

ARSHAD ENERGY LIMITED



**1ST QUARTERLY  
ACCOUNTS**

**SEPTEMBER 30, 2017  
(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 <sup>th</sup> Floor, Business Centre, Mumtaz Hassan Road, Karachi. Tel. 021-32412814 Web: www.arshadenergy.com
SHARES REGISTRAR	F.D.Registrar Services (SMC-Pvt.) Limited 17 <sup>th</sup> Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi.
PLANT	35-K.M., Sheikhupura Road, Tehsil Jaranwala, District Faisalabad.



DIRECTORS' 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, 2017.

FINANCIAL RESULTS

	<u>Quarter ended</u>	
	Jul-Sep 17. Rupees	Jul-Sep 16 Rupees
Sales	61,588,402	55,230,158
Cost of generation	(57,554,709)	(52,981,322)
Gross profit	4,033,693	2,248,836
Operating and financial expenses	(1,469,163)	(1,049,904)
Profit after taxation	2,564,530	1,198,932
Earnings per share – basic and diluted-Rupees	0.32	0.15

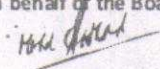
Net sales for the period were Rs.61.588 million as compared to Rs.55.230 million and net profit was RS.2.564 million as compared to net profit Rs.1.198 million of corresponding period.

Company faces challenges ahead in the form of rise in the prices of petroleum products specifically furnace continuously. That will increase the cost of doing business. In such circumstances it will become difficult to maintain the present results.

FAISALABAD

Dated: November 01, 2017

On behalf of the Board

  
(Muhammad Arshad)

Chief Executive Officer



## ڈائریکٹرز رپورٹ شیئر ہولڈرز کیلئے

کمپنی کے ڈائریکٹر 30 ستمبر 2017 کو مالیاتی کارکردگی پر بحث کرنے میں خوشی محسوس کر رہے ہیں۔

30 ستمبر 2016	30 ستمبر 2017	فینشیل رولٹس:
روپے	روپے	ریونیو
55,230,158	61,588,402	تکلی بنانے کی قیمت
(52,981,322)	(57,554,709)	مجموعی منافع
2,248,836	4,033,693	عوام اور مالیاتی اخراجات
(1,049,904)	(1,469,163)	خالص منافع بعد از محصولات
1,198,932	2,564,530	نفع فی شیئر (روپے فی شیئر)
0.15	0.32	

## مالیاتی کارکردگی کا جائزہ

اس سال کا خالص ریونیو 61.588 ملین روپے جبکہ 2016 میں 55.230 ملین روپے تھا اور خالص منافع 2.564 ملین روپے ہے جبکہ 2016

میں 1.198 ملین روپے تھا۔

کمپنی کو پیٹرولیم مصنوعات خاص طور پر فرس آئل کی قیمتوں میں اضافے کی وجہ سے چیلنج کا سامنا ہے۔ کام کرنے کی لاگت بہت بڑھ گئی ہے۔ ایسے حالات میں موجودہ رزلٹ کو برقرار کرنا بھی مشکل ہو جائیگا۔

بورڈ آف ڈائریکٹرز کی جانب سے

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محمد ارشد

فیصل آباد 01 نومبر 2017

چیف ایگزیکٹو آفیسر



## 1ST QUARTERLY ACCOUNTS

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2017

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

*Muhammad Arshad*  
MUHAMMAD ARSHAD  
CHIEF EXECUTIVE OFFICER

SHAHZAD AHMAD SHEIKH  
DIRECTOR

*Naheed Mansoor*  
NASIR MAHMOOD  
CHIEF FINANCIAL OFFICER



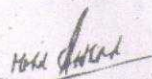
## ARSHAD ENERGY LIMITED

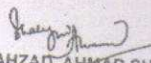
## 1ST QUARTERLY ACCOUNTS

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

		Quarter ended	
		30 September 2017	30 September 2016
		-----RUPEES-----	
SALES		61,588,402	55,230,158
COST OF GENERATION	5	(57,554,709)	(52,981,322)
GROSS PROFIT		4,033,693	2,248,836
ADMINISTRATIVE EXPENSES		(1,429,477)	(984,343)
OTHER EXPENSES		(39,645)	(63,102)
FINANCE COST		(41)	(2,459)
PROFIT BEFORE TAXATION		2,564,530	1,198,932
TAXATION	6	-	-
PROFIT AFTER TAXATION		<u>2,564,530</u>	<u>1,198,932</u>
EARNINGS PER SHARE - BASIC AND DILUTED - RUPEES		<u>0.32</u>	<u>0.15</u>

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

  
MUHAMMAD ARSHAD  
CHIEF EXECUTIVE OFFICER

  
SHAHZAD AHMAD SHEIKH  
DIRECTOR

  
NASIR MAHMOOD  
CHIEF FINANCIAL OFFICER



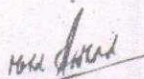
## ARSHAD ENERGY LIMITED


## 1ST QUARTERLY ACCOUNTS


CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter ended	
	30 September 2017	30 September 2016
	-RUPEES-	
PROFIT AFTER TAXATION	2,564,530	1,198,932
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 FOR THE PERIOD	<u>2,564,530</u>	<u>1,198,932</u>

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

  
MUHAMMAD ARSHAD  
CHIEF EXECUTIVE OFFICER

  
SHAHZAD AHMAD SHEIKH  
DIRECTOR

  
NASIR MAHMOOD  
CHIEF FINANCIAL OFFICER



## ARSHAD ENERGY LIMITED

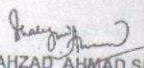
## 1ST QUARTERLY ACCOUNTS

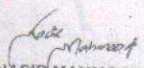
CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter ended	
	30 September 2017 RUPEES	30 September 2016 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations		
Profit before taxation	2,564,530	1,198,932
Adjustments for non-cash charges and other items:		
Depreciation	1,607,938	2,117,025
Provision for staff retirement gratuity	211,098	142,449
Finance cost	41	2,459
Working capital changes	4,383,607	3,460,865
Decrease/(Increase) in current assets		
Stores, spare parts and loose tools	787,055	1,929,078
Stock of oil and lubricants	(5,941,670)	4,317,281
Trade debts	(17,133,127)	(20,575,890)
Loans and advances	176,418	(957,074)
Other receivables	(3,694,887)	566,836
Increase in trade and other payables	(25,806,211)	(14,719,769)
	24,572,860	10,925,295
	(1,233,351)	(3,794,474)
Cash generated from/(used in) operations	3,150,256	(333,609)
Finance cost paid	(41)	(2,459)
Income tax paid	(26,310)	(57,001)
Net cash generated from/(utilised in) operating activities	3,123,905	(393,069)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings - net	(2,397,943)	-
Net cash used in financing activities	(2,397,943)	-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	725,962	(393,069)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	776,178	1,883,507
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	1,502,140	1,490,438

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

  
 MUHAMMAD ARSHAD  
 CHIEF EXECUTIVE OFFICER

  
 SHAHZAD AHMAD SHEIKH  
 DIRECTOR

  
 NASIR MAHMOOD  
 CHIEF FINANCIAL OFFICER







**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

**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 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 Non-going concern basis of accounting**

Previously the Company was not in operations properly because of high price of furnace oil. Now, due to decrease in the furnace oil prices in the world market, the cost of generation of electricity by the Company has been decreased. Therefore, the Company has increased its production activities. But, its present customers are two related parties only. Moreover, the current demand of the electricity is due to lower rate of furnace oil, which may be reduced in future due to possible increase in furnace oil prices. This may adversely affect the operations of the Company. Hence, the Company is not ensured a going concern.

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 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 2017.

**2.1 BASIS OF PREPARATION**

**2.1.1 Statement of compliance**

This condensed interim financial information has been prepared in accordance the accounting framework as disclosed in the annual financial statements for the year ended June 30, 2017. This condensed interim financial information of the Company for the 1st quarter ended 30 September 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended 30 June 2017.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. Securities and Exchange Commission of Pakistan (SECP) vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Company's operations and has also enhanced the definition of related parties.

**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



# ARSHAD ENERGY LIMITED

## 1ST QUARTERLY ACCOUNTS

### 3. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 30 September 2017 (30 June 2017: Rupees Nil).

### 4. PROPERTY, PLANT AND EQUIPMENT

Opening book value  
Cost of additions during the period / year (Note 4.1)  
Effect of surplus on revaluation as at 30 June 2017

Un-audited 30 Sep 2017	Audited 30 June 2017
RUPEES	RUPEES

156,031,471 152,013,128

7,496,752

(825,833)

156,031,471 158,684,047

(1,607,938) (6,594,377)

3,941,801

154,423,533 156,031,471

### 4.1 Cost of additions during the period / year

Plant and machinery  
Electric Appliances

7,465,752

31,000

7,496,752

### 5. COST OF GENERATION

(Un-audited) Quarter ended	
30 Sep 2017	30 Sep 2016
RUPEES	

Oil and lubricants consumed

53,897,497 47,040,581

Salaries, wages and other benefits

1,478,864 1,458,156

Stores, spare parts and loose tools consumed

550,618 2,381,470

Repair and maintenance

24,380 2,200

Depreciation

1,603,350 2,098,915

57,554,709 52,981,322

### 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 2017	30 Sep 2016
RUPEES	

#### i) Transactions

#### Associated companies / undertakings

Sale of energy  
Stores purchased

61,586,402 55,230,158

13,450 5,390



(Un-Audited)	
Quarter ended	
30 Sep 2017	30 Sep 2016
RUPEES	

## Other related parties

Remuneration paid to Executive

681,000

375,000

Un-audited	Audited
30 Sep 2017	30 Sep 2016
RUPEES	RUPEES

## ii) Period end balances

Trade and other payables

54,517,856

17,584,750

Borrowings

16,196,956

13,300,000

Trade debts

38,342,530

36,546,720

## 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 2017.

## 9. DATE OF AUTHORIZATION

This condensed interim financial information was approved and authorized for issue on 01 November 2017 by the Board of Directors of the Company.

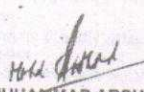
## 10. CORRESPONDING FIGURES

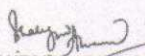
In order to comply with the requirements of IAS 34, the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, 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.

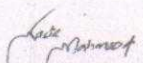
Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

## 11. GENERAL

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

  
MUHAMMAD ARSHAD  
CHIEF EXECUTIVE OFFICER

  
SHAHZAD AHMAD SHEIKH  
DIRECTOR

  
NASIR MAHMOOD  
CHIEF FINANCIAL OFFICER



