IDEAL ENERGY LIMITED

ARSHAD GROUP

3rd Quarterly Accounts

MARCH 31, 2014 (UN-AUTHITED)

COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman	Nisar Ahmed Sheikh
Chief Executive	Muhammad Arshad
Director	Muhammad Saeed
Director	Amjad Saeed
Director	Shahzad Ahmed
Director	Naureen Shahzad
Director	Aizad Amer

BOARD OF AUDIT COMMITTEE

Chairman	Nisar Ahmed Sheikh
Member	Amjad Saeed
Member	Shahzad Ahmed

HR & REMUNERATION COMMITTEE

Chairman	Nisar Ahmed Sheikh
Member	Shahzad Ahmad
Member	Aizad Amer

COMPANY SECRETARY	Javed Abbas Naqvi
CHIEF FINANCIAL OFFICER	Nasir Mahmood
AUDITORS	M/s. Riaz Ahmad & Co. Chartered Accountant
BANKERS	Faysal Bank Limited Habib Bank Limited
LEGAL ADVISOR	Rana Iftikhar Ahmed
REGISTERED OFFICE	404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi.
SHARES REGISTRAR	Consulting One (Pvt) Limited, 478-D, Peoples Colony No 1., Faisalabad
PLANT	35.K.M. Sheikhupura Road, Faisalabad.

DIRECTOR'S REPORT TO SHARE HOLDERS

Dear Shareholders/Investors,

I would like to inform you about the progress of the company and place before you the third quarterly report for the period ended March 31, 2014.

FINANCIAL RESULT:

The net loss for the third quarterly report under review is Rs. (6.530) Million.

Sale of the company has been decreased; the reason is that, the Govt. has changed energy policy for textile sector and as a result textile industry has been provided continuous Gas supply and rescheduled electricity, resultantly demand from company's consumers comes to lowest level because the consumers are generating their electricity from cheaper fuel of Sui Gas. We are of the view that, minor demand in the near future may be arised. Company has no other option for sale of electricity, resultantly the operations of the company are being run at very low level.

Faisalabad: 28.04.2014

MUHAMMAD ARSHAD
(Chief Executive)

CONDENSED INTERIM BALANCE SHEET

	NOTE	Un-Audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 10 000 000 (30 June 2013: 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
Reserves		40,245,778	46,775,858
Total equity		120,245,778	126,775,858
LIABILITIES			
NON-CURRENT LIABILITIES			
Staff retirement gratuity		2,507,830	2,429,292
CURRENT LIABILITIES			
Trade and other payables		28,252,079	23,419,198
Short term borrowings		13,300,000	10,835,384
		41,552,079	34,254,582
TOTAL LIABILITIES		44,059,909	36,683,874
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		164,305,687	163,459,732

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

AS AT 31 MARCH 2014

	NOTE	Un-Audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	114,415,398	117,142,375
Long term deposits and prepayments		10,550	10,550
		114,425,948	117,152,925
CURRENT ASSETS			
Stores, spare parts and loose tools		24,702,375	24,718,672
Stock of oil and lubricants		11,275,492	10,230,455
Trade debts		10,477,918	7,338,918
Loans and advances		1,737,168	1,513,474
Short term prepayments			3,101
Sales tax refundable		1,377,399	1,677,844
Cash and bank balances		309,387	824,343
		49,879,739	46,306,807
TOTAL ASSETS		164,305,687	163,459,732

SHAHZAD AHMAD SHEIKH
DIRECTOR

IDEAL ENERGY LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE THIRD QUARTER ENDED 31 MARCH 2014

	NOTE	Third Quarter ended		Quarter ended	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
		Rupees			
			Restated		Restated
SALES		54,445,176	138,397,168	15,035,765	40,121,988
COST OF GENERATION	7	(57,940,307)	(148,092,888)	(16,235,615)	(44,163,343)
GROSS LOSS		(3,495,131)	(9,695,720)	(1,199,850)	(4,041,355)
ADMINISTRATIVE EXPENSES		(2,943,789)	(2,906,759)	(864,970)	(863,631)
		(6,438,920)	(12,602,479)	(2,064,820)	(4,904,986)
OTHER INCOME		-	218,491	-	-
LOSS FROM OPERATIONS		(6,438,920)	(12,383,988)	(2,064,820)	(4,904,986)
FINANCE COST		(91,160)	(58,916)	(1,600)	(4,362)
LOSS BEFORE TAXATION		(6,530,080)	(12,442,904)	(2,066,420)	(4,909,348)
TAXATION	8	-	-	-	-
LOSS AFTER TAXATION		(6,530,080)	(12,442,904)	(2,066,420)	(4,909,348)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)		(0.82)	(1.56)	(0.26)	(0.61)

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 THIRD QUARTER ENDED 31 MARCH 2014

	Third Quarter ended		Quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	----------Rupees----------			
		Restated		Restated
LOSS AFTER TAXATION	(6,530,080)	(12,442,904)	(2,066,420)	(4,909,348)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Recognition of actuarial gain on staff retirement gratuity	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(6,530,080)	(12,442,904)	(2,066,420)	(4,909,348)

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 THIRD QUARTER ENDED 31 MARCH 2014

	NOTE	Third Qruarter ended	
		31 March 2014	31 March 2013
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	9	(2,888,412)	(15,368,494)
Finance cost paid		(91,160)	(58,916)
Income tax paid		-	-
Net decrease in long term deposits and prepayments		-	3,101
Net cash utilized in operating activities		(2,979,572)	(15,424,309)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	534,149
Net cash from investing activities		-	534,149
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		2,464,616	15,000,000
Net cash from financing activities		2,464,616	15,000,000
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(514,956)	109,840
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		824,343	209,712
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		309,387	319,552

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 CHANGES IN EQUITY (Un-audited)
FOR THE THIRD QUARTER ENDED 31 MARCH 2014

	SHARE CAPITAL	RESERVES					TOTAL EQUITY
		CAPITAL RESERVE	REVENUE RESERVES			TOTAL	
		Share premium	General reserve	Accumulated loss	Sub total		
	----------	----------	----------	----------	----------	Rupees ----------	----------
Balance as at 30 June 2012 - Audited	80,000,000	80,000,000	14,408,600	(33,212,097)	(18,803,497)	61,196,503	141,196,503
Effect of change in accounting policy of staff retirement gratuity	-	-	-	-	-	-	-
Loss for the half year ended 31 March 2013	-	-	-	(12,442,904)	(12,442,904)	(12,442,904)	(12,442,904)
Other comprehensive income for the Third Quarter ended 31 March 2013	-	-	-	-	-	-	-
Total comprehensive loss for the period ended 31 March 2013	-	-	-	(12,442,904)	(12,442,904)	(12,442,904)	(12,442,904)
Balance as at 31 March 2013 - Un-audited	80,000,000	80,000,000	14,408,600	(45,655,001)	(31,246,401)	48,753,599	128,753,599
Loss for the year ended 30 June 2013	-	-	-	(1,977,741)	(1,977,741)	(1,977,741)	(1,977,741)
Other comprehensive income for the half year ended 30 June 2013	-	-	-	-	-	-	-
Total comprehensive loss for the period ended 30 June 2013	-	-	-	(1,977,741)	(1,977,741)	(1,977,741)	(1,977,741)
Balance as at 30 June 2013 - Audited	80,000,000	80,000,000	14,408,600	(47,632,742)	(33,224,142)	46,775,858	126,775,858
Loss for the half year ended 31 March 2014	-	-	-	(6,530,080)	(6,530,080)	(6,530,080)	(6,530,080)
Other comprehensive income for the Third Quarter ended 31 March 2014	-	-	-	-	-	-	-
Total comprehensive loss for the period ended 31 March 2014	-	-	-	(6,530,080)	(6,530,080)	(6,530,080)	(6,530,080)
Balance as at 31 March 2014 - Un-audited	80,000,000	80,000,000	14,408,600	(54,162,822)	(39,754,222)	40,245,778	120,245,778

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 THIRD QUARTER ENDED 31 MARCH 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 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.

2. BASIS OF PREPARATION

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 2013 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 2013.

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 2013 except for the change in accounting policy given below:

3.1 Since 01 July 2013, the Company has adopted IAS 19 (Amendment) 'Employee Benefits' and changed its basis for recognition of actuarial gains and losses on its defined benefit plan. According to new policy actuarial gains and losses are recognized in other comprehensive income in the period in which they occur. Amounts recognized in profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income / expense. Previously, the Company recognized actuarial gains and losses over the expected average remaining working lives of the employees, to the extent that unrecognized actuarial gains / losses exceeds 10 percent of present value of defined benefit obligation. This change in accounting policy has been accounted for retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Had there been no change in this accounting policy, there would be no change in this condensed interim financial information. However the amount recognized in the financial statements for the year ended 30 June 2013 would have been different as follows:

	30 June 2013 (Rupees in thousand)
Increase in loss after taxation	28,276
Decrease in other comprehensive income	28,276

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 2013.

5. CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at 31 March 2014 (30 June 2013: Rupees Nil).

6. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 31 March 2014	Audited 30 June 2013
	(Rupees in thousand)	
Opening book value	117,142,375	121,833,154
Less: Book value of deletions during the period / year - vehicles	-	873,689
	117,142,375	120,959,465
Less: Depreciation charged during the period / year	2,726,977	3,817,090
	114,415,398	117,142,375

7. COST OF GENERATION

	(Un-Audited)			
	Third Quarter ended		Quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Rupees			
		Restated		Restated
Oil and lubricants consumed	53,243,928	142,129,258	14,733,408	42,331,211
Salaries, wages and other benefits	1,382,929	816,589	415,627	253,564
Stores, spare parts and loose tools consumed	505,842	2,146,741	87,927	646,619
Repair and maintenance	66,000	16,435	66,000	2,100
Insurance	28,176	50,665	28,176	15,491
Depreciation	2,713,432	2,933,200	904,477	914,358
	57,940,307	148,092,888	16,235,615	44,163,343

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) Third Quarter ended	
	31 March 2014	31 March 2013
	Rupees	Rupees Restated
CASH UTILIZED IN OPERATIONS		
Loss before taxation	(6,530,080)	(12,442,904)
Adjustments for non-cash charges and other items:		
Depreciation	2,726,977	3,054,216
Provision for staff retirement gratuity	78,538	14,631
Gain on sale of property, plant and equipment	-	(218,491)
Finance cost	91,160	58,916
Working capital changes (Note 9.1)	744,993	(5,834,862)
	(2,888,412)	(15,368,494)

9.1 Working capital changes	(Un-audited) Third Quarter ended	
	31 March 2014	31 March 2013
	Rupees	Rupees
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	16,297	634,760
Stock of oil and lubricants	(1,045,037)	(7,674,790)
Trade debts	(3,139,000)	4,168,359
Loans and advances	(223,694)	250,945
Sales tax refundable	300,445	(590,403)
Short term prepayments	3,101	(21,077)
	(4,087,888)	(3,232,196)
(Decrease) / increase in trade and other payables	4,832,881	9,331,965
	744,993	6,099,769

10. 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 are as follows:

	(Un-Audited)			
	Third Quarter ended		Quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Rupees			
i) Transactions				
Associated companies / undertakings				
Sale of energy	54,445,176	138,397,168	15,035,765	40,121,988
Fuel purchased	54,480		-	
Other charges paid	66,024		25,093	

	(Un-Audited)			
	Third Quarter ended		Quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	----------Rupees----------			
Directors				
Loan obtained	5,300,000	17,500,000	-	5,000,000
Loan repaid	-	2,500,000	-	-
Remuneration paid to Executive	882,000	629,820	294,000	209,640

	Un-Audited	Audited
	31 March 2014	30 June 2013
	Rupees	Rupees
ii) Period end balances		
Trade and other payables	14,238,276	13,476,196
Short term borrowings	13,300,000	8,000,000
Trade debts	10,477,918	7,338,918

11. 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 2013.

12. DATE OF AUTHORIZATION

This condensed interim financial information was approved and authorized for issue on 28.04.2014 by the Board of Directors of the Company.

13. 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 except for grouping staff retirement benefits in salaries, wages and other benefits instead of showing separately in cost of sales.

14. GENERAL

Figures have been rounded off to the nearest Rupee.

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

SHAHZAD AHMAD SHEIKH
DIRECTOR