

ARSHAD ENERGY LIMITED



ARSHAD GROUP

**QUARTER ENDED
MARCH 31, 2020
UNAUDITED**

COMPANY INFORMATION

CHAIRMAN	Mr. Nisar Ahmad Sheikh
CHIEF EXECUTIVE	Mr. Muhammad Arshad
DIRECTORS	Mr. Shahzad Ahmed Sheikh Mr. Shehryar Arshad Ms. Resham Shahzad Mr. Moeez Rehman Mr. Waseem Ashfaq
AUDIT COMMITTEE	
CHAIRMAN	Mr. Shahzad Ahmed Sheikh
MEMBER	Mr. Shehryar Arshad
MEMBER	
HR & REMUNERATION COMMITTEE	
CHAIRMAN	Mr. Shahzad Ahmed Sheikh
MEMBER	Mr. Shehryar Arshad
CHIEF FINANCIAL OFFICER	Mr. Nasir Mahmood
COMPANY SECRETARY	Mr. Javed Abbas Naqvi
HEAD OF INTERNAL AUDIT	Shafqat Baig
AUDITORS	M/S Riaz Ahmad & Co. Chartered Accountants
BANKERS	Habib Metropolitan Bank Bank Al Habib Limited
LEGAL AD VISOR	Rana Iftikhar Ahmad
REGISTERED OFFICE	404-405, 4 th Floor, Business Centre, Mumtaz Hassan Road, Karachi. Tel. 021-32416553 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., Shekhupura 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.

Contents

Directors Review	1
Statement of Financial Position	2
Statement of Profit or Loss (Unaudited)	3
Statement of Comprehensive Income (Unaudited)	4
Statement of Changes in Equity (Unaudited)	5
Statement of Cash Flows (Unaudited)	6
Notes to the Financial Statements (Unaudited)	7

DIRECTOR'S REVIEW TO THE SHARE HOLDERS

The Board of Directors is presenting the un-audited financial results of the Company for the Quarter ended March 31, 2020.

Nine Month ENDED	
31 MARCH 2020	31 MARCH 2019

----- RUPEES --

SALES		
COST OF GENERATION	(8,349,132)	(8,592,554)
GROSS LOSS	<u>(8,349,132)</u>	<u>(8,592,554)</u>
ADMINISTRATIVE EXPENSES	(3,625,018)	(3,950,663)
OTHER EXPENSES	(25,956)	
FINANCE COST	<u>(1,923)</u>	<u>(3,048)</u>
LOSS BEFORE TAXATION	(12,002,029)	(12,546,265)
TAXATION		
LOSS AFTER TAXATION	(12,002,029)	(12,546,265)
LOSS PER SHARE -		
BASIC AND DILUTED (RUPEE)	<u>(1.50)</u>	<u>(1.57)</u>

PERFORMANCE REVIEW:

Net sales for the period also remain Nil and net loss is Rs.12.002 million as compared to net loss Rs.12.546 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.

FUTURE PROSPECTS:

The management is continuously monitoring the fuel price and sales rates to restart Operations.

ACKNOWLEDGEMENT:

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

On behalf of the Board


(Muhammad Arshad)
Chief Executive Officer

- LAHORE
- DATED: April 27, 2020

ڈائریکٹرز رپورٹ شیئر ہولڈرز کیلئے

کمپنی ڈائریکٹرز غیر آڈٹ شدہ 31 مارچ 2020 کو ختم ہونے والی سہ ماہی مالیاتی کارکردگی پیش کر رہے ہیں۔

31-03-2019	31-03-2020	مالیاتی نتائج:
روپے	روپے	
---	---	ریوینو
(8,592,554)	(8,349,132)	بجلی بنانے کی قیمت
(8,592,554)	(8,349,132)	گراس نقصان
(3,950,663)	(3,625,018)	انتظامی اخراجات
---	(25,956)	دیگر اخراجات
(3,048)	(1,923)	مالیات کا سٹ
(12,546,265)	(12,002,029)	نقصان محصولات سے پہلے
---	---	محصولات
(12,546,265)	(12,002,029)	نقصان بعد از محصولات
(1.57)	(1.50)	نفع فی شیئر (روپے فی شیئر) بنیادی اور Diluted

اس مدت میں نیٹ سیلز صفر رہی ہے اور خالص نقصان 12.002 ملین روپے ہے جبکہ خالص نقصان کچھلی مدت کے مقابلے میں 12.546 ملین روپے ہے۔

آپریٹنگ کی لاگت کے برعکس فروخت کی قیمتوں کی غیر واجبات کی وجہ سے سہ ماہی کے دوران کمپنی کی آپریٹنگ بند رہے۔ آپریٹنگ کو دوبارہ شروع کرنے کیلئے انتظامیہ مسلسل ایندھن کی قیمت اور فروخت کی شرح کی نگرانی کر رہا ہے۔
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

فیصل آباد


مورخہ 27 اپریل 2020ء

ARSHAD ENERGY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

NOTE	Un-audited 2020 RUPEES 31-Mar-20	Audited 2019 RUPEES 30-Jun-19	NOTE	Un-audited 2020 RUPEES 31-Mar-20	Audited 2019 RUPEES 30-Jun-19
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorized share capital			Property, plant and equipment 4		
10 000 000 (2019: 10 000 000) ordinary shares of Rupees 10 each			Security deposits		
	100,000,000	100,000,000		149,927,216	154,532,416
Issued, subscribed and paid up share capital				10,550	10,550
	80,000,000	80,000,000		149,937,766	154,542,966
reserves			CURRENT ASSETS		
Total equity			Stores, spare parts and loose tools		
	32,254,527	44,256,564		13,150,000	13,150,000
	112,254,527	124,256,564		11,203,567	11,203,567
LIABILITIES				1,455,908	1,455,908
NON CURRENT LIABILITIES				2,559,377	2,424,135
Staff retirement gratuity				7,214,319	7,210,595
	6,154,541	5,440,765		308,976	327,911
CURRENT LIABILITIES				35,892,147	35,772,116
Trade and other payables				185,829,913	190,315,082
	16,719,497	14,136,405		185,829,913	190,315,082
Unclaimed dividend				190,315,082	190,315,082
	31,348	31,348		190,315,082	190,315,082
Short term borrowings				190,315,082	190,315,082
	50,670,000	46,450,000		190,315,082	190,315,082
	67,420,845	60,617,753		190,315,082	190,315,082
TOTAL LIABILITIES				190,315,082	190,315,082
	73,575,386	66,058,518		190,315,082	190,315,082
CONTINGENCIES AND COMMITMENTS				190,315,082	190,315,082
TOTAL EQUITY AND LIABILITIES				190,315,082	190,315,082
	185,829,913	190,315,082		190,315,082	190,315,082
TOTAL ASSETS				190,315,082	190,315,082
	185,829,913	190,315,082		190,315,082	190,315,082

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
CONDENSED PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED 31 MARCH 2020

	NOTE	Nine Month ENDED		Quarter ended	
		31 MARCH 2020	31 MARCH 2019	31 MARCH 2020	31 MARCH 2019
-----RUPEES-----					
SALES		-	-	-	-
COST OF GENERATION	5	(8,349,132)	(8,592,554)	(2,876,361)	(2,764,466)
GROSS LOSS		<u>(8,349,132)</u>	<u>(8,592,554)</u>	<u>(2,876,361)</u>	<u>(2,764,466)</u>
ADMINISTRATIVE EXPENSES		(3,625,018)	(3,950,663)	(1,029,667)	(1,063,109)
OTHER EXPENSES		(25,956)	-	-	-
FINANCE COST		(1,923)	(3,048)	(176)	(621)
LOSS BEFORE TAXATION		<u>(12,002,029)</u>	<u>(12,546,265)</u>	<u>(3,906,204)</u>	<u>(3,828,196)</u>
TAXATION		-	-	-	-
LOSS AFTER TAXATION		<u><u>(12,002,029)</u></u>	<u><u>(12,546,265)</u></u>	<u><u>(3,906,204)</u></u>	<u><u>(3,828,196)</u></u>
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)		<u><u>(1.50)</u></u>	<u><u>(1.57)</u></u>	<u><u>(0.49)</u></u>	<u><u>(0.48)</u></u>

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


CHIEF EXECUTIVE OFFICER


Chief Financial Officer


DIRECTOR

ARSHAD ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED 31 MARCH 2020

	Nine Month Ended		Quarter ended	
	31 MARCH 2020	31 MARCH 2019	31 MARCH 2020	31 MARCH 2019
	-----RUPEES-----			
LOSS AFTER TAXATION	(12,002,029)	(12,546,265)	(3,906,204)	(3,828,196)
OTHER COMPREHENSIVE INCOME				
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(12,002,029)</u>	<u>(12,546,265)</u>	<u>(3,906,204)</u>	<u>(3,828,196)</u>

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


CHIEF EXECUTIVE OFFICER

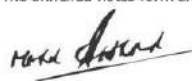

DIRECTOR


Chief Financial Officer

ARSHAD ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2020

SHARE CAPITAL	RESERVES						TOTAL	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								
Balance as at 30 June 2017	80,000,000	80,000,000	40,688,231	120,688,231	14,408,600	(59,902,925)	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	-	-
Loss for the year	-	-	-	-	-	(19,146,112)	(19,146,112)	(19,146,112)
Other comprehensive income for the year	-	-	2,948,470	2,948,470	-	316,205	3,264,675	3,264,675
Total comprehensive income / (loss) for the year	-	-	2,948,470	2,948,470	-	(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)	59,312,469	139,312,469
Adjustment on adoption of IFRS 9 (Note 2.8)	-	-	-	-	-	(865,228)	(865,228)	(865,228)
Adjusted total equity as at 01 July 2018	80,000,000	80,000,000	43,215,514	123,215,514	14,408,600	(79,176,873)	58,447,241	138,447,241
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(509,552)	(509,552)	-	509,552	-	-
Loss for the year	-	-	-	-	-	(15,683,529)	(15,683,529)	(15,683,529)
Other comprehensive income for the year	-	-	3,004,530	3,004,530	-	(1,511,678)	1,492,852	1,492,852
Total comprehensive income / (loss) for the year	-	-	3,004,530	3,004,530	-	(17,195,207)	(14,190,677)	(14,190,677)
Balance as at 30 June 2019	80,000,000	80,000,000	45,710,492	125,710,492	14,408,600	(95,862,536)	44,256,556	124,256,556
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(603,318)	(603,318)	-	603,318	-	-
Loss for the period	-	-	-	-	-	(12,002,029)	(12,002,029)	(12,002,029)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	-	(12,002,029)	(12,002,029)	(12,002,029)
Balance as at 31 MARCH 2020	80,000,000	80,000,000	45,107,174	125,107,174	14,408,600	(107,261,247)	32,254,527	112,254,527

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 CASH FLOWS (Un-audited)
FOR THE HALF YEAR ENDED 31 MARCH 2020

	Nine Month Ended	
	31 MARCH 2020 RUPEES	31 MARCH 2019 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations		
Loss before taxation	(12,002,029)	(12,546,265)
Adjustments for non-cash charges and other items:		
Depreciation	4,605,192	4,760,002
Provision for staff retirement gratuity	713,776	621,526
Finance cost	1,923	3,048
	(6,681,138)	(7,161,689)
Working capital changes		
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	-	42,548
Stock of oil and lubricants	-	(4,784,910)
Trade debts	-	53,971
Loans and advances	(135,242)	100,297
Prepayments and other receivables	(3,724)	(736,939)
	(138,966)	(5,325,032)
Increase / (decrease) in trade and other payables	2,583,092	(4,759,250)
	2,444,126	(10,084,281)
Cash (used in) / generated from operations	(4,237,012)	(17,245,970)
Finance cost paid	(1,923)	(3,048)
Income tax paid	-	-
Workers' profit participation fund paid	-	-
Staff retirement gratuity paid	-	(785,000)
Net cash (used in) / generated from operating activities	(4,238,935)	(18,034,019)
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	4,220,000	17,400,057
Net cash from / (used in) financing activities	4,220,000	17,400,057
NET INCREASE	(18,935)	(633,962)
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	308,976	547,297

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE CONDENSED QUARTERLY FINANCIAL STATEMENTS (Un-audited)
FOR THE PERIOD ENDED 31 MARCH 2020**

1. THE COMPANY AND ITS OPERATIONS

Arshad Energy Limited (the Company) is a public limited company incorporated in Pakistan on 20 February 1994 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at Room No. 404 and 405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi. The Company is engaged in the business of generation and distribution of electricity. The project is located at 35 - Kilometers, Sheikhpura Road, Tehsil Jaranwala, District Faisalabad in the Province of Punjab.

1.1 Non-going concern basis of accounting

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed quarterly financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2019 except for the change in accounting policy as stated in Note 2.2 to these condensed quarterly financial statements.

2.1 Basis of preparation

2.1.1 Statement of compliance

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

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

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

- b) These condensed quarterly financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2019. These condensed quarterly financial statements are un-audited.

Accounting convention

2.1.2

These condensed quarterly financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively. In realizable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

2.1.3 Accounting estimates, judgments and financial risk management

The preparation of these condensed quarterly financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During the preparation of these condensed quarterly financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

2.2 Trade and other receivables

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

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

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

3. CONTINGENCIES AND COMMITMENTS

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

4. PROPERTY, PLANT AND EQUIPMENT

Opening book value

Add:

Cost of additions during the period / year (Note 4.1)

Effect of surplus on revaluation

Reversal of Impairment loss

Less: Depreciation charged during the period / year

Closing book value

Un-audited	Audited
31 March	30 June
2020	2019
RUPEES	RUPEES
154,532,416	156,517,826
-	3,004,530
-	1,356,720
<u>154,532,416</u>	<u>160,879,076</u>
154,532,416	160,879,076
(4,605,200)	(6,346,660)
<u>149,927,216</u>	<u>154,532,416</u>

5. COST OF GENERATION

(Un-audited)			
Nine Month ended		Quarter ended	
31 March 2020	31 March 2019	31 March 2020	31 March 2019
-----RUPEES-----			
Oil and lubricants consumed	415,354		411,404
Electricity duty	-		-
Salaries, wages and other benefits	3,289,362	2,823,708	1,190,904
Staff retirement gratuity	463,955	384,334	154,652
Stores, spare parts and loose tools consumed	-	211,579	-
Repair and maintenance	3,400	12,776	-
Depreciation	4,592,415	4,744,803	1,530,805
	<u>8,349,132</u>	<u>8,592,554</u>	<u>2,876,361</u>
			<u>2,764,466</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 / undertakings, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties is as follows:

(Un-audited)			
Nine Month ended		Quarter ended	
31 March 2020	31 March 2019	31 March 2020	31 March 2019
-----RUPEES-----			

i) Transactions

Associated companies

Sale of energy

- - - - -

Other related parties

Borrowings received

4,220,000 21,250,000 4,220,000 21,250,000

Un-audited 31 March 2020 RUPEES	Audited 30 June 2019 RUPEES
16,750,845	28,604,042
50,670,000	34,550,000

ii) Period end balances

Trade and other payables

16,750,845

Short term borrowings

50,670,000

28,604,042

34,550,000

8. FINANCIAL RISK MANAGEMENT

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

9. DATE OF AUTHORIZATION

These condensed quarterly financial statements were approved by the Board of Directors of the Company and authorized for issue on 27-04-2020.

10. CORRESPONDING FIGURES

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

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