

IDEAL ENERGY LIMITED



ARSHAD GROUP

**3rd QUARTERLY
ACCOUNTS**

**MARCH 31, 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.Naureen 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
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 half year ended March 31, 2015.

FINANCIAL RESULTS**3rd Quarter ended**

July-Mar 15	Jul-Mar 14
Rupees	Rupees

Sales	51,305,257	54,445,176
Cost of generation	<u>(56,788,102)</u>	<u>(57,940,307)</u>
Gross loss	(5,482,845)	(3,495,131)
Operating and financial expenses	(1,641,604)	(3,034,949)
Net profit for the period after taxation	(7,124,449)	(6,530,080)
Loss per share – basic And diluted (Rupees)	(0.89)	(0.82)

By the grace of Almighty Allah, we have started generation but the efficiency of engines is very low due to long suspension of generation of electricity. The engines are being overhauled to attain the maximum efficiency which will reduce the cost of generation. The Management is hopeful to earn profit in the period to come if the oil prices will maintain at 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: April 27, 2015

CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2015

	NOTE			NOTE		
	Un-audited		Audited	Un-audited		Audited
	31 March 2015			31 March 2015		
	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	100,000,000	100,000,000	100,000,000	1,392,266	1,392,266	885,475
Issued, subscribed and paid up share capital	80,000,000	80,000,000	80,000,000	1,862,056	1,862,056	1,145,212
Reserves	9,241,455	9,241,455	15,794,771	1,468,369	1,468,369	1,456,218
Total equity	89,241,455	89,241,455	95,794,771	6,432,034	6,432,034	2,332,864
Net surplus on estimated realizable / settlement values	32,086,074	-	32,657,207	11,522,746	11,522,746	12,310,381
Surplus on revaluation of property, plant and equipment	-	32,086,074	-	16,533,892	16,533,892	17,497,082
Trade and other payables	34,127,335	34,127,335	21,086,969	10,550	10,550	10,550
Borrowings	13,300,000	13,300,000	14,097,451			
Staff retirement gratuity	1,753,127	1,753,127	1,564,502	131,286,078	131,286,078	129,563,118
CONTINGENCIES AND COMMITMENTS						
3						
TOTAL EQUITY AND LIABILITIES	170,507,991	170,507,991	165,200,900	170,507,991	165,200,900	165,200,900

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER


SHAHZAD AHMAD SHEIKH
DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE 3rd QUARTER ENDED 31 MARCH 2015

NOTE	3rd Quarter ended		Quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
-----Rupees-----				
5	51,305,257 (56,788,102)	54,445,176 (57,940,307)	46,984,387 (45,058,833)	15,035,765 (16,235,615)
	(5,482,845)	(3,495,131)	1,925,554	(1,199,850)
	(1,637,209)	(2,943,789)	(424,367)	(864,970)
	(7,120,054)	(6,438,920)	1,501,187	(2,064,820)
	(4,395)	(91,160)	(2,055)	(1,600)
	(7,124,449)	(6,530,080)	1,499,132	(2,066,420)
6	-	-	-	-
	(7,124,449)	(6,530,080)	1,499,132	(2,066,420)
	(0.89)	(0.82)	0.19	(0.26)

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


MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

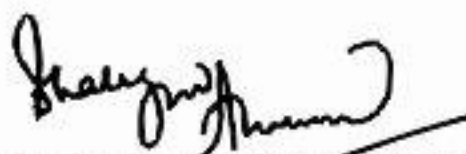

SHAHZAD AHMAD SHEIKH
DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE 3rd QUARTER ENDED 31 MARCH 2015

	Half year ended		Quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	-----Rupees-----			
(LOSS) / PROFIT AFTER TAXATION	(7,124,449)	(6,530,080)	1,499,132	(2,066,420)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(7,124,449)	(6,530,080)	1,499,132	(2,066,420)

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 3rd QUARTER ENDED 31 MARCH 2015

	Half year ended	
	31 March 2,015 Rupees	31 March 2,014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash utilized in operations		
Loss before taxation	(7,124,449)	(6,530,080)
Adjustments for non-cash charges and other items:		
Depreciation	3,268,047	2,726,977
Provision for staff retirement gratuity	249,825	78,538
Finance cost	4,395	91,160
	<u>(3,602,182)</u>	<u>(3,633,405)</u>
Working capital changes		
(Decrease) / increase in current assets		
Stores, spare parts and loose tools	963,190	16,297
Stock of oil and lubricants	787,635	(1,045,037)
Trade debts	(4,099,170)	(3,139,000)
Loans and advances	(436,678)	(223,694)
Sales tax refundable	(12,151)	300,445
Prepayments	-	3,101
	<u>(2,797,174)</u>	<u>(4,087,888)</u>
Decrease in trade and other payables	13,040,366	4,832,881
	<u>10,243,192</u>	<u>744,993</u>
Cash utilized in operations	6,641,010	(2,888,412)
Finance cost paid	(4,395)	(91,160)
Income tax paid	(280,166)	-
Staff retirement gratuity paid	(61,200)	-
Net cash generated from / (utilized in) operating activities	<u>6,295,249</u>	<u>(2,979,572)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant & equipment	<u>(4,991,007)</u>	<u>-</u>
Net cash used in financing activities	<u>(4,991,007)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings - net	<u>(797,451)</u>	<u>2,464,616</u>
Net cash (used in) / from financing activities	<u>(797,451)</u>	<u>2,464,616</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	506,791	(514,956)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	885,475	824,343
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>1,392,266</u></u>	<u><u>309,387</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 STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE 3RD QUARTER ENDED 31 MARCH 2015

	RESERVES					TOTAL	TOTAL EQUITY
	SHARE CAPITAL	REVENUE RESERVES			Sub total		
		CAPITAL RESERVE	General reserve	Accumulated loss			
		Share premium					
-----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 period ended 31 March 2014	-	-	-	(6,530,080)	(6,530,080)	(6,530,080)	(6,530,080)
Other comprehensive income for the period 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	(54,039,733)	(39,631,133)	40,368,867	120,368,867
Loss for the quarter ended 30 June 2014	-	-	-	(24,087,198)	(24,087,198)	(24,087,198)	(24,087,198)
Other comprehensive loss for the quarter ended 30 June 2014	-	-	-	(486,898)	(486,898)	(486,898)	(486,898)
Total comprehensive loss for the year ended 30 June 2014	-	-	-	(24,574,096)	(24,574,096)	(24,574,096)	(24,574,096)
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	-	-	-	571,133	571,133	571,133	571,133
Loss for the period ended 31 March 2015	-	-	-	(7,124,449)	(7,124,449)	(7,124,449)	(7,124,449)
Other comprehensive income for the period ended 31 March 2015	-	-	-	-	-	-	-
Total comprehensive loss for the period ended 31 March 2015	-	-	-	(7,124,449)	(7,124,449)	(7,124,449)	(7,124,449)
Balance as at 31 March 2015 - Unaudited	80,000,000	80,000,000	14,408,600	(85,167,145)	(70,758,545)	9,241,455	89,241,455

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 3RD QUARTER ENDED 31 MARCH 2015**

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 March 2015, the Company has incurred loss after taxation of Rupees 7.124 million. The Company has suffered accumulated losses of Rupees 85.167 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 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 3rd quarter ended 31 March 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. 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

a) Contingencies

There was no contingent liability as at 31 March 2015 (30 June 2014: Rupees Nil).

b) Commitments

Letter of credit for capital expenditure is of Rupees 11,997,501 (30 June 2014: Rupees Nil).

4. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 31 March 2015 Rupees	Audited 30 June 2014 Rupees
Opening book value	129,563,118	117,142,375
Add: Cost of additions during the period / year in plant and machinery	4,991,007	-
Add: Effect of Revaluation	-	32,657,207
	134,554,125	149,799,582
Less:		
Depreciation charged during the period / year	(3,268,047)	(3,635,968)
Impairment loss during the period / year	-	(16,600,496)
	(3,268,047)	(20,236,464)
	131,286,078	129,563,118

5. COST OF GENERATION

	(Un-audited)			
	3rd Quarter Ended		Quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	-----Rupees-----			
Oil and lubricants consumed	50,197,720	53,243,928	42,074,108	14,733,408
Salaries, wages and other benefits	2,252,802	1,382,929	871,522	415,627
Stores, spare parts and loose tools consumed	1,059,256	505,842	1,010,095	87,927
Repair and maintenance	21,425	66,000	17,475	66,000
Insurance	-	28,176	-	28,176
Depreciation	3,256,899	2,713,432	1,085,633	904,477
	56,788,102	57,940,307	45,058,833	16,235,615

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)			
	3rd Quarter Ended		Quarter ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	-----Rupees-----			

i) Transactions

Associated companies / undertakings

Sale of energy	51,305,257	54,445,176	46,984,387	15,035,765
Fuel purchased	-	54,480	-	-
Other charges paid	50,460	66,024	19,750	25,093

(Un-Audited)			
3rd Quarter Ended		Quarter ended	
31 March 2015	31 March 2014	31 March 2015	31 March 2014

-----Rupees-----

Directors

Loan obtained	-	5,300,000	-	-
Remuneration paid to Executive	1,158,750	882,000	346,250	294,000

Un-audited 31 March 2015	Audited 30 June 2014
Rupees	Rupees

ii) Period end balances

Trade and other payables	6,666,197	14,255,155
Short term borrowings	13,300,000	13,300,000
Trade debts	6,432,034	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 27 April 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