

IDEAL ENERGY LIMITED



ARSHAD GROUP

**1st QUARTERLY
ACCOUNTS**

**SEPTEMBER 30, 2015
(UN-AUDITED)**

COMPANY INFORMATION

CHAIRMAN	Mr.Nisar Ahmad Sheikh
CHIEF EXECUTIVE	Mr.Muhammad Arshad
DIRECTORS	Mr.Shahzad Ahmad Sheikh Mr.Shehryar Arshad Mrs.Shahida Arshad Mrs.Naureen Shahzad Ms.Resham Shahzad
AUDIT COMMITTEE	
CHAIRMAN	Mr.Nisar Ahmad Sheikh
MEMBER	Mr.Shahzad Ahmad Sheikh
MEMBER	Mr.Shehryar Arshad
HR & REMUNERATION COMMITTEE	
CHAIRMAN	Mr.Nisar Ahmad Sheikh
MEMBER	Mr.Shahzad Ahmad Sheikh
MEMBER	Mrs.Noureen Shahzad
CHIEF FINANCIAL OFFICER	Mr.Nasir Mahmood
COMPANY SECRETARY	Mr.Javed Abbas Naqvi
AUDITORS	M/S Riaz Ahmad & Co. Chartered Accountants
BANKERS	Faysal Bank Limited Habib Bank Limited
LEGAL ADVISOR	Rana Iftikhar Ahmad
REGISTERED OFFICE	404-405, 4 th Floor, Business Centre, Mumtaz Hassan Road, Karachi. Tel. 021-32412814 Web: www.idealenergyltd.com
SHARES REGISTRAR	Consulting One (Pvt) Limited, 478-D, Peoples Colony No.1, Faisalabad.
PLANT	35-K.M., Sheikhpura 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 period ended September 30, 2015.

FINANCIAL RESULTS

	Quarter July-Sep 15 Rupees	Quarter July-Sep 14 Rupees
Sales	63,334,929	2,554,137
Cost of generation	<u>(63,351,282)</u>	<u>(4,245,778)</u>
Gross loss	(16,353)	(1,691,641)
Operating and financial expenses	(649,314)	(516,228)
Net profit for the period after taxation	(665,667)	(2,207,869)
Earnings per share - basic (Rupees)	(0.08)	(0.28)

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

FAISALABAD.

Dated: October 29, 2015

BALANCE SHEET AS AT SEPTEMBER 30, 2015

	NOTE	UN-AUDITED 30 September 2015		AUDITED 30 June 2015		NOTE	UN-AUDITED 30 September 2015		AUDITED 30 June 2015	
		Estimated settlement value Rupees	Book value Rupees	Estimated settlement Value Rupees	Book value Rupees		Estimated settlement Value Rupees	Book value Rupees		
EQUITY AND LIABILITIES										
SHARE CAPITAL AND RESERVES										
Authorized share capital										
10 000 000 (30 June 2015: 10 000 000)										
ordinary shares of Rupees 10 each										
Issued, subscribed and paid up share capital										
Reserves										
Total equity										
Net surplus on estimated realizable/ settlement values										
Surplus on revaluation of property, plant and equipment										
CURRENT LIABILITIES										
Trade and other payables										
Borrowings										
Staff retirement gratuity										
CONTINGENCIES AND COMMITMENTS										
TOTAL EQUITY AND LIABILITIES										
TOTAL ASSETS										

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



MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER



SHAHZAD AHMAD SHEIKH
DIRECTOR

PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015

NOTE

		Quarter ended	
		30 September 2015	30 September 2014
		Rupees	Rupees
SALES		63,334,929	2,554,137
COST OF GENERATION	7	(63,351,282)	(4,245,778)
GROSS LOSS		(16,353)	(1,691,641)
ADMINISTRATIVE EXPENSES		(647,736)	(514,916)
LOSS FROM OPERATIONS		(664,089)	(2,206,557)
FINANCE COST		(1,578)	(1,312)
LOSS BEFORE TAXATION		(665,667)	(2,207,869)
TAXATION	8	-	-
LOSS AFTER TAXATION		(665,667)	(2,207,869)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)		(0.08)	(0.28)

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER



SHAHZAD AHMAD SHEIKH
DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015

	Quarter ended	
	30 September 2015	30 September 2014
	Rupees	Rupees
LOSS AFTER TAXATION	(665,667)	(2,207,869)
OTHER COMPREHENSIVE LOSS	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(665,667)</u>	<u>(2,207,869)</u>

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER


SHAHZAD AHMAD SHEIKH
DIRECTOR

CASH FLOW STATEMENT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015

	NOTE	Quarter ended	
		30 September 2015 Rupees	30 September 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilized in) operations	9	4,533,418	310,183
Finance cost paid		(1,578)	(1,312)
Income tax paid		(4,392)	(3,791)
Net cash generated from operating activities		4,527,448	305,080
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant & equipment		(4,511,767)	-
Net cash used in investing activities		(4,511,767)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings - net		(1,810)	(797,451)
Net cash used in financing activities		(1,810)	(797,451)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		13,871	(492,371)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,190,955	885,475
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,204,826	393,104

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER


SHAHZAD AHMAD SHEIKH
DIRECTOR

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015

	SHARE CAPITAL	RESERVES						TOTAL EQUITY
		CAPITAL RESERVES		REVENUE RESERVES		TOTAL		
		Share premium	General reserve	Unappropriated profit / (Accumulated loss)	Sub total			
						Rupees	Rupees	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2014 - Audited	80,000,000	80,000,000	14,408,600	(78,613,829)	(64,205,229)	15,794,771	95,794,771	
Loss for the period ended 30 Sep 2014	-	-	-	(2,207,869)	(2,207,869)	-	(2,207,869)	-
Other comprehensive loss for the year	-	-	-	-	-	-	-	-
Incremental depreciation on property, plant and equipment	-	-	-	408,215	408,215	408,215	408,215	408,215
Total comprehensive loss for the period ended 30 September 2014	-	-	-	(1,799,654)	(1,799,654)	(1,799,654)	(1,799,654)	(1,799,654)
Balance as at 30 September 2014 - Un-audited	80,000,000	80,000,000	14,408,600	(80,413,483)	(66,004,883)	13,995,117	93,995,117	
Loss for the period ended 30 June 2015	-	-	-	(3,817,640)	(3,817,640)	(3,817,640)	(3,817,640)	(3,817,640)
Other comprehensive loss for the period	-	-	-	(838,107)	(838,107)	(838,107)	(838,107)	(838,107)
Incremental depreciation on property, plant and equipment	-	-	-	353,295	353,295	353,295	353,295	353,295
Total comprehensive loss for the period ended 30 June 2015	-	-	-	(4,302,452)	(4,302,452)	(4,302,452)	(4,302,452)	(4,302,452)
Balance as at 30 June 2015 - Audited	80,000,000	80,000,000	14,408,600	(84,715,935)	(70,307,335)	9,692,665	89,692,665	
Loss for the period ended 30 Sep 2015	-	-	-	(665,667)	(665,667)	(665,667)	(665,667)	(665,667)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-
Incremental depreciation on property, plant and equipment	-	-	-	180,858	180,858	180,858	180,858	180,858
Total comprehensive loss for the period ended 30 September 2015	-	-	-	(484,809)	(484,809)	(484,809)	(484,809)	(484,809)
Balance as at 30 September 2015 - Un-audited	80,000,000	80,000,000	14,408,600	(85,200,744)	(70,792,144)	9,207,856	89,207,856	

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER


SHAHZAD AHMAD SHEIKH
DIRECTOR

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015**

1. THE COMPANY AND ITS OPERATIONS

Ideal Energy Limited (the Company) was incorporated on 20 February 1994 under the Companies Ordinance, 1984 and quoted at Karachi and Lahore Stock Exchanges. The main object of the Company is generation and distribution of electricity. The project is located at Tehsil Jaranwala, District Faisalabad in the province of Punjab. Registered office of the Company is situated at Room No. 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi.

2. BASIS OF PREPARATION

This condensed interim financial information is unaudited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for three months period ended 30 September 2015 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 Companies Ordinance, 1984 as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements for the year ended 30 June 2015.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

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 2015.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information 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 preparation of this condensed interim financial information, 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 2015.

5. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 30 September 2015 (30 June 2015: Nil).

6. PROPERTY, PLANT AND EQUIPMENT

	Un-Audited 30 September 2015 Rupees	Audited 30 June 2015 Rupees
Opening book value	139,865,841	129,563,118
Add: Cost of additions during the period/ year in plant and machinery	4,511,767	15,860,379
	<u>144,377,608</u>	<u>145,423,497</u>
Less: Depreciation charged for the period / year	1,070,603	5,557,656
	<u>143,307,005</u>	<u>139,865,841</u>

7. COST OF GENERATION

	(Un-audited)	
	Quarter ended	
	30 September 2015 Rupees	30 September 2014 Rupees
Oil and lubricants consumed	59,777,076	2,550,253
Salaries, wages and other benefits	1,211,238	603,593
Stores, spare parts and loose tools	1,294,865	4,099
Repair and maintenance	600	2,200
Depreciation	1,067,503	1,085,633
	<u>63,351,282</u>	<u>4,245,778</u>

8. 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.

(Un-audited)	
Quarter ended	
30 September 2015	30 September 2014
Rupees	Rupees

9. CASH GENERATED FROM / (UTILIZED IN) OPERATIONS

Loss before taxation	(665,667)	(2,207,869)
Adjustments for non-cash charges and other items:		
Depreciation	1,070,603	1,089,349
Finance cost	1,578	1,312
Provision for staff retirement gratuity	85,827	47,725
Working capital changes (Note 9.1)	4,041,077	1,379,666
	<u>4,533,418</u>	<u>310,183</u>

9.1 Working capital changes**(Increase) / decrease in current assets**

Stores, spare parts and loose tools	5,068,761	2,047
Stock of oil and lubricants	6,889,790	1,304,415
Trade debts	(1,841,894)	1,415,223
Loans and advances	753,411	(1,000)
Other receivables	1,505,578	259,845
	12,375,646	2,980,530
Increase / (decrease) in trade and other payables	(8,334,569)	(1,600,864)
	<u>4,041,077</u>	<u>1,379,666</u>

10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

(Un-audited)	
Quarter ended	
30 September 2015	30 September 2014
Rupees	Rupees

i) Transactions**Associated companies/undertakings**

Sale of energy	63,334,929	2,554,137
Remuneration paid to Executives	375,000	315,000

ii) Period end balances

Trade and other payables	12,044,655	16,773,862
Short term borrowings	13,300,000	13,300,000
Trade debts	8,023,286	917,641

11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding auditing annual financial statements of the Company for the year ended 30 June 2015.

12. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorised for issue on 29 October 2015.

13. CORRESPONDING FIGURES

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. Certain re-arrangements have been made in comparatives due to presentation of this condensed interim financial information on estimated realizable/settlement value. Assets and liabilities have been presented in the order of liquidity.

14. GENERAL

Figures have been rounded off to the nearest Rupee.



MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER



SHAHZAD AHMAD SHEIKH
DIRECTOR