



**1st QUARTERLY ACCOUNTS
SEPTEMBER 30, 2021
UNAUDITED**

ARSHAD ENERGY LIMITED

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ARSHAD ENERGY LIMITED

COMPANY INFORMATION

CHAIRMAN
CHIEF EXECUTIVE
DIRECTORS

MR. NISAR AHMAD SHEIKH
MR. MUHAMMAD ARSHAD
MR. SHAHZAD AHMED SHEIKH
MR. SHEHRYAR ARSHAD
MS. RESHAM SHAHZAD
MR. WASEEM ASHFAQ
MR. ZEESHAN AHMED

AUDIT COMMITTEE
CHAIRMAN
MEMBER
MEMBER

MR. WASEEM ASHFAQ
MR. SHAHZAD AHMED SHEIKH
MR. SHEHRYAR ARSHAD

HR & REMUNERATION COMMITTEE
CHAIRMAN
MEMBER
MEMBER

MR. WASEEM ASHFAQ
MR. SHAHZAD AHMED SHEIKH
MS. RESHAM SHAHZAD

CHIEF FINANCIAL OFFICER

MR. NASIR MAHMOOD

COMPANY SECRETARY

MR. SHAFIQ IJAZ

HEAD OF INTERNAL AUDIT

MR. SHAFQAT BAIG

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, 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., SHEIKHUPORA 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.

ARSHAD ENERGY LIMITED

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, 2021.

FINANCIAL RESULTS

	Quarter ended	
	30 September 2021	30 September 2020
	-----RUPEES-----	
SALES	-	-
COST OF GENERATION	(2,254,701)	(2,589,674)
GROSS LOSS	<u>(2,254,701)</u>	<u>(2,589,674)</u>
ADMINISTRATIVE EXPENSES	(1,639,641)	(1,628,667)
FINANCE COST	(122)	(125)
LOSS BEFORE TAXATION	<u>(3,894,464)</u>	<u>(4,218,466)</u>
TAXATION	-	-
LOSS AFTER TAXATION	<u><u>(3,894,464)</u></u>	<u><u>(4,218,466)</u></u>
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	<u><u>(0.49)</u></u>	<u><u>(0.53)</u></u>

Net sales for the period were Nil (September 30, 2020: Nil) and net loss is Rs.3.894 million (September 30, 2020: Rs. 4.218 million).

The drastic increase in the prices of furnace oil has significantly increased the generation cost. Further, the huge repair cost makes the generation non-viable. The situation has forced management to temporarily close down the operations of the company.

On behalf of the Board



(Muhammad Arshad)

Chief Executive Officer

LAHORE

DATED: October 29, 2021

ڈائریکٹرز رپورٹ شیئر ہولڈرز کیلئے

کمپنی ڈائریکٹرز غیر آڈٹ شدہ 30 ستمبر 2021 کو ختم ہونے والے سہ ماہی مالیاتی کارکردگی پیش کر رہے ہیں۔

ختم شدہ سہ ماہی		مالیاتی نتائج:
30 ستمبر 2020	30 ستمبر 2021	
روپے	روپے	
---	---	ریونیو
(2,589,674)	(2,254,701)	بجلی بنانے کی قیمت
(2,589,674)	(2,254,701)	گراس نقصان
(1,628,667)	(1,639,641)	انتظامی اخراجات
(125)	(122)	مالیات کا سٹ
(4,218,466)	(3,894,464)	نقصان محصولات سے پہلے
---	---	محصولات
(4,218,466)	(3,894,464)	نقصان بعد از محصولات
(0.53)	(0.49)	نفع فی شیئر (روپے فی شیئر) بنیادی اور Diluted

اس مدت میں نیٹ سیلز صفر رہی ہے (ستمبر 30، 2020: صفر) اور خالص نقصان 3.894 ملین روپے (ستمبر 30، 2020: 4.218 ملین روپے) ہے۔

فرنس آئل کی قیمتوں میں زبردست اضافے سے پیداواری لاگت میں نمایاں اضافہ ہوا ہے۔ مزید یہ کہ مرمت کی بھاری لاگت پیداوار کو ناقابل عمل بناتی ہے۔ صورتحال نے انتظامیہ کو کمپنی کے آپریشنز کو عارضی طور پر بند کرنے پر مجبور کر دیا ہے۔

منجانب بورڈ آف ڈائریکٹرز

محمد ارشد

چیف ایگزیکٹو آفیسر

لاہور

ARSHAD ENERGY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	NOTE	RUPEES 30-Sep-21	RUPEES 30-Jun-21		NOTE	RUPEES 30-Sep-21	RUPEES 30-Jun-21
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorized share capital				Property, plant and equipment	4	145,595,115	146,777,006
10 000 000 (2020: 10 000 000) ordinary shares of Rupees 10 each		<u>100,000,000</u>	<u>100,000,000</u>	Security deposit		10,550	10,550
Issued, subscribed and paid up share capital		80,000,000	80,000,000			<u>145,605,665</u>	<u>146,787,556</u>
8 000 000 (2019: 8 000 000) ordinary shares of Rupees 10 each							
Capital reserves							
Premium on issue of right shares		80,000,000	80,000,000				
Surplus on revaluation of property, plant and equipment		63,358,539	63,358,539				
Revenue reserve							
General reserve		14,408,600	14,408,600				
Accumulated loss		(165,205,495)	(161,311,031)				
Total equity		<u>72,561,644</u>	<u>76,456,108</u>				
LIABILITIES				CURRENT ASSETS			
NON CURRENT LIABILITY				Stores, spare parts and loose tools		5,640,000	5,640,000
Staff retirement gratuity		7,836,878	7,836,878	Stock of oil and lubricants		22,843	22,843
CURRENT LIABILITIES				Advance income tax		24,600	24,600
Trade and other payables		13,616,598	11,051,581	Loans and advances		126,000	78,490
Unclaimed dividend		31,348	31,348	Other receivables		8,244,038	8,244,038
Short term borrowings		66,360,000	66,360,000	Cash and bank balances		743,323	938,388
		80,007,947	77,442,929			14,800,804	14,948,359
TOTAL LIABILITIES		<u>87,844,825</u>	<u>85,279,807</u>				
CONTINGENCIES AND COMMITMENTS	3			TOTAL ASSETS		<u>160,406,469</u>	<u>161,735,915</u>
TOTAL EQUITY AND LIABILITIES		<u>160,406,469</u>	<u>161,735,915</u>				

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	NOTE	Quarter Ended	
		September 30, 2021	September 30, 2020
		RUPEES	RUPEES
SALES		-	-
COST OF GENERATION	5	(2,254,701)	(2,589,674)
GROSS LOSS		<u>(2,254,701)</u>	<u>(2,589,674)</u>
ADMINISTRATIVE EXPENSES		(1,639,641)	(1,628,667)
FINANCE COST		(122)	(125)
LOSS BEFORE TAXATION		<u>(3,894,464)</u>	<u>(4,218,466)</u>
TAXATION		-	-
LOSS AFTER TAXATION		<u><u>(3,894,464)</u></u>	<u><u>(4,218,466)</u></u>
LOSS PER SHARE - BASIC AND DILUTED - RUPEES		<u><u>(0.49)</u></u>	<u><u>(0.53)</u></u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	Quarter Ended	
	September 30, 2021	September 30, 2020
	RUPEES	RUPEES
LOSS AFTER TAXATION	(3,894,464)	(4,218,466)
OTHER COMPREHENSIVE (LOSS) / INCOME	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(3,894,464)	(4,218,466)

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



 CHIEF EXECUTIVE OFFICER



 DIRECTOR



 CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	RESERVES					TOTAL	ACCUMULATED LOSS	TOTAL EQUITY
	CAPITAL RESERVES			REVENUE RESERVE				
	Premium on issue of right shares	Surplus on revaluation of property, plant and equipment	Sub total	General				
-----RUPEES-----								
Balance as at 01 July 2019	80,000,000	80,000,000	45,710,492	125,710,492	14,408,600	140,119,092	(95,862,528)	124,256,564
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(804,424)	(804,424)	-	(804,424)	804,424	(804,424)
Loss for the year	-	-	-	-	-	-	(25,859,211)	(25,859,211)
Other comprehensive income for the year	-	-	(157,835)	(157,835)	-	(157,835)	(988,728)	(1,146,563)
Total comprehensive loss for the year	-	-	(157,835)	(157,835)	-	(157,835)	(26,847,939)	(27,005,774)
Balance as at 30 June 2020	80,000,000	80,000,000	44,748,233	124,748,233	14,408,600	139,156,833	(121,906,043)	97,250,790
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(705,500)	(705,500)	-	(705,500)	705,500	
Loss for the year	-	-	-	-	-	-	(40,356,942)	(40,356,942)
Other comprehensive loss for the year	-	-	19,315,806	19,315,806	-	19,315,806	246,454	19,562,260
Total comprehensive loss for the year	-	-	19,315,806	19,315,806	-	19,315,806	(40,110,488)	(20,794,682)
Balance as at 30 June 2021	80,000,000	80,000,000	63,358,539	143,358,539	14,408,600	157,767,139	(161,311,031)	76,456,108
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	-	(3,894,464)	(3,894,464)
Other comprehensive loss for the year	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	(3,894,464)	(3,894,464)
Balance as at 30 September 2021	80,000,000	80,000,000	63,358,539	143,358,539	14,408,600	157,767,139	(165,205,495)	72,561,644

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	Quarter Ended	
	September 30, 2021	September 30, 2020
	RUPEES	RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (utilized in) / generated from operations		
Loss before taxation	(3,894,464)	(4,218,766)
Adjustment for non-cash charges and other items:		
Depriciation	1,181,891	1,382,608
Provision for staff retirement gratuity	-	-
Finance Cost	122	125
	(2,712,451)	(2,836,033)
Working capital changes		
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	-	-
Trade debts	-	-
Loan and advances	(47,510)	3,332
Other receivables	(0)	-
	(47,510)	3,332
Increase in trade and other Payable	2,565,018	2,603,246
	2,517,508	2,606,578
Cash (used in) operations	(194,943)	(229,455)
Finance cost paid	(122)	(125)
Net cash (used in) / operating activities	(195,065)	(229,580)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	-	-
Net cash used in investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	-	-
Net cash from financing activities	-	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(195,065)	(229,580)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	938,388	520,653
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	743,323	291,073

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

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, Sindh. The principal activity of the Company is generation and distribution of electricity. The project is located at 35 - Kilometers, Sheikhpura Road, Tehsil Jaranwala, District Faisalabad, Punjab. Head office of the Company is located at 16th Floor, Tricon Corporate Center, Gulberg-II, Lahore, Punjab.

1.1 Non-going concern basis of accounting

The drastic increase in the prices of furnace oil and requirements of huge repair cost makes the generation non-viable. Subsequently the situation has forced the management to temporarily close down the operations of the company. During the period ended 30 September 2021, the Company has loss after taxation of Rupees 3.894 million. Moreover the Company has suffered accumulated loss of Rupees 165.205 million as on 30 September 2021. Furthermore as per Notice no. PSX/N-1318 dated 26 November 2020 issued by PSX, the Company's shares were placed on the defaulters' segment due to suspended commercial production / business operations in its principal line of business for a continuous period of one year. After the reporting date, Securities and Exchange Commission of Pakistan (SECP) issued a show cause Notice no. CSD/ARN/363/2016-529 dated 05 July 2021 to the board of directors and to the Company under section 301(m) read with section 304(b) of the Companies Act, 2017 regarding Company's suspended operations and the proposed winding up of the Company.

In view of the aforesaid reasons, the Company is not considered a going concern. 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.

1.2 Impact of COVID-19 on these financial statements

The pandemic of COVID-19 which rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. From 24 March 2020, Government of Punjab announced a temporary lockdown as a measure to reduce the spread of COVID-19. The lockdown impacted the business of various industries severely. However as the Company has suspended its operations even before the pandemic occurred, therefore there was no effect on the operations of the Company. However the fair market values of certain items of property, plant and equipment along with stores, spare parts and loose tools were decreased significantly. The reason of which includes the impact of COVID-19 which significantly affected the markets of plant and machinery along with stores and spares items. Apart from these, according to management's assessment there is no other significant accounting impact of the effects of COVID-19 on these financial statements.

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 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.

b) 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, which are the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

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 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) Provisions
- iv) Inventories
- v) 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. Hence, during the financial year ended 30 June 2021, the Company has recognized impairment on plant and machinery of Rupees 10,454,087, provision for slow moving and obsolete stores, spare parts and loose tools of Rupees 5,279,783, provision for doubtful loans and advances of Rupees 74,009 and provision for doubtful advance income tax of Rupees 1,898,521 in the annual financial statements.

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

A sales tax demand of Rs. 8,206,507 was raised against the company through show cause notice dated February 21, 2018 by the Deputy Commissioner Inaland Revenue on the basis of non-compliance of certain sales tax sections/rules. The company appealed before Lahore (Honourable) High Court and the Court set aside the notice through order dated June 20, 2018. The Tax department appealed before the (Honourable) Supreme Court of the Pakistan against the order of the High Court, However, no order has been passed yet. The management is of the view that there are meritorious grounds available to defend the foregoing demands. Consequently no provisions for such demand has been made in these financial statements.

4. PORPERTY, PLANT AND EQUIPMENT

	Un-audited 30 September 2021 RUPEES	Audited 30 June 2021 RUPEES
Opening book value	146,777,006	143,445,720
Cost of additions during the period / year	-	-
Disposal during the period / year	-	-
Effect of surplus on revaluation as at 30 June 2021	-	19,315,806
Depreciation charged during the period / year	(1,181,891)	(5,530,433)
Impairment loss	-	(10,454,087)
	<u>145,595,115</u>	<u>146,777,006</u>

5. COST OF GENERATION

	Un-audited	
	30 September 2021 RUPEES	30 September 2020 RUPEES
Salaries and other benefits	1,074,552	1,211,499
Depreciation	1,180,149	1,378,475
	<u>2,254,701</u>	<u>2,589,974</u>

6. 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.

7. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies / undertaking, directors 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 disclosed elsewhere in the financial statements are as follows:

	Un-audited	
	30 September 2021	30 September 2020
	Rupees	Rupees
Other related parties		
Remuneration paid to executive	1,485,000	915,000
	Un-audited	Audited
	30 September 2021	30 June 2021
	Rupees	Rupees
Period end balances		
Trade and other payables	3,210,678	36,458
Borrowings	66,360,000	66,360,000
	71,055,678	67,311,458

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 2021.

9. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue on October 29, 2021 by the Board of Directors of the Company.

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 flow have been compared with the balances of comparable period of immediately preceding financial year.

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

11. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

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