

COMPANY INFORMATION

CHAIRMAN	Mr.Nisar Ahmad Sheikh
CHIEF EXECUTIVE	Mr.Muhammad Arshad
DIRECTORS	Mr.Shahzad Ahmad Sheikh Mr.Shehryar Arshad Mrs.Shahida Arshad Mrs.Noureen 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 Mehmood
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
SHARES REGISTRAR	Consulting One (Pvt) Limited, 478-D, Peoples Colony No.1, Faisalabad.
PLANT	35-K.M., Sheikhupura Road, Tehsil Jaranwala, District Faisalabad.

**AUDITORS' REPORT TO THE MEMBERS
ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of IDEAL ENERGY LIMITED as at 31 December 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2014 and 31 December 2013 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2014.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

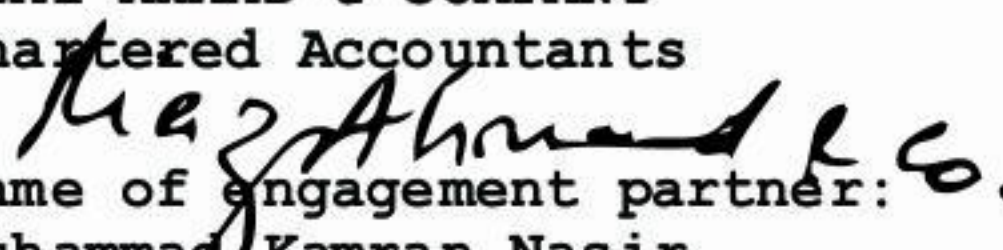
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended 31 December 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to Note No. 1.1 to the condensed interim financial information, which states that this condensed interim financial information has been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention as the company is no longer a going concern for the reasons stated in the aforesaid note. Our report is not qualified in respect of this matter.

RIAZ AHMAD & COMPANY
Chartered Accountants


Name of engagement partner: **6.**

Muhammad Kamran Nasir

Date: February 23, 2015

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 half year ended December 31, 2014.

FINANCIAL RESULTS

Half year ended

	July-Dec 14	Jul-Dec 13
	Rupees	Rupees
Sales	4,320,870	39,409,411
Cost of generation	<u>(11,729,269)</u>	<u>(41,704,692)</u>
Gross loss	(7,408,399)	(2,295,281)
Operating and financial expenses	(1,215,182)	(2,168,379)
Net profit for the period after taxation	(8,623,581)	(4,463,660)
Loss per share – basic		
And diluted (Rupees)	(1.08)	(0.56)

Due to drastic decrease in oil prices, the Management has decided to start generation because it is viable to generate electricity with furnace oil at the prevailing prices. The Management is hopeful to earn profit in the period to come if the oil prices will maintain the current level.

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: February 23, 2015

CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2014

	NOTE			NOTE		
	Un-audited		Audited	Un-audited		Audited
	31 December 2014			31 December 2014		
	Estimated settlement value	Book value		Estimated settlement value	Book value	
	Rupees	Rupees		Rupees	Rupees	
ASSETS						
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital						
10 000 000 (30 June 2014: 10 000 000) ordinary shares of Rupees 10 each						
Issued, subscribed and paid up share capital	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	885,475
Reserves	80,000,000	80,000,000	80,000,000	80,000,000	1,145,212	1,145,212
	7,551,945	7,551,945	15,794,771	15,794,771	1,456,218	1,456,218
Total equity	87,551,945	87,551,945	95,794,771	95,794,771	2,332,864	2,332,864
Net surplus on estimated realizable / settlement values	32,276,452	-	32,657,207	-	12,310,381	12,310,381
Surplus on revaluation of property, plant and equipment	-	32,276,452	-	32,657,207	17,497,082	17,497,082
Trade and other payables	20,099,939	20,099,939	21,086,969	21,086,969	10,550	10,550
Borrowings	14,609,705	14,609,705	14,097,451	14,097,451	129,563,118	129,563,118
Staff retirement gratuity	1,710,652	1,710,652	1,564,502	1,564,502		
CONTINGENCIES AND COMMITMENTS						
TOTAL EQUITY AND LIABILITIES	156,248,693	156,248,693	165,200,900	165,200,900	165,200,900	165,200,900
TOTAL ASSETS						

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER


SHAHZAD AHMAD SHEIKH
DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	RESERVES					TOTAL EQUITY	
	REVENUE RESERVES			TOTAL			
	CAPITAL RESERVE Share premium	General reserve	Accumulated loss				
					Sub total		
-----Rupees-----							
Balance as at 30 June 2013 - Audited	80,000,000	80,000,000	14,408,600	(47,509,653)	(33,101,053)	46,898,947	126,898,947
Loss for the half year ended 31 December 2013	-	-	-	(4,463,660)	(4,463,660)	(4,463,660)	(4,463,660)
Other comprehensive income for the half year ended 31 December 2013	-	-	-	-	-	-	-
Total comprehensive loss for the period ended 31 December 2013	-	-	-	(4,463,660)	(4,463,660)	(4,463,660)	(4,463,660)
Balance as at 31 December 2013 - Un-audited	80,000,000	80,000,000	14,408,600	(51,973,313)	(37,564,713)	42,435,287	122,435,287
Loss for the half year ended 30 June 2014	-	-	-	(26,153,618)	(26,153,618)	(26,153,618)	(26,153,618)
Other comprehensive loss for the half year ended 30 June 2014	-	-	-	(486,898)	(486,898)	(486,898)	(486,898)
Total comprehensive loss for the period ended 30 June 2014	-	-	-	(26,640,516)	(26,640,516)	(26,640,516)	(26,640,516)
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
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	380,755	380,755	380,755	380,755
Loss for the half year ended 31 December 2014	-	-	-	(8,623,581)	(8,623,581)	(8,623,581)	(8,623,581)
Other comprehensive income for the half year ended 31 December 2014	-	-	-	-	-	-	-
Total comprehensive loss for the period ended 31 December 2014	-	-	-	(8,623,581)	(8,623,581)	(8,623,581)	(8,623,581)
Balance as at 31 December 2014 - Un-audited	80,000,000	80,000,000	14,408,600	(86,856,655)	(72,448,055)	7,551,945	87,551,945

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

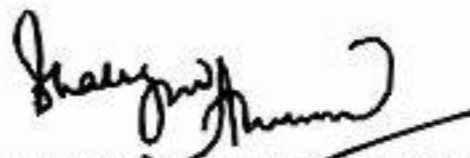

SHAHZAD AHMAD SHEIKH
DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Half year ended		Quarter ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
-----Rupees-----				
LOSS AFTER TAXATION	(8,623,581)	(4,463,660)	(6,415,712)	(2,807,023)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Experience adjustment on defined benefit plan	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(8,623,581)</u>	<u>(4,463,660)</u>	<u>(6,415,712)</u>	<u>(2,807,023)</u>

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

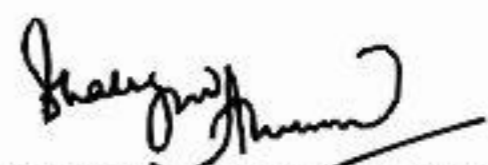

SHAHZAD AHMAD SHEIKH
DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Half year ended	
	31 December 2014 Rupees	31 December 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash utilized in operations		
Loss before taxation	(8,623,581)	(4,463,660)
Adjustments for non-cash charges and other items:		
Depreciation	2,178,698	1,817,984
Provision for staff retirement gratuity	146,150	98,938
Finance cost	2,340	89,560
	<u>(6,296,393)</u>	<u>(2,457,178)</u>
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(16,847)	32,066
Stock of oil and lubricants	4,671,757	146,631
Trade debts	1,417,636	4,285,963
Loans and advances	1,499	64,322
Sales tax refundable	181,430	314,876
Prepayments	-	(11,089)
	<u>6,255,475</u>	<u>4,832,769</u>
Decrease in trade and other payables	(987,030)	(5,259,628)
	<u>5,268,445</u>	<u>(426,859)</u>
Cash utilized in operations	<u>(1,027,948)</u>	<u>(2,884,037)</u>
Finance cost paid	(2,340)	(89,560)
Income tax paid	(9,305)	(6,230)
Net cash utilized in operating activities	<u>(1,039,593)</u>	<u>(2,979,827)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings - net	<u>512,254</u>	<u>2,464,616</u>
Net cash from financing activities	<u>512,254</u>	<u>2,464,616</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(527,339)</u>	<u>(515,211)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>885,475</u>	<u>824,343</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>358,136</u></u>	<u><u>309,132</u></u>

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

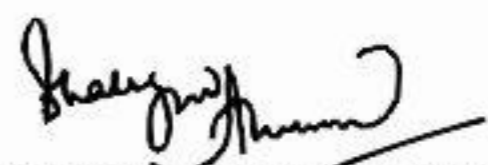

SHAHZAD AHMAD SHEIKH
DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	NOTE	Half year ended		Quarter ended	
		31 December	31 December	31 December	31 December
		2014	2013	2014	2013
-----Rupees-----					
SALES		4,320,870	39,409,411	1,766,733	6,405,485
COST OF GENERATION	5	(11,729,269)	(41,704,692)	(7,483,491)	(8,125,088)
GROSS LOSS		(7,408,399)	(2,295,281)	(5,716,758)	(1,719,603)
ADMINISTRATIVE EXPENSES		(1,212,842)	(2,078,819)	(697,926)	(1,041,801)
LOSS FROM OPERATIONS		(8,621,241)	(4,374,100)	(6,414,684)	(2,761,404)
FINANCE COST		(2,340)	(89,560)	(1,028)	(45,619)
LOSS BEFORE TAXATION		(8,623,581)	(4,463,660)	(6,415,712)	(2,807,023)
TAXATION	6	-	-	-	-
LOSS AFTER TAXATION		(8,623,581)	(4,463,660)	(6,415,712)	(2,807,023)
LOSS PER SHARE - BASIC AND DILUTED RUPEES		(1.08)	(0.56)	(0.80)	(0.35)

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER


SHAHZAD AHMAD SHEIKH
DIRECTOR

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

1. THE COMPANY AND ITS OPERATIONS

Ideal Energy Limited (the Company) is a public limited company incorporated in Pakistan on 20 February 1994 under the Companies Ordinance, 1984 and listed on Karachi and Lahore Stock Exchanges. 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

During the period ended 31 December 2014, the Company has incurred loss after taxation of Rupees 8.624 million. The Company has suffered accumulated losses of Rupees 86.857 million. Moreover, the Company has almost ceased its operations as it is not commercially viable to carry on operations due to previously high rate of furnace oil and huge maintenance costs. The management has no alternate plans for viable continuation of operations.

Keeping in view the above factors the management of the Company 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 2014.

2.1 BASIS OF PREPARATION

2.1.1 Statement of compliance

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors 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 the half year ended 31 December 2014 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. 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 of the Company for the year ended 30 June 2014.

2.1.2 Accounting convention

Keeping in view the fact that the Company may not be able to continue as going concern, this condensed interim financial information is prepared on the basis of realizable / settlement values of assets and liabilities respectively in addition to the historical cost convention. 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. Realizable / settlement values of assets and liabilities respectively as disclosed in the balance sheet are based on the management's best estimate.

2.1.3 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 2014.

3. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 31 December 2014 (30 June 2014: Rupees Nil).

4. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 31 December 2014 Rupees	Audited 30 June 2014 Rupees
Opening book value	129,563,118	117,142,375
Add: Effect of Revaluation	-	32,657,207
	129,563,118	149,799,582
Less:		
Depreciation charged during the period / year	(2,178,698)	(3,635,968)
Impairment loss during the period / year	-	(16,600,496)
	(2,178,698)	(20,236,464)
	127,384,420	129,563,118

5. COST OF GENERATION

	(Un-audited)			
	Half year ended		Quarter ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	-----Rupees-----			
Oil and lubricants consumed	8,123,612	37,625,640	5,573,359	5,898,309
Salaries, wages and other benefits	1,381,280	967,302	777,687	585,669
Stores, spare parts and loose tools consumed	49,161	1,302,795	45,062	1,236,633
Repair and maintenance	3,950	-	1,750	-
Depreciation	2,171,266	1,808,955	1,085,633	404,477
	11,729,269	41,704,692	7,483,491	8,125,088

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.

	(Un-audited)			
	Half year ended		Quarter ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	-----Rupees-----			

i) Transactions

Associated companies / undertakings

Sale of energy	4,320,870	39,409,411	1,766,733	6,405,485
Fuel purchased	-	54,480	-	-
Other charges paid	30,710	40,931	30,710	21,398

(Un-Audited)			
Half year ended		Quarter ended	
31 December 2014	31 December 2013	31 December 2014	31 December 2013

-----Rupees-----

Directors

Loan obtained	-	5,300,000	-	4,000,000
Remuneration paid to Executive	812,500	588,000	406,250	294,000

Un-audited	Audited
31 December 2014	30 June 2014
Rupees	Rupees

ii) Period end balances

Trade and other payables	17,512,976	14,255,155
Short term borrowings	13,300,000	13,300,000
Trade debts	915,228	2,332,864

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 2014.

9. DATE OF AUTHORIZATION

This condensed interim financial information was approved and authorized for issue on February 23, 2015 by the Board of Directors of the Company.

10. CORRESPONDING FIGURES

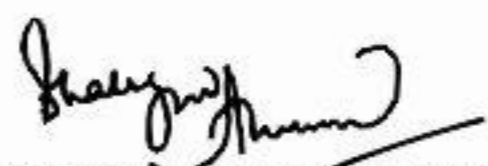
In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER


SHAHZAD AHMAD SHEIKH
DIRECTOR