

ARSHAD ENERGY LIMITED



ARSHAD GROUP

**1ST QUARTER
ACCOUNTS**

**SEPTEMBER 30, 2019
(UN-AUDITED)**

COMPANY INFORMATION

CHAIRMAN	Mr.Nisar Ahmad Sheikh
CHIEF EXECUTIVE	Mr.Muhammad Arshad
DIRECTORS	Mr.Shahzad Ahmed Sheikh Mr.Shehryar Arshad Mrs.Naureen Shahzad Ms.Resham 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 Iftikhar Ahmad
REGISTERED OFFICE	404-405, 4 th Floor, Business Centre, Mumtaz Hassan Road, Karachi. Tel. 021-32412814 Web: www.arshadenergy.com
SHARES REGISTRAR	F.D.Registrar Services (SMC-Pvt.) Limited 17 th Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi.
PLANT	35-K.M., Sheikhpura 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 is submitting un-audited financial information of your Company for the quarter ended September 30, 2019.

FINANCIAL RESULTS

	Quarter ended	
	30 September 2019	30 September 2018
	-----RUPEES-----	
SALES	-	-
COST OF GENERATION	(2,650,033)	(3,029,541)
GROSS LOSS	(2,650,033)	(3,029,541)
ADMINISTRATIVE EXPENSES	(1,499,928)	(1,995,517)
OTHER EXPENSES	-	(27,899)
FINANCE COST	(41)	(757)
LOSS BEFORE TAXATION	(4,150,002)	(5,053,714)
TAXATION	-	-
LOSS AFTER TAXATION	(4,150,002)	(5,053,714)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	(0.52)	(0.63)

Net sales for the period and comparative period were Nil and net loss is Rs.4.150 million as compared to net loss Rs.5.053 million of corresponding period.

The Operations of the Company remain closed during the quarter 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.

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)

FAISALABAD

DATED: October 29, 2019

Chief Executive Officer

ڈائریکٹرز کی شیئر ہولڈروں کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2019 کے اختتام کی رپورٹ جمع کر رہے ہیں

مالیاتی نتائج	چوتھائی اختتام	
	30 ستمبر 2019	30 ستمبر 2018
ریونیو	-	-
بجلی بنانے کی لاگت	(2,650,033)	(3,029,541)
مجموعی نقصان	(2,650,033)	(3,029,541)
انتظامی اخراجات	(1,499,928)	(1,995,517)
دوسرے اخراجات	-	(27,899)
مالیاتی لاگت	(41)	(757)
ٹیکس سے پہلے نقصان	(4,150,002)	(5,053,714)
ٹیکس	-	-
ٹیکس کے بعد نقصان	(4,150,002)	(5,053,714)
فی شیئر ہولڈر نقصان	(0.52)	(0.63)

پچھلے سال اور اس سال کوئی سیل نہیں ہوئی۔ اس سال کا مجموعی نقصان 4.150 ملین ہوا۔ جبکہ 2018 میں نقصان 5.053 ملین ہوا۔

مستحکم قیمت فروخت اور فرنس کی قیمتیں بڑھ جانے کی وجہ سے کمپنی کے آپریشن اس سہ ماہی بھی بند رکھنا پڑیں گے۔

کمپنی کے آپریشن دوبارہ شروع کرنے کے لئے کمپنی کی انتظامیہ فرنس کی قیمت اور فروخت کی قیمت کو باقاعدگی سے دیکھ رہی ہے۔

بورڈ کمپنی کے سٹاف اور ورکروں کی وفاداری اور کام سے لگن کو سراہتا ہے۔

بورڈ کی طرف سے

محمد ارشد (چیف ایگزیکٹو آفیسر)

فیصل آباد

مورخہ: اکتوبر 29، 2019

ARSHAD ENERGY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	NOTE	2019 RUPEES 30-Sep-19	2019 RUPEES 30-Jun-19		NOTE	2019 RUPEES 30-Sep-19	2019 RUPEES 30-Jun-19
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorized share capital				Property, plant and equipment	4	152,997,352	154,532,416
10 000 000 (2017: 10 000 000) ordinary shares of Rupees 10 each		<u>100,000,000</u>	<u>100,000,000</u>	Security deposits		10,550	10,550
Issued, subscribed and paid up share capital		80,000,000	80,000,000			<u>153,007,902</u>	<u>154,542,966</u>
reserves	9	<u>40,106,562</u>	<u>44,256,564</u>	CURRENT ASSETS			
Total equity		<u>120,106,562</u>	<u>124,256,564</u>	Stores, spare parts and loose tools		13,149,998	13,150,000
LIABILITIES				Stock of oil and lubricants		11,203,567	11,203,567
NON CURRENT LIABILITIES				Trade debts		1,280,908	1,455,908
Staff retirement gratuity		5,671,113	5,440,765	Loans and advances		2,568,189	2,424,135
CURRENT LIABILITIES				Other receivables		7,210,326	7,210,595
Trade and other payables		16,557,890	14,136,405	Cash and bank balances		396,023	327,911
Unclaimed dividend		31,348	31,348			<u>35,809,011</u>	<u>35,772,116</u>
Short term borrowings		<u>46,450,000</u>	<u>46,450,000</u>				
		63,039,238	60,617,753				
TOTAL LIABILITIES		<u>68,710,351</u>	<u>66,058,518</u>				
CONTINGENCIES AND COMMITMENTS							
TOTAL EQUITY AND LIABILITIES		<u>188,816,913</u>	<u>190,315,082</u>	TOTAL ASSETS		<u>188,816,913</u>	<u>190,315,082</u>

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2019

Quarter ended	
30 September 2019	30 September 2018
-----RUPEES-----	

SALES	-	-
COST OF GENERATION	(2,650,033)	(3,029,541)
GROSS LOSS	<u>(2,650,033)</u>	<u>(3,029,541)</u>
ADMINISTRATIVE EXPENSES	(1,499,928)	(1,995,517)
OTHER EXPENSES	-	(27,899)
FINANCE COST	(41)	(757)
LOSS BEFORE TAXATION	<u>(4,150,002)</u>	<u>(5,053,714)</u>
TAXATION	-	-
LOSS AFTER TAXATION	<u><u>(4,150,002)</u></u>	<u><u>(5,053,714)</u></u>
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	<u><u>(0.52)</u></u>	<u><u>(0.63)</u></u>

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


CHIEF EXECUTIVE OFFICER


Chief Financial Officer

ARSHAD ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2019

Quarter ended	
30 September 2019	30 September 2018

-----RUPEES-----

LOSS AFTER TAXATION	(4,150,002)	(5,053,714)
OTHER COMPREHENSIVE INCOME		
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(4,150,002)</u>	<u>(5,053,714)</u>

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


Chief Financial Officer

ARSHAD ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

SHARE CAPITAL	RESERVES						TOTAL EQUITY
	CAPITAL RESERVES			REVENUE RESERVES		TOTAL	
	Premium on issue of right shares	Surplus on revaluation of property, plant and equipment	Sub total	General	Accumulated loss		
----- RUPEES -----							
80,000,000	80,000,000	40,688,231	120,688,231	14,408,600	(59,902,925)	75,193,906	155,193,906
-	-	(421,187)	(421,187)	-	421,187	-	-
-	-	-	-	-	(19,146,112)	(19,146,112)	(19,146,112)
-	-	2,948,470	2,948,470	-	316,205	3,264,675	3,264,675
-	-	2,948,470	2,948,470	-	(18,829,907)	(15,881,437)	(15,881,437)
80,000,000	80,000,000	43,215,514	123,215,514	14,408,600	(78,311,645)	59,312,469	139,312,469
-	-	-	-	-	(865,228)	(865,228)	(865,228)
80,000,000	80,000,000	43,215,514	123,215,514	14,408,600	(79,176,873)	58,447,241	138,447,241
-	-	(509,552)	(509,552)	-	509,552	-	-
-	-	-	-	-	(15,683,529)	(15,683,529)	(15,683,529)
-	-	3,004,530	3,004,530	-	(1,511,678)	1,492,852	1,492,852
-	-	-	-	-	(17,195,207)	(17,195,207)	(17,195,207)
80,000,000	80,000,000	45,710,492	125,710,492	14,408,600	(95,862,528)	44,256,564	124,256,564
-	-	(201,106)	(201,106)	-	201,106	-	-
-	-	-	-	-	(4,150,002)	(4,150,002)	(4,150,002)
-	-	-	-	-	-	-	-
-	-	-	-	-	(4,150,002)	(4,150,002)	(4,150,002)
80,000,000	80,000,000	45,509,386	125,509,386	14,408,600	(99,811,424)	40,106,562	120,106,562

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	Quarter ended	
	30 September 2019	30 September 2018
	RUPEES	RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from/(utilized in) operations		
Profit/(loss) before taxation	(4,150,002)	(5,053,714)
Adjustments for non-cash charges and other items:		
Depreciation	1,535,063	1,586,668
Provision for staff retirement gratuity	230,348	220,461
Finance cost	41	757
	<u>(2,384,550)</u>	<u>(3,245,828)</u>
Working capital changes		
Decrease/(Increase) in current assets		
Stores, spare parts and loose tools	2	(51,257)
Stock of oil and lubricants	-	(10,600)
Trade debts	175,000	53,971
Loans and advances	(144,054)	470,936
Other receivables	269	(2,550)
	31,218	460,501
Increase in trade and other payables	2,421,485	5,725,980
	<u>2,452,703</u>	<u>6,186,481</u>
Cash generated from operations	68,153	2,940,653
Finance cost paid	(41)	(757)
Income tax paid	-	(15,601)
Net cash (utilised in)/generated from operating activities	<u>68,112</u>	<u>2,924,295</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment		
Net cash used in investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings - net	-	(3,849,943)
Net cash used in financing activities	<u>-</u>	<u>(3,849,943)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	68,112	(925,648)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	327,911	1,181,259
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>396,023</u>	<u>255,611</u>

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


Chief Financial Officer

ARSHAD ENERGY LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2019

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 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 Tehsil Jaranwala, District Faisalabad in the Province of Punjab. .

1.1 Going concern assumption

the Company is not in operations properly because of high price of furnace oil. previously due to decrease in the furnace oil prices in the world market, the cost of generation of electricity by the Company had been decreased. Therefore, the Company had increased its production activities. But, its present customers are two related parties only. Moreover, the demand of the electricity was due to lower rate of furnace oil, which has been reduced due to increase in oil prices. This 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 this condensed interim financial information on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in this condensed interim financial information have been presented in the order of liquidity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information 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 2019.

2.1 BASIS OF PREPARATION

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 Accounting convention

These 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 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 the 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

The Company started preparing its financial statements using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively from the year ended 30 June 2014 and recorded adjustments to account for differences between the Company's recognized assets and the measurement of its assets and liabilities (including measurement changes resulting from changes in assumptions). Subsequently, at each reporting date the Company re-measures its assets and liabilities to reflect changes in value since the previous date.

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

3. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 30 September 2019 (30 June 2019: Rupees Nil).

4. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 30 Sep 2019 RUPEES	Audited 30 June 2019 RUPEES
Opening book value	154,532,416	156,517,826
Cost of additions during the period / year	-	-
Disposal during the Period	-	3,004,530
Effect of surplus on revaluation as at 30 June 2019	(1,535,064)	(6,346,660)
Depreciation charged during the period / year	-	1,356,720
Reversal of Impairment loss	-	-
	<u>152,997,352</u>	<u>154,532,416</u>

5. COST OF GENERATION

	(Un-audited) Quarter ended	
	30 Sep 2019 RUPEES	30 Sep 2018 RUPEES
Oil and lubricants consumed	-	-
Salaries, wages and other benefits	1,119,228	1,444,180
Stores, spare parts and loose tools consumed	-	3,040
Repair and maintenance	-	720
Depreciation	1,530,805	1,581,601
	<u>2,650,033</u>	<u>3,029,541</u>

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, 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 are as follows:

	(Un-Audited) Quarter ended	
	30 Sep 2019 RUPEES	30 Sep 2018 RUPEES

Other related parties

Remuneration paid to Executive	1,088,000	1,089,000
--------------------------------	-----------	-----------

ii) Period end balances

	Un-audited 30 Sep 2019 RUPEES	Audited 30 June 2019 RUPEES
Trade and other payables	2,791,489	716,488
Borrowings	46,450,000	46,450,000
Trade debts	1,280,908	1,455,908

8. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2019.

9. DATE OF AUTHORIZATION

This condensed interim financial information was approved and authorized for issue on ----- by the Board of Directors of the Company.

10. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim balance sheet 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 profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

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 Rupees unless otherwise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR



Chief Financial Officer

**BOOK
POST**

PRINTED MATTER

If undelivered Please return to:

Arshad Energy Limited

404-405, 4th Floor, Business Centre
Mumtaz Hassan Road, Karachi-Pakistan