آپریٹرز بندر ہیں گے۔ انتظامات کو دوبارہ شروع کرنے کے لئے انتظام مسلسل ایندھن کی قیمت اور فروخت کی شرح کی نگرانی کرتا ہے۔

اعتراف:

بورڈ نے کمپنی کے عملے اور کارکنوں کی طرف سے کام کرنے کی وفاداری اور عقیدت کے لئے ان کی تعریف کی ہے۔

منجانب بورڈ آف ڈائریکٹرز



محمد ارشد

چیف ایگزیکٹو آفیسر

فیصل آباد

مورخہ 27 فروری 2019

**INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of Arshad Energy Limited****Report on review of Condensed Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of ARSHAD ENERGY LIMITED ("the Company") as at 31 December 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to condensed interim financial statements for the six-month period then ended (here-in-after referred to as "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six-month period ended 31 December 2018.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Liaqat Ali Panwar.

**Emphasis of Matter Paragraph**

We draw attention to Note 1.1 to the condensed interim financial statements, which states that the Company is no longer a going concern, therefore, these condensed interim financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. Our report is not qualified in respect of this matter.

*Riaz Ahmad & Co.*

**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**

**Faisalabad**

**Date: 27 February 2019**



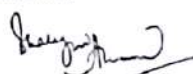
**ARSHAD ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	NOTE	Un-audited 31 December 2018 RUPEES	Audited 30 June 2018 RUPEES		NOTE	Un-audited 31 December 2018 RUPEES	Audited 30 June 2018 RUPEES
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<b>SHARE CAPITAL AND RESERVES</b>				<b>NON-CURRENT ASSETS</b>			
Authorized share capital				Property, plant and equipment	4	153,344,490	16,517,826
10 000 000 (30 June 2018: 10 000 000) ordinary shares of Rupees 10 each		<u>100,000,000</u>	<u>100,000,000</u>	Security deposits		<u>10,550</u>	<u>10,550</u>
Issued, subscribed and paid up share capital		80,000,000	80,000,000			153,355,040	16,528,376
Capital reserves							
Premium on issue of right shares		80,000,000	80,000,000				
Surplus on revaluation of property, plant and equipment		42,960,738	43,215,514				
Revenue reserves		<u>(73,231,566)</u>	<u>(63,903,045)</u>				
<b>TOTAL EQUITY</b>		129,729,172	139,312,459				
<b>LIABILITIES</b>				<b>CURRENT ASSETS</b>			
<b>NON-CURRENT LIABILITIES</b>				Stores, spare parts and loose tools		13,174,667	3,220,000
Staff retirement gratuity		3,643,546	3,837,695	Stock of oil and lubricants		12,115,717	2,107,316
<b>CURRENT LIABILITIES</b>				Trade debts		-	919,199
Trade and other payables		<u>21,807,815</u>	<u>33,363,292</u>	Loans and advances		2,491,156	2,580,574
Undeclared dividend		31,348	31,348	Prepayments and other receivables		7,409,833	7,153,023
Short term borrowings		<u>34,550,000</u>	<u>17,149,943</u>	Cash and bank balances		<u>1,215,468</u>	<u>1,181,259</u>
		56,389,163	50,544,533			36,406,841	7,166,371
<b>TOTAL LIABILITIES</b>		<u>60,032,709</u>	<u>54,332,278</u>				
<b>CONTINGENCIES AND COMMITMENTS</b>							
	3						
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>189,761,881</u>	<u>193,694,747</u>	<b>TOTAL ASSETS</b>		<u>189,761,881</u>	<u>193,694,747</u>

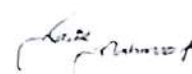
The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**ARSHAD ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	NOTE	Half year ended		Quarter ended	
		31 December	31 December	31 December	31 December
		2018	2017	2018	2017
-----RUPEES-----					
SALES		-	117,721,707	-	55,714,308
COST OF GENERATION	5	(5,828,088)	(120,556,561)	(2,798,547)	(62,455,716)
GROSS LOSS		(5,828,088)	(2,834,854)	(2,798,547)	(6,741,408)
ADMINISTRATIVE EXPENSES		(2,887,554)	(2,613,278)	(864,138)	(1,144,156)
FINANCE COST		(2,427)	(35,352)	(1,670)	(35,311)
LOSS BEFORE TAXATION		(8,718,069)	(5,483,484)	(3,664,355)	(7,920,875)
TAXATION	6	-	-	-	-
LOSS AFTER TAXATION		(8,718,069)	(5,483,484)	(3,664,355)	(7,920,875)
LOSS PER SHARE - BASIC AND DILUTED - RUPEES		(1.09)	(0.69)	(0.46)	(0.99)

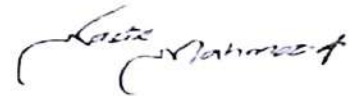
The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**ARSHAD ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	-----RUPEES-----			
LOSS AFTER TAXATION	(8,718,069)	(5,483,484)	(3,664,355)	(7,920,875)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u>(8,718,069)</u>	<u>(5,483,484)</u>	<u>(3,664,355)</u>	<u>(7,920,875)</u>

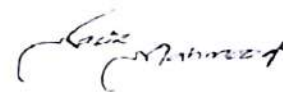
The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



**ARSHAD ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	SHARE CAPITAL	RESERVES						TOTAL	TOTAL EQUITY	
		CAPITAL RESERVES			REVENUE RESERVES					
		Premium on issue of right shares	Surplus on revaluation of property, plant and equipment	Sub total	General	Accumulated loss	Sub total			
RUPEES										
Balance as at 30 June 2017- (Audited)	80,000,000	80,000,000	40,688,231	120,688,231	14,408,600	(59,902,925)	(45,494,325)	75,193,916	155,193,906	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(210,594)	(210,594)	-	210,594	210,594	-	-	
Loss for the half year ended 31 December 2017	-	-	-	-	-	(5,483,484)	(5,483,484)	(5,483,434)	(5,483,484)	
Other comprehensive income for the half year ended 31 December 2017	-	-	-	-	-	-	-	-	-	
Total comprehensive loss for the year ended 31 December 2017	-	-	-	-	-	(5,483,484)	(5,483,484)	(5,483,434)	(5,483,484)	
Balance as at 31 December 2017- (Un-audited)	80,000,000	80,000,000	40,477,637	120,477,637	14,408,600	(65,175,815)	(50,767,215)	69,710,422	149,710,422	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(210,593)	(210,593)	-	210,593	210,593	-	-	
Loss for the half year ended 30 June 2018	-	-	-	-	-	(13,662,628)	(13,662,628)	(13,662,628)	(13,662,628)	
Other comprehensive income for the half ended 30 June 2018	-	-	2,948,470	2,948,470	-	316,205	316,205	3,264,675	3,264,675	
Total comprehensive loss for the half year ended 30 June 2018	-	-	2,948,470	2,948,470	-	(13,346,423)	(13,346,423)	(10,397,953)	(10,397,953)	
Balance as at 30 June 2018- (Audited)	80,000,000	80,000,000	43,215,514	123,215,514	14,408,600	(78,311,645)	(63,903,045)	59,312,469	139,312,469	
Adjustment on adoption of IFRS 9 (Note 2.2)	-	-	-	-	-	(865,228)	(365,228)	(865,228)	(865,228)	
Adjusted total equity as at 01 July 2018	80,000,000	80,000,000	43,215,514	123,215,514	14,408,600	(79,176,873)	(64,268,273)	58,447,241	138,447,241	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(254,776)	(254,776)	-	254,776	254,776	-	-	
Loss for the half year ended 31 December 2018	-	-	-	-	-	(8,718,069)	(8,718,069)	(8,718,069)	(8,718,069)	
Other comprehensive income for the half year ended 31 December 2018	-	-	-	-	-	-	-	-	-	
Total comprehensive loss for the year ended 31 December 2018	-	-	-	-	-	(8,718,069)	(8,718,069)	(8,718,069)	(8,718,069)	
Balance as at 31 December 2018- (Un-audited)	80,000,000	80,000,000	42,960,738	122,960,738	14,408,600	(87,640,166)	(73,231,566)	49,729,172	129,729,172	

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

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

  
 CHIEF FINANCIAL OFFICER



**ARSHAD ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Half year ended	
	31 December 2018	31 December 2017
	RUPEES	RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations		
Loss before taxation	(8,718,069)	(5,483,484)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	3,173,336	3,238,496
Provision for staff retirement gratuity	414,351	391,196
Finance cost	2,427	35,352
	(5,127,955)	(1,818,440)
<b>Working capital changes</b>		
<b>Decrease / (increase) in current assets</b>		
Stores, spare parts and loose tools	45,333	3,080,220
Stock of oil and lubricants	(8,401)	(36,033,529)
Trade debts	53,971	(30,461,599)
Loans and advances	106,368	(199,608)
Prepayments and other receivables	(251,810)	(9,195,250)
	(54,539)	(72,809,766)
(Increase) / decrease in trade and other payables	(11,555,477)	80,686,637
	(11,610,016)	7,876,871
<b>Cash (used in) / generated from operations</b>	(16,737,971)	6,058,431
Finance cost paid	(2,427)	(1,287)
Income tax paid	(16,950)	(31,710)
Workers' profit participation fund paid	-	(626,141)
Staff retirement gratuity paid	(608,500)	(15,500)
<b>Net cash (used in) / generated from operating activities</b>	(17,365,848)	5,383,793
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment	-	(2,821,780)
<b>Net cash used in investing activities</b>	-	(2,821,780)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings - net	17,400,057	(1,632,821)
<b>Net cash from / (used in) financing activities</b>	17,400,057	(1,632,821)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	34,209	929,192
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	1,181,259	776,178
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	1,215,468	1,705,370

The annexed notes form an integral part of this condensed interim financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**ARSHAD ENERGY LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

**1. THE COMPANY AND ITS OPERATIONS**

Arshad Energy Limited (the Company) is a public limited company incorporated in Pakistan on 20 February 1994 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) 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 35 - Kilometers, Shekhupura Road, Tehsil Jirawala, District Faisalabad in the Province of Punjab.

**1.1 Non-going concern basis of accounting**

Previously the Company was in operations due to decrease in the furnace oil prices in the world market as the cost of generation of electricity by the Company was decreased. However, in current period the price of furnace oil has increased which ultimately resulted in suspension of Company's operations. Hence, the Company is not ensured a going concern.

In view of the aforesaid reasons, the Company is not considered a going concern. These condensed interim financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2018 except for the change in accounting policy as stated in Note 2.2 to these condensed interim financial statements.

**2.1 Basis of preparation**

**2.1.1 Statement of compliance**

- a) These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- b) These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2018. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and section 237 of the Companies Act, 2017. The figures of condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been reviewed by the statutory auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2018 and 31 December 2017.

**2.1.2 Accounting convention**

These condensed interim financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the 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.

**2.1.3 Accounting estimates, judgments and financial risk management**

The preparation of these condensed interim 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.

During the preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

*Analysis of upside not recognized in the profit or loss on assets during the period:*

Expected profit on disposal of items of property, plant and equipment of the Company, which are not revalued shall be Rupees 0.13 million. Hence, there is an upside of Rupees 0.13 million not recognized in the statement of profit or loss on property, plant and equipment.

The Company have no items that it plans to sell that the Company have not previously recognized in these condensed interim financial statements.



## 2.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS - 9)

Following changes in accounting policies have taken place effective from 01 July 2018:

### 2.2.1 IFRS 9 'Financial Instruments'

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt instrument shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'Expected Credit Loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results.

### Key changes in accounting policies resulting from application of IFRS 9

#### i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, Fair Value Through Profit or Loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, FVTPL and Fair Value Through Other Comprehensive Income (FVTOCI).

##### a) Classification

From 01 July 2018, in compliance with the requirements of this IFRS in these condensed interim financial statements, the category of financial assets i.e. 'loans and receivables' has been changed to 'at amortised cost'. However, there was no change in the figures of the above mentioned categories of financial instruments. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

##### b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments. The Company measures its debt instruments at amortized cost. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other income / (other expenses).

#### ii) Impairment

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### iii) Impacts of adoption of IFRS 9 on these condensed interim financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

## Financial assets (01 July 2018)

	Measurement category	
	Loans and receivables	Amortised cost
	(IAS 39)	(IFRS 9)
	RUPEES	RUPEES
Opening balance	2,315,508	
Adjustments due to adoption of IFRS 9:		
Adjustment on adoption of IFRS 9 by reclassifying financial instruments designated as 'Loans and Receivables' to 'Amortised Cost'	(2,315,508)	2,315,508
Recognition of expected life time credit losses on trade debts		(365,228)
	-	1,150,280

The impact of these changes on the Company's accumulated loss and equity is as follows:

	Effect on accumulated loss RUPEES	Effect on total equity RUPEES
Opening balance	(78,311,615)	139,312,469
Adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts	(865,228)	(365,228)
	(79,176,843)	138,947,241

## 2.2.2 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts due by 365 days.

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## 3. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at the reporting date (30 June 2018: Rupees Nil).

## 4. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 31 December 2018 RUPEES	Audited 30 June 2018 RUPEES
Opening book value	156,517,826	156,331,471
Add:		
Cost of additions during the period / year (Note 4.1)	-	2,329,780
Effect of surplus on revaluation	-	2,948,470
Reversal of Impairment loss	-	1,272,525
	156,517,826	163,082,246
Less: Book value of deletions during the period / year - vehicles	-	(37,279)
	156,517,826	163,044,967
Less: Depreciation charged during the period / year	(3,173,336)	(6,527,141)
Closing book value	153,344,490	156,517,826
4.1 Cost of additions during the period / year		
Plant and machinery	-	2,908,830
Computers	-	19,000
Furniture and fittings	-	1,950
	-	2,929,780



## 5. COST OF GENERATION

	(Un-audited)			
	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	RUPEES			
Oil and lubricants consumed	3,950	111,591,075	3,950	57,693,578
Electricity duty	-	815,279	-	396,282
Salaries, wages and other benefits	2,182,052	2,717,350	867,837	1,238,486
Staff retirement gratuity	260,029	254,278	130,014	127,139
Stores, spare parts and loose tools consumed	206,079	1,917,927	203,039	1,367,309
Repair and maintenance	12,776	31,980	12,056	7,600
Depreciation	3,163,202	3,228,672	1,581,601	1,625,322
	5,828,088	120,556,561	2,798,547	62,155,716

## 6. TAXATION

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

## 7. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies / undertakings, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties is as follows:

	(Un-audited)			
	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	RUPEES			
<b>i) Transactions</b>				
<b>Associated companies</b>				
Sale of energy	-	117,721,707	-	55,714,308
<b>Other related parties</b>				
Borrowings received	21,250,000	-	21,250,000	-
			Un-audited 31 December 2018 RUPEES	Audited 30 June 2018 RUPEES
<b>ii) Period end balances</b>				
Trade and other payables			15,212,210	11,368,732
Short term borrowings			34,550,000	13,300,000
Trade debts			-	53,971

## 8. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended 30 June 2018.

## 9. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issue on \_\_\_\_\_.

## 10. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding

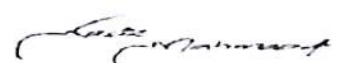
Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

## 11. GENERAL

Figures have been rounded off to the nearest Rupee.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

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