

ARSHAD ENERGY LIMITED



**1ST QUARTER
ACCOUNTS**

**SEPTEMBER 30, 2018
(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 feel pleasure in submitting un-audited financial information of your Company for the quarter ended September 30, 2018

FINANCIAL RESULTS	QUARTER ENDED	
	30-Sep-2018	30-Sep-2017
SALES	-	61,588,402
COST OF GENERATION	(3,029,541)	(57,554,709)
GROSS PROFIT/(LOSS)	(3,029,541)	4,033,693
OPERATING AD FINANCIAL EXPENSES	(20,24,173)	(14,69,163)
PROFIT/(LOSS) BEFORE TAXATION	(5,053,714)	2,564,530
TAXATION	-	-
PROFIT/(LOSS) AFTER TAXATION	(5,053,714)	2,564,530
EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)	(0.63)	0.32

Net sales for the period were Nil as compared to Rs.61.588 million and net loss is Rs.5.053 million as compared to net profit Rs.2.56 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)

Chief Executive Officer

FAISALABAD

DATED: NOVEMBER 06, 2018

ڈائریکٹروں کی رپورٹ شیئر ہولڈرز کے لئے

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2018 کو مالیاتی کارکردگی کی رپورٹ جمع کرواتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی نتائج	30 ستمبر 2018	30 ستمبر 2017
	روپے	روپے
ریونیو	-	61,588,402
بجلی بنانے کا خرچہ	(3,029,541)	(57,554,709)
مجموعی (نقصان) / منافع	(3,029,541)	4,033,693
انتظامی اور مالیاتی اخراجات	(20,24,173)	(14,69,163)
ٹیکس سے پہلے (نقصان) / منافع	(5,053,714)	2,564,530
ٹیکس	-	-
ٹیکس کے بعد (نقصان) / منافع	(5,053,714)	2,564,530
فی شیئر ہولڈر (نقصان) / منافع	(0.63)	0.32

اس سال کوئی ریونیو نہیں جبکہ 2017 میں 61.588 ملین روپے اور خالص نقصان 5.053 ملین روپے ہے جبکہ 2017 میں خالص منافع 2.56 ملین روپے تھا۔

مستحکم قیمت فروخت اور فرنس کی قیمتیں بڑھ جانے کی وجہ سے کمپنی کی کارروائی دوران سہ ماہی بند رہی۔ انتظامیہ دوبارہ کام شروع کرنے کے لئے فرنس کی قیمت اور فروخت کی قیمت کو باقاعدگی سے دیکھ رہی ہے۔

اعتراف:

بورڈ اپنے گاہکوں سپلائرز بینکرز اور ملازموں کے تعاون، عزم اور محنت کی تعریف کرتا ہے اور اس کو اپنے ریکارڈ میں لاتا ہے۔

بورڈ کی طرف سے

شہزاد احمد شیخ

ڈائریکٹر

محمد ارشد

چیف ایگزیکٹو آفیسر

فیصل آباد

مورخہ: نومبر 2018

ARSHAD ENERGY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	NOTE	Quarter ended	
		30 September 2018	30 September 2017
-----RUPEES-----			
SALES		-	61,588,402
COST OF GENERATION	5	(3,029,541)	(57,554,709)
GROSS PROFIT/(LOSS)		<u>(3,029,541)</u>	<u>4,033,693</u>
ADMINISTRATIVE EXPENSES		(1,995,517)	(1,429,477)
OTHER EXPENSES		(27,899)	(39,645)
FINANCE COST		(757)	(41)
PROFIT/(LOSS) BEFORE TAXATION		<u>(5,053,714)</u>	<u>2,564,530</u>
TAXATION		-	-
PROFIT/(LOSS) AFTER TAXATION		<u>(5,053,714)</u>	<u>2,564,530</u>
EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)		<u>(0.63)</u>	<u>0.32</u>

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


Chief Financial Officer

ARSHAD ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Quarter ended	
	30 September 2018	30 September 2017
	-----RUPEES-----	
PROFIT/(LOSS) AFTER TAXATION	(5,053,714)	2,564,530
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
	-	-
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	(5,053,714)	2,564,530

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 FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	NOTE	2018 RUPEES 30-Sep-18	2018 RUPEES 30-Jun-18		NOTE	2018 RUPEES 30-Sep-18	2018 RUPEES 30-Jun-18
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorized share capital				Property, plant and equipment	4	154,931,158	156,517,826
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>154,941,708</u>	<u>156,528,376</u>
Capital reserves				CURRENT ASSETS			
Premium on issue of right shares		80,000,000	80,000,000	Stores, spare parts and loose tools		13,271,257	13,220,000
Surplus on revaluation of property, plant and equipment		43,014,923	43,215,514	Stock of oil and lubricants		12,117,916	12,107,316
Revenue reserves		<u>(68,756,168)</u>	<u>(63,903,045)</u>	Trade debts		865,228	919,199
Total equity		<u>134,258,755</u>	<u>139,312,469</u>	Loans and advances		2,125,238	2,580,574
LIABILITIES				Other receivables		7,160,573	7,158,023
NON CURRENT LIABILITIES				Cash and bank balances		255,611	1,181,259
Staff retirement gratuity		4,058,156	3,837,695			<u>35,795,823</u>	<u>37,166,371</u>
CURRENT LIABILITIES				TOTAL ASSETS		<u>190,737,531</u>	<u>193,694,747</u>
Trade and other payables		39,089,272	33,363,292				
Unclaimed dividend		31,348	31,348				
Short term borrowings		13,300,000	17,149,943				
		<u>52,420,620</u>	<u>50,544,583</u>				
TOTAL LIABILITIES		<u>56,478,776</u>	<u>54,382,278</u>				
CONTINGENCIES AND COMMITMENTS							
TOTAL EQUITY AND LIABILITIES		<u>190,737,531</u>	<u>193,694,747</u>				

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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 2016	80,000,000	80,000,000	-	80,000,000	14,408,600	(72,687,952)	(58,279,352)	21,720,648	101,720,648
Impact of restatement - Note 2.7.1	-	-	42,514,371	42,514,371	-	-	-	42,514,371	42,514,371
Balance as at 30 June 2016 - restated	80,000,000	80,000,000	42,514,371	122,514,371	14,408,600	(72,687,952)	(58,279,352)	64,235,019	144,235,019
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(1,000,307)	(1,000,307)	-	1,000,307	1,000,307	-	-
Profit for the year	-	-	-	-	-	11,212,657	11,212,657	11,212,657	11,212,657
Other comprehensive (loss) / income for the year-restated	-	-	(825,833)	(825,833)	-	572,063	572,063	(253,770)	(253,770)
Total comprehensive income for the year-restated	-	-	(825,833)	(825,833)	-	11,784,720	11,784,720	10,958,887	10,958,887
Balance as at 30 June 2017 - restated	80,000,000	80,000,000	40,688,231	120,688,231	14,408,600	(59,902,925)	(45,494,325)	75,193,906	155,193,906
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(421,187)	(421,187)	-	421,187	421,187	-	-
Loss for the year	-	-	-	-	-	(19,146,112)	(19,146,112)	(19,146,112)	(19,146,112)
Other comprehensive income for the year	-	-	2,948,470	2,948,470	-	316,205	316,205	3,264,675	3,264,675
Total comprehensive income / (loss) for the year	-	-	2,948,470	2,948,470	-	(18,829,907)	(18,829,907)	(15,881,437)	(15,881,437)
Balance as at 30 June 2018	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
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(200,591)	(200,591)	-	200,591	200,591	-	-
Loss for the year	-	-	-	-	-	(5,053,714)	(5,053,714)	(19,146,112)	(19,146,112)
Other comprehensive income for the year	-	-	-	-	-	-	-	3,264,675	3,264,675
Total comprehensive income / (loss) for the year	-	-	-	-	-	(5,053,714)	(5,053,714)	(15,881,437)	(15,881,437)
Balance as at 30 September 2018	80,000,000	80,000,000	43,014,923	123,014,923	14,408,600	(83,164,768)	(68,756,168)	59,312,469	139,312,469

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 2018**

	Quarter ended	
	30 September 2018	30 September 2017
	RUPEES	RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from/(utilized in) operations		
Profit/(loss) before taxation	(5,053,714)	2,564,530
Adjustments for non-cash charges and other items:		
Depreciation	1,586,668	1,607,938
Provision for staff retirement gratuity	220,461	211,098
Finance cost	757	41
	(3,245,828)	4,383,607
Working capital changes		
Decrease/(Increase) in current assets		
Stores, spare parts and loose tools	(51,257)	787,055
Stock of oil and lubricants	(10,600)	(5,941,670)
Trade debts	53,971	(17,133,127)
Loans and advances	470,936	176,418
Other receivables	(2,550)	(3,694,887)
	460,501	(25,806,211)
Increase in trade and other payables	5,725,980	24,572,860
	6,186,481	(1,233,351)
Cash generated from operations	2,940,653	3,150,256
Finance cost paid	(757)	(41)
Income tax paid	(15,601)	(26,310)
Net cash (utilised in)/generated from operating activities	2,924,295	3,123,905
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)	(2,397,943)
Net cash used in financing activities	(3,849,943)	(2,397,943)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(925,648)	725,962
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,181,259	776,178
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	255,611	1,502,140

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 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 Companies Ordinance, 1984 and listed on Pakistan Stock Exchange Limited. Its registered office is situated at Room No. 404 and 405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi. The Company is engaged in the business of generation and distribution of electricity. The project is located at Tehsil Jaranwala, District Faisalabad in the Province of Punjab. .

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 2018.

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 2018 (30 June 2018: Rupees Nil).

4. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 30 Sep 2018 RUPEES	Audited 30 June 2017 RUPEES
Opening book value	156,517,826	156,031,471
Cost of additions during the period / year	-	2,829,780
Disposal during the Period	-	(37,279)
Effect of surplus on revaluation as at 30 June 2018	-	2,948,470
	156,517,826	161,772,442
Depreciation charged during the period / year	(1,586,668)	(6,527,141)
Reversal of Impairment loss	-	1,272,525
	<u>154,931,158</u>	<u>156,517,826</u>

4.1 Cost of additions during the period / year

Plant and machinery	-	2,808,960
Computers	-	19,000
Furniture and fittings	-	1,950
	<u>-</u>	<u>2,829,910</u>

5. COST OF GENERATION

	(Un-audited) Quarter ended	
	30 Sep 2018	30 Sep 2,017
	-----RUPEES-----	
Oil and lubricants consumed	-	53,897,497
Salaries, wages and other benefits	1,444,180	1,478,864
Stores, spare parts and loose tools consumed	3,040	550,618
Repair and maintenance	720	24,380
Depreciation	1,581,601	1,603,350
	<u>3,029,541</u>	<u>57,554,709</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 2018	30 Sep 2017
-----RUPEES-----	

i) Transactions

Associated companies / undertakings

Sale of energy	-	61,588,402
Stores purchased	-	13,450

(Un-Audited)	
Quarter ended	
30 Sep 2018	30 Sep 2017
-----RUPEES-----	

Other related parties

Remuneration paid to Executive	1,089,000	681,000
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Un-audited	Audited
30 Sep 2018	30 June 2017
RUPEES	RUPEES

ii) Period end balances

Trade and other payables	39,089,272	54,517,856
Borrowings	13,300,000	16,196,956
Trade debts	865,228	38,342,530

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 2018.

9. DATE OF AUTHORIZATION

This condensed interim financial information was approved and authorized for issue on 06 November 2018 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

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