

ARSHAD ENERGY LIMITED



ARSHAD GROUP

3RD QUARTERLY ACCOUNTS

FOR THE PERIOD ENDED

31, MARCH 2019

(UN-AUDITED)

COMPANY INFORMATION

CHAIRMAN	Mr.Nisar Ahmad Sheikh
CHIEF EXECUTIVE	Mr.Muhammad Arshad
DIRECTORS	Mr.Shahzad Ahmed Sheikh Mr.Shehryar Arshad Mrs.Naureen Shahzad Ms.Resham Shahzad Mr. Faisal Masood Sheikh
AUDIT COMMITTEE	
CHAIRMAN	Mr. Faisal Masood Sheikh
MEMBER	Mr.Shahzad Ahmed Sheikh
MEMBER	Mr.Shehryar Arshad
HR & REMUNERATION COMMITTEE	
CHAIRMAN	Mr. Faisal Masood Sheikh
MEMBER	Mr.Shahzad Ahmed Sheikh
MEMBER	Mrs.Naureen Shahzad
CHIEF FINANCIAL OFFICER	Mr.Nasir Mahmood
COMPANY SECRETARY	Mr.Javed Abbas Naqvi
HEAD OF INTERNAL AUDIT	Mr.Muhammad Saqib
AUDITORS	M/S Riaz Ahmad & Co. Chartered Accountants
BANKERS	Habib Metropolitan Bank Bank Al Habib Limited
LEGAL AD VISOR	Rana Iftikhar Ahmad
REGISTERED OFFICE	404-405, 4 th Floor, Business Centre, Mumtaz Hassan Road, Karachi. Tel. 021-32412814 Web: www.arshadenergy.com
SHARES REGISTRAR	F.D.Registrar Services (SMC-Pvt.) Limited 17 th Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi.
PLANT	35-K.M., Sheikhpura Road, Tehsil Jaranwala, District Faisalabad.

Vision statement:

To become the most cost effective power generation company, committed to empowering Pakistan growth by not only maximizing energy outputs from the existing plant through sustained excellence in performance and innovation.

Mission statement:

Support the power purchaser to cope with the energy shortfalls in the country. Become the most efficient and economical plant while protecting commercial interests of the stakeholders. Create a work environment for employees that meets international standards of environment, health and safety.

DIRECTOR'S REVIEW TO THE SHARE HOLDERS

The Directors of your Company is submitting un-audited financial information of your Company for the quarter ended March 31, 2019.

FINANCIAL RESULTS

	Nine Month Ended	
	31 MARCH 2019	31 MARCH 2018
-----RUPEES-----		
SALES	-	171,354,338
COST OF GENERATION	(8,592,554)	(181,055,224)
GROSS LOSS	(8,592,554)	(9,700,886)
ADMINISTRATIVE EXPENSES	(3,950,663)	(4,030,531)
OTHER EXPENSES		(27,640)
FINANCE COST	(3,048)	(34,065)
LOSS BEFORE TAXATION	(12,546,265)	(13,793,122)
TAXATION	-	-
LOSS AFTER TAXATION	(12,546,265)	(13,793,122)
LOSS PER SHARE - BASIC AND DILUTED - RUPEES	(1.57)	(1.72)

Net sales for the period were Nil as compared to Rs.171.354 million and net loss is Rs.12.546 million as compared to net loss Rs.13.793 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: APRIL 25, 2019

ڈائریکٹرز رپورٹ شیئر ہولڈرز کیلئے

کمپنی ڈائریکٹرز غیر آڈٹ شدہ 31 مارچ 2019 کو ختم ہونے والی سہ ماہی مالیاتی کارکردگی پیش کر رہے ہیں۔

31-03-2018

31-03-2019

مالیاتی نتائج:

روپے

روپے

171,354,338	---	ریونیو
(181,055,224)	(8,592,554)	بجلی بنانے کی قیمت
(9,700,886)	(8,592,554)	گراس نقصان
(4,030,531)	(3,950,663)	انتظامی اخراجات
(27,640)	---	دیگر اخراجات
(34,065)	(3,048)	مالیات کا سٹ
(13,793,122)	(12,546,265)	نقصان محصولات سے پہلے
---	---	محصولات
(13,793,122)	(12,546,265)	نقصان بعد از محصولات
(1.72)	(1.57)	نفع فی شیئر (روپے فی شیئر) بنیادی اور Diluted

اس مدت میں نیٹ سیلز صفر ہے جو کہ پچھلی مدت کے مقابلے میں 171,354 ملین روپے تھی اور خالص نقصان 12,546 ملین روپے ہے جبکہ خالص نقصان پچھلی مدت کے مقابلے میں 13,793 ملین روپے ہے۔

آپریٹنگ کی لاگت کے برعکس فروخت کی قیمتوں کی غیر واجبات کی وجہ سے سہ ماہی کے دوران کمپنی کی آپریٹنگز بند ہوئیں۔ آپریٹنگز کو دوبارہ شروع کرنے کے لئے 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 25 اپریل 2019

ARSHAD ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 31 March 2019

	Un-audited	Audited
	31 MARCH 2019	30 June 2018
NOTE	-----RUPEES-----	

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorized share capital

10 000 000 (30 June 2018: 10 000 000) ordinary shares of Rupees 10 each

100,000,000 100,000,000

Issued, subscribed and paid up share capital

80,000,000 80,000,000

Premium on issue of right shares

80,000,000 80,000,000

Surplus on revaluation of property, plant & equipment

42,561,172 43,215,514

Revenue Reserves

(75,794,969) (63,903,045)

TOTAL EQUITY

126,766,203 139,312,469

LIABILITIES

NON CURRENT LIABILITIES

Staff retirement gratuity

3,674,221 3,837,695

CURRENT LIABILITIES

Trade and other payables

28,604,042 33,363,292

unclaimed dividend

31,348 31,348

Short term Borrowings

7(i) 34,550,000 17,149,943

63,185,390 50,544,583

TOTAL LIABILITIES

66,859,611 54,382,278

CONTINGENCIES AND COMMITMENTS

TOTAL EQUITY AND LIABILITIES

193,625,814 193,694,747

ASSETS

NON-CURRENT ASSEST

Property, plant and equipment

4 151,757,824 156,517,826

Security deposits

10,550 10,550

151,768,374 156,528,376

CURRENT ASSETS

Stores, spare parts and loose tools

13,177,452 13,220,000

Stock of oil and lubricants

16,892,226 12,107,316

Trade debts

865,228 919,199

Prepayments Loans and advances

2,480,277 2,580,574

Other receivables

7,894,962 7,158,023

Cash and bank balances

547,295 1,181,259

41,857,440 37,166,371

TOTAL ASSETS

193,625,814 193,694,747

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFF.

ARSHAD ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE PERIOD ENDED 31 MARCH 2019

		Nine Month Ended		Quarter ended	
		31 MARCH 2019	31 MARCH 2018	31 MARCH 2019	31 MARCH 2018
-----RUPEES-----					
SALES		-	171,354,338	-	53,632,631
COST OF GENERATION	5	(8,592,554)	(181,055,224)	(2,764,466)	(60,498,663)
GROSS LOSS		<u>(8,592,554)</u>	<u>(9,700,886)</u>	<u>(2,764,466)</u>	<u>(6,866,032)</u>
ADMINISTRATIVE EXPENSES		(3,950,663)	(4,030,531)	(1,063,109)	(1,417,253)
OTHER EXPENSES			(27,640)		(27,639)
FINANCE COST		<u>(3,048)</u>	<u>(34,065)</u>	<u>(621)</u>	<u>1,287</u>
LOSS BEFORE TAXATION		(12,546,265)	(13,793,122)	(3,828,196)	(8,309,637)
TAXATION		-	-	-	-
LOSS AFTER TAXATION		<u><u>(12,546,265)</u></u>	<u><u>(13,793,122)</u></u>	<u><u>(3,828,196)</u></u>	<u><u>(8,309,637)</u></u>
LOSS PER SHARE - BASIC AND DILUTED - RUPEES		<u><u>(1.57)</u></u>	<u><u>(1.72)</u></u>	<u><u>(0.48)</u></u>	<u><u>(1.04)</u></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 31 MARCH 2019

	Nine month ended		Quarter ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	-----RUPEES-----			
PROFIT/(LOSS) AFTER TAXATION	(12,546,265)	(13,793,122)	(3,828,196)	(8,309,637)
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	<u>(12,546,265)</u>	<u>(13,793,122)</u>	<u>(3,828,196)</u>	<u>(8,309,637)</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 CASH FLOW STATEMENT (Un-audited)
FOR THE QUARTER ENDED 31 MARCH 2019

	Quarter ended	
	31 March 2019	31 March 2018
	RUPEES	RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from/(utilized in) operations		
Profit/(loss) before taxation	(12,546,265)	(13,793,122)
Adjustments for non-cash charges and other items:		
Depreciation	4,760,002	4,954,514
Provision for staff retirement gratuity	621,526	586,794
Finance cost	3,048	38,494
	<u>(7,161,689)</u>	<u>(8,213,320)</u>
Working capital changes		
Decrease/(Increase) in current assets		
Stores, spare parts and loose tools	42,548	3,200,795
Stock of oil and lubricants	(4,784,910)	(28,598,107)
Trade debts	53,971	(64,608,860)
Loans and advances	100,297	(7,242,138)
Other receivables	(736,939)	(8,795,690)
	<u>(5,325,032)</u>	<u>(106,043,999)</u>
Increase in trade and other payables	(4,759,250)	127,424,495
	<u>(10,084,281)</u>	<u>21,380,496</u>
Cash generated from operations	<u>(17,245,970)</u>	<u>13,167,176</u>
Finance cost paid	(3,048)	(38,494)
Income tax paid	-	-
Staff retirement gratuity Paid	(785,000)	(122,000)
Net cash (utilised in/generated from operating activities)	<u>(18,034,019)</u>	<u>13,006,682</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	-	(2,829,780)
Net cash used in investing activities	-	(2,829,780)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings - net	17,400,057	(5,294,899)
Net cash used in financing activities	<u>17,400,057</u>	<u>(5,294,899)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(633,962)	4,882,003
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	<u>547,297</u>	<u>5,658,181</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 CHANGES IN EQUITY (Un-audited)
FOR THE PERIOD ENDED 31 MARCH 2019

	SHARE CAPITAL	CAPITAL RESERVES			REVENUE RESERVES			TOTAL	TOTAL EQUITY
		Premium on issue of right shares	Surplus on revaluation of property, plant	Sub total	General	Accumulated loss	Sub total		
RUPEES									
Balance as at 30 June 2017- (Audited)	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	-	-	(210,594)	(210,594)	-	210,594	210,594	-	-
Loss for the half year ended 31 December 2017	-	-	-	-	-	(5,483,484)	(5,483,484)	(5,483,484)	(5,483,484)
Other comprehensive income for the half year ended 31 December 2017	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year ended 31 December 2017	-	-	-	-	-	(5,483,484)	(5,483,484)	(5,483,484)	(5,483,484)
Balance as at 31 December 2017- (Un-audited)	80,000,000	80,000,000	40,477,637	120,477,637	14,408,600	(65,175,815)	(50,767,215)	69,710,422	149,710,422
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(210,593)	(210,593)	-	210,593	210,593	-	-
Loss for the half year ended 30 June 2018	-	-	-	-	-	(13,662,628)	(13,662,628)	(13,662,628)	(13,662,628)
Other comprehensive income for the half ended 30 June 2018	-	-	2,948,470	2,948,470	-	316,205	316,205	3,264,675	3,264,675
Total comprehensive loss for the half year ended 30 June 2018	-	-	2,948,470	2,948,470	-	(13,346,423)	(13,346,423)	(10,397,953)	(10,397,953)
Balance as at 30 June 2018- (Audited)	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
	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	-	-	(654,342)	(654,342)	-	654,342	654,342	-	-
Loss for the period ended 31 MARCH 2019	-	-	-	-	-	(12,546,265)	(12,546,265)	(12,546,265)	(12,546,265)
Other comprehensive income for the period ended 31 MARCH 2019	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period ended 31 march 2019	-	-	-	-	-	(12,546,265)	(12,546,265)	(12,546,265)	(12,546,265)
Balance as at 31 March 2019- (Un-audited)	80,000,000	80,000,000	42,561,172	122,561,172	14,408,600	(90,203,568)	(75,794,968)	46,766,204	126,766,204

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

ARSHAD ENERGY LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
FOR THE PERIOD ENDED 31 MARCH 2019

1. THE COMPANY AND ITS OPERATIONS

Arshad Energy Limited (the Company) is a public limited company incorporated in Pakistan on 20 February 1994 under the 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 interim 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 interim 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 2018 except for the change in accounting policy as stated in Note 2.2 to these condensed interim financial statements.

2.1 Basis of preparation

2.1.1 Statement of compliance

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

- International Accounting Standard (IAS) 34 'Interim Financial Reporting', 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 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 interim 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 2018. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and section 237 of the Companies Act, 2017. The figures of condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 March 2019 and 31 March 2018 have not been reviewed by the statutory auditors of the Company.

2.1.2 Accounting convention

These condensed interim 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 interim 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 interim 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 2018.

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 shall be Rupees 0.13 million. Hence, there is an upside of Rupees 0.13 million not recognized in the statement of profit or loss on property, plant and equipment.

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

2.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS - 9)

Following changes in accounting policies have taken place effective from 01 July 2018:

2.2.1 IFRS 9 'Financial Instruments'

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt instrument shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'Expected Credit Loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results.

Key changes in accounting policies resulting from application of IFRS 9

i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, Fair Value Through Profit or Loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, FVTPL and Fair Value Through Other Comprehensive Income (FVTOCI).

a) Classification

From 01 July 2018, in compliance with the requirements of this IFRS in these condensed interim financial statements, the category of financial assets i.e. 'loans and receivables' has been changed to 'at amortised cost'. However, there was no change in the figures of the above mentioned categories of financial instruments. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments. The Company measures 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 amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other income / (other expenses).

ii) Impairment

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised 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 recognised from initial recognition of the receivables.

iii) Impacts of adoption of IFRS 9 on these condensed interim financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets (01 July 2018)

	Measurement category	
	Loans and receivables	Amortised cost
	(IAS 39)	(IFRS 9)
	RUPEES	RUPEES
Opening balance	2,315,508	
Adjustments due to adoption of IFRS 9:		
Adjustment on adoption of IFRS 9 by reclassifying financial instruments designated as 'Loans and Receivables' to 'Amortised Cost'	(2,315,508)	2,315,508
Recognition of expected life time credit losses on trade debts		(865,228)
	<u>-</u>	<u>1,450,280</u>

The impact of these changes on the Company's accumulated loss and equity is as follows:

	Effect on accumulated loss	Effect on total equity
	RUPEES	RUPEES
Opening balance	(78,311,645)	139,312,469
Adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts	(865,228)	(865,228)
	<u>(79,176,873)</u>	<u>138,447,241</u>

2.2.2 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 2018: Rupees Nil).

Un-audited	Audited
31 March	30 June
2019	2018
RUPEES	RUPEES

4. PROPERTY, PLANT AND EQUIPMENT

Opening book value	156,517,826	156,031,471
Add:		
Cost of additions during the period / year (Note 4.1)	-	2,829,780
Effect of surplus on revaluation	-	2,948,470

Reversal of Impairment loss	-	1,272,525
	<u>156,517,826</u>	<u>163,082,246</u>
Less: Book value of deletions during the period / year - vehicles	-	(37,279)
	<u>156,517,826</u>	<u>163,044,967</u>
Less: Depreciation charged during the period / year	(4,760,002)	(6,527,141)
Closing book value	<u><u>151,757,824</u></u>	<u><u>156,517,826</u></u>

4.1 Cost of additions during the period / year

Plant and machinery	-	2,808,830
Computers	-	19,000
Furniture and fittings	-	1,950
	<u>-</u>	<u>2,829,780</u>

5. COST OF GENERATION

(Un-audited)			
Nine Month Ended		Quarter ended	
31 March 2,019	31 March 2,018	31 March 2,019	31 March 2,018
-----RUPEES-----			
415,354	167,054,445	411,404	55,463,370
-	-	-	-
2,823,708	4,420,873	641,656	1,703,523
384,334	-	124,305	-
211,579	4,668,691	5,500	1,681,207
12,776	33,600	-	1,620
4,744,803	4,877,615	1,581,601	1,648,943
8,592,554	181,055,224	2,764,466	60,498,663

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)			
Half year ended		Quarter ended	
31 March 2,019	31 March 2,018	31 March 2019	31 March 2018
-----RUPEES-----			

i) Transactions

Associated companies

Sale of energy	-	171,354,338	-	53,632,631
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Other related parties

Borrowings received	21,250,000	13,300,000	21,250,000	-
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Un-audited	Audited
31 March	30 June
2019	2018
RUPEES	RUPEES

ii) Period end balances

Trade and other payables	28,604,042	11,868,732
Short term borrowings	34,550,000	13,300,000
Trade debts	-	53,971

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 2018.

9. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issue on _____.

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 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

If undelivered Please return to:

Arshad Energy Limited

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