AEL TEXTILES LIMITED

ARSHAD GROUP

FINANCIAL ACCOUNTS
QUARTER ENDED SEPTEMBER 30, 2022
(UN-AUDITED)

AEL TEXTILES LIMITED

COMPANY INFORMATION

CHAIRMAN	MR. NISAR AHMAD SHEIKH
CHIEF EXECUTIVE	MR. MUHAMMAD ARSHAD
DIRECTORS	MR. SHAHZAD AHMED SHEIKH MR. SHEHRYAR ARSHAD MS. RESHAM SHAHZAD MR. WASEEM ASHFAQ MR. ZEESHAN AHMED
AUDIT COMMITTEE	
CHAIRMAN	MR. WASEEM ASHFAQ
MEMBER	MR. SHAHZAD AHMED SHEIKH
MEMBER	MR. SHEHRYAR ARSHAD
HR & REMUNERATION COMMITTEE	
CHAIRMAN	MR. WASEEM ASHFAQ
MEMBER	MR. SHAHZAD AHMED SHEIKH
MEMBER	MS. RESHAM SHAHZAD
CHIEF FINANCIAL OFFICER	MR. NASIR MAHMOOD
COMPANY SECRETARY	MR. SHAFIQ IJAZ
HEAD OF INTERNAL AUDIT	MR. SHAFQAT BAIG
AUDITORS	M/S IJAZ TABUSSUM & CO CHARTERED ACCOUNTANTS
BANKERS	HABIB METROPOLITAN BANK BANK AL HABIB LIMITED
LEGAL ADVISOR	RANA IFTIKHAR AHMAD
REGISTERED OFFICE	404-405, 4TH FLOOR, BISINESS 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.

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.

AEL TEXTILES LIMTED

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, 2022.

FINANCIAL RESULTS

	Quarter ended	
	30 September 2022	30 September 2021
	---------------RUPEES---------------	
SALES	-	-
COST OF GENERATION	-	(2,254,701)
GROSS LOSS	-	(2,254,701)
ADMINISTRATIVE EXPENSES	(931,653)	(1,639,641)
FINANCE COST	(147)	(122)
LOSS BEFORE TAXATION	(931,800)	(3,894,464)
TAXATION	-	-
LOSS AFTER TAXATION	(931,800)	(3,894,464)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	(0.12)	(0.49)

Net sales for the period were Nil (September 30, 2021: Nil) and net loss is Rs.0.931 million (September 30, 2021: Rs. 3.894 million).

FUTURE PROSPECTS:

Upon decision of the Board of Directors of the Company on 27 January 2022, members of the Company in an Extraordinary General Meeting (EOGM) held on 24 February 2022 approved to dispose of the Company's assets located at 35-Kilometers, Sheikhupura Road, Tehsil Jaranwala, District Faisalabad. Moreover it was also decided to initiate the implementation of the Alternate / Revival Business Plan for textile trading and manufacturing. The proceeds from the proposed disposal of the assets will be used to repay the current / non-current liabilities of the Company and the remaining portion will be utilized for the implementation of the Alternate / Revival

Business Plan as mentioned above. On 23 November 2021, Automotive Plastics (Private) Limited (APPL), made a public announcement of intention to acquire more than 51% ordinary shares together with management control of the Company. On 27 June 2022, a share purchase agreement was signed between APPL and sponsors of the Company for the acquisition of 73.57% shares of the Company. On 30 June 2022, APPL made a public announcement of offer to acquire 1,057,181 ordinary shares of the Company. Moreover during the period year ended 30 September 2022, the Company has loss after taxation of Rupees 0.932 million and has accumulated loss of Rupees 11.713 million as on 30 September 2022. On 05 July 2021, Securities and Exchange Commission of Pakistan (SECP) issued a show cause notice 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. However, subsequently upon request of the Company, on 07 September 2022, SECP allowed extension for hearing of show cause notice up till 10 October 2022. After hearing on 10 October 2022, SECP dropped the proceedings initiated through show cause notice without any adverse action. Moreover, the progress report are being submitted by the Company to SECP and PSX on monthly basis. Currently this matter is under process and will be completed in the first half of current financial year.

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

LAHORE

DATED: October 28, 2022

(Muhammad Arshad)

Chief Executive Officer

AEL ٹیکسٹائلز لمیٹڈ

ڈائریکٹرز رپورٹ شیئر ہولڈرز کیلئے

کمپنی ڈائریکٹرز غیر آڈٹ شدہ 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی مالیاتی کارکردگی پیش کررہے ہیں۔

مالیاتی نتائج:	ختم شدہ سہ ماہی	
	30 ستمبر 2022	**30 ستمبر 2021**
	روپے	روپے
ریوینو	-	-
بجلی بنانے کی قیمت	-	(2,254,701)
گراس نقصان	-	(2,254,701)
انتظامی اخراجات	(931,653)	(1,639,641)
مالیات کاسٹ	(147)	(122)
نقصان محصولات سے پہلے	(931,800)	(3,894,464)
محصولات	-	-
نقصان بعد از محصولات	(931,800)	(3,894,464)
نفع فی شیئر (روپے فی شیئر) بنیادی اور Diluted	(0.12)	(0.49)

اس مدت میں نیٹ سیلز صفر رہی ہے (30 ستمبر 2021: صفر) اور خالص نقصان 0.931 ملین روپے ہے (30 ستمبر 2021: جو کہ 3.894 ملین روپے ہے)

مستقبل کی نوید:

27 جنوری 2022 کو کمپنی کے بورڈ آف ڈائریکٹرز کے فیصلے کے تحت، 24 فروری 2022 کو منعقدہ ایک غیر معمولی اجلاسِ عام (EOGM) میں کمپنی کے ممبران نے 35 کلومیٹر شیخوپورہ روڈ، تحصیل جڑانوالہ ضلع فیصل آباد میں واقع کمپنی کے اثاثوں کو تصرف کرنے کی منظوری دی۔ مزید یہ کہ ٹیکسٹائل ٹریڈنگ اور مینوفیکچرنگ کے لیے متبادل/ بحالی بزنس پلان پر عمل درآمد شروع کرنے کا بھی فیصلہ کیا گیا۔ اثاثوں کے مجوزہ تصرف سے حاصل ہونے والی آمدنی کمپنی کی موجودہ/ غیر موجودہ ذمہ داریوں کی ادائیگی کے لیے استعمال کی جائے گی اور بقیہ حصہ متبادل/ بحالی کاروباری منصوبے کے نفاذ کے لیے استعمال کیا جائے گا جیسا کہ اوپر بتایا گیا ہے۔ 23 نومبر 2021 کو، آٹو موٹیو پلاسٹک (پرائیویٹ) لمیٹڈ (APPL) نے کمپنی کے انتظامی کنٹرول کے ساتھ 51% سے زیادہ عام حصص حاصل کرنے کے ارادے کا عوامی اعلان کیا۔ 27 جون 2022 کو، اے پی پی ایل اور کمپنی کے اسپانسرز کے درمیان کمپنی کے 73.57 فیصد حصص کے حصول کے لیے حصص کی خریداری کے معاہدے پر دستخط کیے گئے۔ 30 جون 2022 کو، APPL نے کمپنی کے 1,057,181 عام حصص حاصل کرنے کی پیشکش کا عوامی اعلان کیا۔ مزید برآں 30 ستمبر 2022 کو ختم ہونے والے سال کے دوران، کمپنی کو 0.932 ملین روپے کا ٹیکس کے بعد

نقصان ہوا ہے اور 30 ستمبر 2022 تک 11.713 ملین روپے کا جمع شدہ نقصان ہوا ہے۔ 05 جولائی 2021 کو، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے کمپنیز ایکٹ 2017 کے سیکشن (b)304 کے ساتھ پڑھا گیا سیکشن (m)301 کے تحت بورڈ آف ڈائریکٹرز اور کمپنی کو کمپنی کے معطل شدہ آپریشنز اور کمپنی کے مجوزہ سمیٹنے کے بارے میں شوکاز نوٹس جاری کیا۔ تاہم، بعدازاں کمپنی کی درخواست پر، 07 ستمبر 2022 کو، SECP نے شوکاز نوٹس کی سماعت میں 10 اکتوبر 2022 تک توسیع کی اجازت دی۔ 10 اکتوبر 2022 کو سماعت کے بعد، SECP نے شوکاز نوٹس کے ذریعے شروع کی گئی کارروائی کو بغیر کسی منفی کارروائی کے چھوڑ دیا۔ مزید برآں، کمپنی کی طرف سے پیش رفت رپورٹ ماہانہ بنیادوں پر SECP اور PSX کو جمع کرائی جارہی ہے۔ فی الحال یہ معاملہ زیرِ عمل ہے اور رواں مالی سال کی پہلی ششماہی میں مکمل ہو جائے گا۔

اعتراف:

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

منجانب بورڈ آف ڈائریکٹرز

محمد ارشد

چیف ایگزیکٹو آفیسر

لاہور

مورخہ 28 اکتوبر 2022ء

AEL TEXTILES LIMITED
STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 30 SEPTEMBER 2022

	NOTE	September 30, 2022 RUPEES	June 30, 2022 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
10 000 000 (2021: 10 000 000) ordinary shares of Rupees 10 each		100,000,000	100,000,000
Issued, subscribed and paid up share capital 8 000 000 (2021: 8 000 000) ordinary shares of Rupees 10 each		80,000,000	80,000,000
Capital reserves			
Premium on issue of right shares		80,000,000	80,000,000
Revenue reserve			
General reserve		14,408,600	14,408,600
Accumulated loss		(111,713,654)	(110,781,854)
Total equity		62,694,946	63,626,746
LIABILITIES			
NON CURRENT LIABILITY			
Staff retirement gratuity			
CURRENT LIABILITIES			
Trade and other payables	5	9,709,147	10,508,758
Unclaimed dividend		31,348	31,348
Current portion of non-current liability		-	8,345,000
		9,740,495	18,885,106
TOTAL LIABILITIES		9,740,495	18,885,106
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		72,435,441	82,511,852

	NOTE	September 30, 2022 RUPEES	June 30, 2022 RUPEES
ASSETS			
CURRENT ASSETS			
Other receivables	7	71,598,279	80,326,921
Cash and bank balances	8	837,162	2,184,931
		72,435,441	82,511,852
TOTAL ASSETS		72,435,441	82,511,852

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

AEL TEXTILES LIMITED
STATEMENT OF PROFFIT OR LOSS (UN-AUDITED)
FOR THE QYARTER ENDED 30 SEPTEMBER 2022

	NOTE	September 30, 2022 RUPEES	September 30, 2021 RUPEES
SALES		-	-
COST OF GENERATION		-	(2,254,701)
GROSS LOSS		-	(2,254,701)
ADMINISTRATIVE EXPENSES		(931,653)	(1,639,641)
FINANCE COST		(147)	(122)
LOSS BEFORE TAXATION		(931,800)	(3,894,464)
TAXATION		-	-
LOSS AFTER TAXATION		(931,800)	(3,894,464)
LOSS PER SHARE - BASIC AND DILUTED - RUPEES		(0.12)	(0.49)

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

AEL TEXTILES LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QYARTER ENDED 30 SEPTEMBER 2022

	September 30, 2022 RUPEES	September 30, 2021 RUPEES
LOSS AFTER TAXATION	(931,800)	(3,894,464)
OTHER COMPREHENSIVE INCOME		
OTHER COMPREHENSIVE (LOSS)/INCOME	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(931,800)	(3,894,464)

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

CHIEF EXECUTIVE OFFICER　　DIRECTOR　　CHIEF FINANCIAL OFFICER

AEL TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QYARTER ENDED 30 SEPTEMBER 2022

	Share Capital	Reserves					ACCUMULATED LOSS	TOTAL EQUITY
		CAPITAL RESERVES			REVENUE RESERVE	TOTAL		
		Premium on issue of right shares	Surplus on revaluation of property, plant and equipment	Sub total	General			
	---------- RUPEES ----------							
Balance as at 01 July 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 income 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
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(335,290)	(335,290)	-	(335,290)	335,290	-
Transfer from surplus on disposal of property, plant and equipment	-	-	(63,956,028)	(63,956,028)	-	(63,956,028)	63,956,028	-
Loss for the year	-	-	-	-	-	-	(9,999,539)	(9,999,539)
Other comprehensive loss for the year	-	-	932,779	932,779	-	932,779	131,862	1,064,641
Total comprehensive loss for the year	-	-	932,779	932,779	-	932,779	(9,867,677)	(8,934,898)
Balance as at 30 June 2022	80,000,000	80,000,000	0	80,000,000	14,408,600	94,408,600	(110,781,854)	63,626,746
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	-	-	-	-	-
Transfer from surplus on disposal of property, plant and equipment	-	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	-	(931,800)	(931,800)
Other comprehensive loss for the year	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	(931,800)	(931,800)
Balance as at 30 September 2022	80,000,000	80,000,000	-	80,000,000	14,408,600	94,408,600	(111,713,654)	62,694,946

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

AEL TEXTILES LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

	Quarter Ended	
	September 30, 2022	**September 30, 2021**
	RUPEES	**RUPEES**
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (utilized in) / generated from operations		
Loss before taxation	(931,800)	(3,894,464)
Adjustment for non-cash charges and other items:		
Depriciation **Upon decision of t**	-	1,181,891
Provision for staff retirement gratuity	-	-
Finance Cost	147	122
	(931,653)	(2,712,451)
Working capital changes		
Decrease / (increase) in current assets		
Loan and advances	-	(47,510)
Other receivables	8,728,642	(0)
	8,728,642	(47,510)
(Decrease) / Increase in trade and other Payable	(799,611)	2,565,018
(Decrease) against staff retirement gratuity	(8,345,000)	-
	(415,969)	2,517,508
Cash (used in) operations	(1,347,622)	(194,943)
Finance cost paid	(147)	(122)
Net cash (used in) operating activities	(1,347,769)	(195,065)
CASH FLOWS FROM INVESTING ACTIVTIES		
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	(1,347,769)	(195,065)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,184,931	938,388
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	837,162	743,323

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

AEL TEXTILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1.

AEL Textiles Limited (formerly 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 (PSX). Its registered office is situated at Room No. 404 and 405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi, Sindh. The name of the Company has been changed from Arshad Energy Limited to AEL Textiles Limited on 01 April 2022. The principal activity of the Company was generation and distribution of electricity which has been changed with dealing and trading of Textile products and materials. 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

Upon decision of the Board of Directors of the Company on 27 January 2022, members of the Company in an Extraordinary General Meeting (EOGM) held on 24 February 2022 approved to dispose of the Company's assets located at 35-Kilometers, Sheikhupura Road, Tehsil Jaranwala, District Faisalabad. Moreover it was also decided to initiate the implementation of the Alternate / Revival Business Plan for textile trading and manufacturing. The proceeds from the proposed disposal of the assets will be used to repay the current / non-current liabilities of the Company and the remaining portion will be utilized for the implementation of the Alternate / Revival Business Plan as mentioned above. On 23 November 2021, Automotive Plastics (Private) Limited (APPL), made a public announcement of intention to acquire more than 51% ordinary shares together with management control of the Company in accordance with the provisions of Securities Act, 2015 and Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017. On 27 June 2022, a share purchase agreement was signed between APPL and sponsors of the Company for the acquisition of 73.57% shares of the Company. On 30 June 2022, APPL made a public announcement of offer to acquire 1,057,181 ordinary shares of the Company. Then subsequent to reporting date, on 14 August 2022, offer letters were dispatched along with the acceptance forms to all shareholders of the Company except sponsors. Currently this matter is under process and will be completed in the first half of next financial year. Moreover during the year ended 30 June 2022, the Company has loss after taxation of Rupees 13.894 million and has accumulated loss of Rupees 110.782 million as on 30 June 2022. On 05 July 2021, Securities and Exchange Commission of Pakistan (SECP) issued a show cause notice 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. However, subsequently upon request of the Company, on 07 September 2022, SECP allowed extension for hearing of show cause notice uptill 10 October 2022. After hearing on 10 October 2022, SECP dropped the proceedings initiated through showcause notice without any adverse action. Moreover, the progress report are being submitted by the Company to SECP and PSX on monthly basis. 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 and due to the show cause for winding up issued by SECP.

Therefore, 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.

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) Provisions
iii) 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 current financial year ended 30 June 2022, the Company has recognized provision for doubtful advance income tax of Rupees 24,600 (Note 13) in these financial statements.

There is no upside which is not recognized in the profit or loss on assets during the year. Moreover, the Company have no items that it plans to sell that the Company have not previously recognized in these financial statements.

d) Amendments to published approved accounting standards that are effective in current year but

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 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.

e) Amendments to published approved accounting standards that are not yet effective but relevant

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as noncurrent by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply these amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 stated that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors) effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The above amendments and improvements are likely to have no significant impact on the financial statements.

f) Standards and amendments to approved published standards that are not yet effective and not

There are other standards and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 July 2022 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.

2.2 Staff retirement benefit

The Company's net obligation in respect of a defined benefit plan is calculated by estimating an amount of future benefit that employees have earned in return for their services in current and prior periods and that benefit is discounted to determine present value.

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees. The net defined benefit liability recognized in the statement of financial position is the present value of the defined benefit obligation computed at the reporting date. The liability relating to defined benefit plan is determined through actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2022.

Remeasurement changes which comprise actuarial gains and losses are recognized in the statement of financial position immediately, with a charge or credit to other comprehensive income in the period of occurrence.

2.3 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 the estimated costs of completion and the estimated costs necessary to make a sale.

2.4 Taxation

Current

The Company's profits and gains derived from electric power generation projects were exempt from levy of income tax under clause 132 of Part-I of the second schedule of the Income Tax Ordinance, 2001 (the Ordinance). However after change of business line from power sector to textiles sector as mentioned in Note 1, in future the above mentioned clause of the Ordinance will not be applicable.

Deferred

Deferred tax is accounted for using the 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 statement of profit or loss, 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.

2.5 Functional and presentation currency along with foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.6 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 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 the statement of profit or loss during the period in which they are incurred.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the assets charged to the statement of profit or loss and depreciation based on the asset's original cost, is reclassified from surplus on revaluation of property, plant and equipment to accumulated loss. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss 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 10. The Company charges the depreciation on additions from the month of acquisition and on deletions up to 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 period-end and adjusted if impact on depreciation is significant.

Capital work-in-progress

Capital work-in-progress is stated at cost less any recognized impairment loss and is transferred to the property, plant and equipment as and when asset is available for use.

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 statement of profit or loss in the year the asset is de-recognized.

2.7 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for

i) Revenue recognition

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.8 Financial Instruments

i) Recognition of financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

i) Classification and measurement of financial instruments

a) Classification

The Company classifies its financial assets and financial liabilities at amortized cost.

The classification depends on the Company's business model for managing the financial assets and financial liabilities and the contractual terms of the cash flows.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies 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 amortized cost. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses).

ii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized 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 recognized from initial recognition of the receivables.

iii) De-recognition of financial assets and financial liabilities

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

iv) Offsetting of financial instruments

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.

2.9 Trade debts and other receivables

Trade debts are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.10 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost using the effective interest method.

2.11 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.12 Trade and other payables

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

2.13 Provisions

Provisions are recognized when the Company has a present 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 obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.14 Earnings / (loss) per share

The Company presents Earnings Per Share (EPS) or Loss Per Share (LPS) data for its ordinary shares. EPS / LPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the Period.

2.15 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.16 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.

2.17 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.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 8 000 000 (2022: 8 000 000) ordinary shares of Rupees 10 each fully paid up in cash. 373 750 (2022: 373 750) ordinary shares of the Company are held by Arshad Textile Mills Limited - an associated company.

4. PREMIUM ON ISSUE OF RIGHT SHARES

This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

5 TRADE AND OTHER PAYABLES

	30 September, 2022	30 June, 2022
Creditors (Note 6.1)	9,680,165	9,680,166
Accrued liabilities	28,982	781,186
Income tax deducted at source	-	47,406
	9,709,147	10,508,758

5.1 This includes Rupees 9.680 million (2022: Rupees 9.680 million) due to an associated undertaking, Blue Moon Filling Station.

6 CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 30 September 2022 (2022: Rupees Nil).

7 OTHER RECEIVABLES

Considered good:		
Sales tax refundable	5,228,883	5,228,882
Due from related parties	67,416,438	75,419,081
Receivable against sale of oil and lubricants		30,000
Others	-	696,000
	72,645,321	81,373,963
Less: Provision for doubtful other receivables	(1,047,042)	(1,047,042)
	71,598,279	80,326,921

7.1 These include amounts receivable from following related parties:

Arshad Textile Mills Limited, a related party	67,416,438	75,319,081
Mr. Bakhtiar Naseem, Executive		100,000
	67,416,438	75,419,081

8 CASH AND BANK BALANCES

With banks:		
On current accounts	837,162	2,096,999
Cash in hand	-	88,129
	837,162	2,185,128

9 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.

10 LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share which is based

Loss for the year	(Rupees)	(931,800)	(12,939,683)
Weighted average number of ordinary shares	(Numbers)	8 000 000	8 000 000
Loss per share	(Rupees)	(0.12)	(1.62)

11 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVE

The aggregate amount charged in these financial statements for remuneration including all benefits to Chief Executive Officer, Director and Executive of the Company is as follows:

11.1 No remuneration, fee or any other expenses were paid to Chief Executive Officer or any director of the Company and no employee of the Company falls within the definition of executive as defined in the 4th schedule of the Companies Act, 2017.

12 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. There is no material transaction occurred between related parties during 1st quarter ended September 30, 2022.

8. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistant with those disclosed in the preceding audited annual financial statements of the company for the year ended 30 June 2022.

9. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue on October 28, 2022 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 comapred 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 comapred with the balances of comparable period of immediatly 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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