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.

NOTICE OF MEETING

Notice is hereby given that the 20th Annual General Meeting of IDEAL ENERGY LIMITED will be held at 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi on Friday, October 31, 2014 at 04:00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 1last Extra Ordinary General Meeting held on February 26, 2014.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2014 together with the Auditors' and Directors' Reports there on.
3. To appoint the auditors for the year 2014-2015 and to fix their remuneration. The present auditors M/S Riaz Ahmad & CO. Chartered Accountants, being eligible have offered themselves for re-appointment.

SPECIAL BUSINESS:

4. To consider and approve the transactions of special and normal trade with associated undertakings for the year ended June 30, 2014.

OTHER BUSINESS:

5. To transact any other business with the permission of the chair.

By order of the Board

Javed Abbas Naqvi
(Company Secretary)

Karachi
Dated: October 09, 2014

Notes:

1. The Share Transfer Books of the Company will remain closed from October 24, 2014 to November 01, 2014 (both days inclusive). Transfers received at Shares Registrar M/S Consulting One (Pvt) Ltd., 478-D, Peoples Colony No.1, Faisalabad at the close of business hours on October 23, 2014 will be treated in time.
2. A member entitled to attend and vote at this general meeting is entitled to appoint another member as proxy. Proxies must be received in order to effective at the registered office of the Company not less than 48 hours before the time for the meeting.
3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport to prove his/her identity and in case of Proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Shareholders are requested to notify the change in their addresses if any, immediately.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting.

Transactions with Associates

Company is doing transactions with associated companies of normal trade and the directors of the company are also directors in associated companies and therefore are common directors. On this ground they have indirect interest in associated undertakings due to common directorship. All the transactions with associates as disclosed in accounts for the year ended June 30, 2014 of the company seeks approval in Annual General Meeting and hence the notice of facts is given to shareholders.

Transactions with Associated Undertakings	2014
Sale of energy	54,445,177
Fuel purchased	54,480
Other charges paid	86,233
Other related parties	
Loan obtained from director	5,300,000

DIRECTORS' REPORT TO SHARE HOLDERS

The Directors of Ideal Energy Limited is submitting audited financial statements of your company for the year ended June 30, 2014.

Operating results for the year ended June 30, 2014 are given below:

	2014	2013
Operating Loss	(19,377,299)	(11,110,757)
Administrative Expense	(3,861,609)	(3,955,705)
Other Operating Expense	(7,481,664)	--
	(11,343,273)	(3,955,705)
	(30,720,572)	(15,066,462)
Other Operating Income	242,897	560,460
	(30,477,675)	(14,506,002)
Finance cost	(139,603)	(101,154)
Loss before taxation	(30,617,278)	(14,607,156)
Provision for taxation	---	---
Loss after taxation	(30,617,278)	(14,607,156)
Loss per share-Basic and diluted – Rupees	(3.83)	(1.82)

The management is working for best possible proposition for the viability of the project.

Company has made provision of staff retirement gratuity on the actuarial basis.

AUDITORS

The present auditors M/S Riaz Ahmad & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE

The statement of compliance of best practices of Code of Corporate Governance is annexed.

HR AND REMUNERATION COMMITTEE

The Board in compliance of Code of Corporate Governance has constituted an HR and Remuneration Committee comprising the following members:

Muhammad Arshad	Chairman
Mr.Shahzad Ahmad	Member
Mr.Aizad Amer	Member

CORPORATE AND FINANCIAL REPORTING FRAME WORK

In compliance to listing regulations of stock exchanges and as required under the Companies Ordinance, 1984, your Directors are pleased to state as under:

1. The financial statements prepared by the Management of your company present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates, which are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.
5. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
6. Key operating financial data for the last six years in summarized form is annexed.
7. During the year five meetings of the board of directors were held and attendance of the directors was as under:

Name of Directors	No of meetings attended
Mr. Nisar Ahmad Sheikh	5
Mr. Muhammad Arshad	5
Mr. Muhammad Saeed	3
Mr. Amjad Saeed	4
Mr. Shahzad Ahmad	2
Mrs. Naureen Shahzad	2
Mr. Aizad Amer	3

Trading of Shares

Director, company secretary, chief financial officer, Head of internal Audit and their spouses and minor children has not purchased or sold shares during the year.

Statement of Director's Responsibility

Board of Directors is mindful of its responsibilities and duties under legal and corporate frame work. The board defines and establishes Company's overall objectives and directions and monitors status thereof. Short term and long term plans and business performance targets are set by Chief Executive under over all policy frame work of the Board.

Management

There has been no change in the composition of the board of Directors during the year.

Pattern of share holding:

A statement showing the pattern of shareholding as at June 30, 2014 is attached.

For and on behalf of the Board

Nisar Ahmad Sheikh
Chairman

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE TO THE MEMBERS

This statement is being presented to comply with the Code of Corporate Governance (CCG) as contained in the Listing Regulations of the Stock Exchanges of Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (The Board). At present the board includes:

   Non-Executive Directors
   i) Mr.Nisar Ahmad Sheikh
   ii) Mr.Muhammad Arshad
   iii) Mr.Shahzad Ahmad Sheikh
   iv) Mr.Muhammad Saeed
   v) Mr.Aizad Amer
   vi) Mr.Amjad Saeed
   vii) Mrs. Noureen Shahzad

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.

3. All the resident Directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of a Stock Exchange has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred in the Board during the year ended 30 June 2014.

5. The company has prepared a 'Code of Conduct', and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board.

8. All the meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met once in each quarter during the year ended 30 June 2014 including once in every quarter to approve the financial statements of the Company. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days prior to the meetings. The minutes of the meetings were appropriately recorded and circulated in time.

9. The board arranged training programs for its directors during the year.

10. The Board has approved appointment of CFO/Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by the CEO.

11. The Directors' Report for the year ended 30 June 2014 has been prepared in compliance with the requirements of the CCG and it fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by the CEO and CFO before approval by the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company, other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of three members, who are non-executive directors including the Chairman of the Committee. Composition of the Audit Committee will be made in line with requirements of CCG at the time of next election of directors in accordance with the 'Implementation deadlines of Code of Corporate Governance 2013'.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been framed and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises 3 members,who are non-executive directors and the chairman of the committee is a non-executive director.

18. The Board has set-up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with except for the requirements pertaining to change in composition of some of the committees of Board of Directors which will be made in line with requirements of CCG at the time of next election of directors in accordance with the 'Implementation deadlines of Code of Corporate Governance 2013'.

By order of the Board

Chief Executive Officer/ Company Secretary

OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

Particulars						
Financial Position	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Paid up Capital	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Capital reserve share premium	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Revenue Reserve	(64,205,229)	(33,224,142)	(18,803,497)	(4,131,439)	7,982,672	18,616,092
Fixed Assets at cost	392,347,459	359,690,252	362,378,345	370,178,345	369,120,345	360,435,285
Accumulated Depriciation	246,183,845	242,547,877	240,545,191	241,916,998	237,842,327	233,941,441
Long Term Loans	-	-	-	-	-	-
Long Term Deposits	-	-	-	-	-	-
Deffered Liabilities	1,564,502	2,429,292	2,192,876	2,160,420	1,927,664	1,908,565
Current Assets	35,627,232	46,306,807	36,701,442	42,369,994	45,025,253	57,992,755
Current Liabilities	35,184,420	34,254,582	15,158,868	12,612,910	6,403,485	3,972,492
INCOME						
Sales	54,445,177	152,998,088	133,727,318	43,459,909	42,194,869	21,775,870
Other Incomes	242,897	560,460	96,458	-	-	-
Statistics and Ratios						
Current Ratio	1.01:1	1.35:1	2.42:1	3.36:1	7.03:1	14.59:1
Paid up value Per Share	10	10	10	10	10	10
Earning per Share	(3.83)	(1.82)	(1.83)	(1.44)	(1.33)	(2.28)
Cash Dividend %	-	-	-	0.20	-	-
Generation (Mega watt hours)	**2,891**	**8,210**	**7,859**	**2,620**	**3,013**	**2,875**

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **IDEAL ENERGY LIMITED** ("the Company") for the year ended 30 June 2014 to comply with the requirements of Listing Regulations of the respective Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2014.

RIAZ AHMAD & COMPANY
Chartered Accountants
Riaz Ahmad & Co.

Name of engagement partner:
Muhammad Kamran Nasir
Date: October 09, 2014.
FAISALABAD

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **IDEAL ENERGY LIMITED** as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984:

(b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes stated in Note 2.1(b), Note 2.2 and Note 2.10 to the financial statements with which we concur:

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to Note 1.1 to the financial statements, which states that these financial statements have 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

Riaz Ahmad & Co.

Name of engagement partner:
Muhammad Kamran Nasir
DATE: October 09, 2014.
FAISALABAD

BALANCE SHEET AS AT 30 JUNE 2014

	NOTE	2014 Estimated settlement value	2014 Book value	2013 Book value
		Rupees	Rupees	Rupees Restated
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
10 000 000 (2013: 10 000 000) ordinary shares of Rupees 10 each		100,000,000	100,000,000	100,000,000
Issued, subscribed and paid up share capital	3	80,000,000	80,000,000	80,000,000
Reserves	4	15,794,771	15,794,771	46,898,947
Total equity		95,794,771	95,794,771	126,898,947
Net surplus on estimated realizable / settlement values		32,657,207	-	-
Surplus on revaluation of property, plant and equipment	5	-	32,657,207	-
Trade and other payables	6	21,086,969	21,086,969	23,419,198
Borrowings	7	14,097,451	14,097,451	10,835,384
Staff retirement gratuity	8	1,564,502	1,564,502	2,306,203
CONTINGENCIES AND COMMITMENTS	9			
TOTAL EQUITY AND LIABILITIES		165,200,900	165,200,900	163,459,732

	NOTE	2014 Estimated realizable value	2014 Book value	2013 Book Value
		Rupees	Rupees	Rupees
ASSETS				
Cash and bank balances	10	885,475	885,475	824,343
Loans and advances	11	1,145,212	1,145,212	1,513,474
Prepayments		-	-	3,101
Sales tax refundable		1,456,218	1,456,218	1,677,844
Trade debts	12	2,332,864	2,332,864	7,338,918
Stock of oil and lubricants	13	12,310,381	12,310,381	10,230,455
Stores, spare parts and loose tools	14	17,497,082	17,497,082	24,718,672
Security deposits		10,550	10,550	10,550
Property, plant and equipment	15	129,563,118	129,563,118	117,142,375
TOTAL ASSETS		165,200,900	165,200,900	163,459,732

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

SHAHZAD AHMAD SHEIKH
DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014 RUPEES	2013 RUPEES Restated
SALES	16	54,445,177	152,998,088
COST OF GENERATION	17	(73,822,476)	(164,108,845)
GROSS LOSS		(19,377,299)	(11,110,757)
ADMINISTRATIVE EXPENSES	18	(3,861,609)	(3,955,705)
OTHER EXPENSES	19	(7,481,664)	-
		(11,343,273)	(3,955,705)
		(30,720,572)	(15,066,462)
OTHER INCOME	20	242,897	560,460
LOSS FROM OPERATIONS		(30,477,675)	(14,506,002)
FINANCE COST	21	(139,603)	(101,154)
LOSS BEFORE TAXATION		(30,617,278)	(14,607,156)
TAXATION	22	-	-
LOSS AFTER TAXATION		(30,617,278)	(14,607,156)
LOSS PER SHARE- BASIC AND DILUTED - RUPEES	23	(3.83)	(1.82)

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

SHAHZAD AHMAD SHEIKH
DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	2014 RUPEES	2013 RUPEES Restated
LOSS AFTER TAXATION	(30,617,278)	(14,607,156)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	(486,898)	229,989
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year	(486,898)	229,989
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(31,104,176)	(14,377,167)

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

SHAHZAD AHMAD SHEIKH
DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014 RUPEES	2013 RUPEES
CASH GENERATED FROM OPERATING ACTIVITIES			
Cash used in operations	24	(3,009,872)	(9,529,875)
Finance cost paid		(139,603)	(101,154)
Income tax paid		(31,060)	(23,873)
Staff retirement gratuity paid		(20,400)	-
Net cash used in operating activities		(3,200,935)	(9,654,902)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	1,434,149
Net cash from investing activities		-	1,434,149
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings - net		3,262,067	8,835,384
NET CASH FROM FINANCING ACTIVITIES		3,262,067	8,835,384
NET INCREASE IN CASH AND CASH EQUIVALENTS		61,132	614,631
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		824,343	209,712
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 10)		885,475	824,343

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

SHAHZAD AHMAD SHEIKH
DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	SHARE CAPITAL	RESERVES					TOTAL EQUITY
		CAPITAL RESERVE	REVENUE RESERVES			TOTAL	
		Share premium	General	Accumulated loss	Sub total		
	RUPEES						
Balance as at 30 June 2012	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 (Note 2.10)	-	-	-	79,611	79,611	79,611	79,611
Balance as at 30 June 2012 - Restated	80,000,000	80,000,000	14,408,600	(33,132,486)	(18,723,886)	61,276,114	141,276,114
Loss for the year	-	-	-	(14,607,156)	(14,607,156)	(14,607,156)	(14,607,156)
Other comprehensive income for the year	-	-	-	229,989	229,989	229,989	229,989
Total comprehensive loss for the year	-	-	-	(14,377,167)	(14,377,167)	(14,377,167)	(14,377,167)
Balance as at 30 June 2013	80,000,000	80,000,000	14,408,600	(47,509,653)	(33,101,053)	46,898,947	126,898,947
Loss for the year	-	-	-	(30,617,278)	(30,617,278)	(30,617,278)	(30,617,278)
Other comprehensive loss for the year	-	-	-	(486,898)	(486,898)	(486,898)	(486,898)
Total comprehensive loss for the year	-	-	-	(31,104,176)	(31,104,176)	(31,104,176)	(31,104,176)
Balance as at 30 June 2014	80,000,000	80,000,000	14,408,600	(78,613,829)	(64,205,229)	15,794,771	95,794,771

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

SHAHZAD AHMAD SHEIKH
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 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 year ended 30 June 2014, the Company has incurred loss after taxation of Rupees 30.617 million (2013: Rupees 14.607 million). The Company has suffered accumulated losses of Rupees 78.614 million (2013: Rupees 47.510 million). The Company has almost ceased its operations as it is not commercially viable to carry on operations due to increase in furnace oil prices. The management has no alternate plans for viable continuation of operations.

Keeping in view the above factors the management of the Company decided to prepare these financial statements on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in the order of liquidity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, except for the changes as mentioned in Note 2.1(b), Note 2.2 and Note 2.10 to these financial statements.

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

Keeping in view the fact that the Company may not be able to continue as going concern, these financial statements are prepared on the basis of realizable / settlement values of 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. Realizable / settlement values of assets and liabilities respectively as disclosed in the balance sheet are based on the management's best estimate.

In addition to the accounting convention of realizable / settlement values of assets and liabilities, these financial statements have also been prepared under the historical cost convention except for certain operating fixed assets which are carried at revalued amounts. Accounting policies of this accounting convention are disclosed, in detail, in Notes 2.2 to 2.17 to these financial statements.

c) **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 involving a higher degree of judgment or complexity or areas where various assumptions and estimates are significant to the Company's financial statements 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

d) **Amendments to published approved standards that are effective in current year and are relevant to the Company**

Following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2013:

IFRS 7 (Amendment) 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The IASB has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Standard Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

International Accounting Standard (IAS) 19 (Amendments) 'Employee Benefits' (effective for annual periods beginning on or after 01 January 2013). The amendments have eliminated the corridor approach which permitted to recognize actuarial gains / losses in profit and loss account using the corridor method, whereby actuarial gains / losses are recognized when the cumulative unrecognized amount thereof at the beginning of the year exceed the corridor limit, where corridor limit has been prescribed as 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets. Pursuant to this change, the Company has recognized immediately all actuarial gains or losses in other comprehensive income and past service cost in profit and loss account.

The adoption of the aforesaid amendment resulted in change in the Company's accounting policy related to recognition of actuarial gains and losses and past service cost pertaining to staff retirement gratuity as notified in Note 2.10.

On 17 May 2012, IASB issued Annual Improvements to IFRS: 2009 – 2011 Cycle, incorporating amendments to five IFRS more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation' that are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

e) **Standards, interpretation and amendments to published standards that are effective in current year but not relevant to the Company**

There are other standards, new interpretation and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2013 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) **Standards, interpretation and amendments to published standards that are not yet effective but relevant to the Company**

Following standards, interpretation and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2014 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the de-recognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 19 (Amendment) 'Employee Benefits' (effective for annual periods beginning on or after 01 July 2014). This amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employees service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Company is yet to assess the full impact of this amendment, however the initial indications are that the amendment is unlikely to have any significant impact on the Company's financial statements.

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. However, the amendments are not expected to have a material impact on the Company's financial statements.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 13 'Fair Value Measurement', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2011 – 2013 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 'Fair Value Measurement', that is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. However, the interpretation is not expected to have a material impact on the Company's financial statements.

g) Standards and amendments to published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Property, plant, equipment and depreciation

Change in accounting policy

Previously, property, plant and equipment except freehold land and capital work-in-progress were stated at cost less accumulated depreciation and any identified impairment loss. While freehold land and capital work-in-progress were stated at cost less any identified impairment loss. Now freehold land, buildings thereon, plant and machinery are stated at revalued amount less accumulated depreciation and any identified impairment loss.

Had there been no change in this accounting policy, the figure of property, plant and equipment would have been lower by Rupees 32,657,207.

Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Increase in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit / (accumulated loss).

b) Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 15 except plant and machinery on which depreciation is charged on unit of production method subject to minimum of Rupees 3 million to cover obsolescence. The Company charges the depreciation on additions from the month of acquisition and on deletions upto the month preceding the disposal when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

c) De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

2.3 Impairment

The carrying amounts of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.4 Borrowing cost

Interest, mark-up and other charges on long term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term finances. All other interest, mark-up and other charges are recognized in profit and loss account.

2.5 Inventories

These are valued at the lower of moving average cost and net realizable value. Items considered obsolete are carried at nil value and items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost necessary to make the sales.

2.6 Taxation

Current

The provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available under the law. However, as stated in Note 22 to the financial statements as the Company's income is exempted from tax, therefore, no provision for current tax has been recognized in these financial statements.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.7 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.9 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.10 Staff retirement benefits

a) Gratuity

The Company operates unfunded gratuity scheme for all its employees except for the employees at Head Office, who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made in the books of account on the basis of actuarial computation. Latest actuarial valuation has been made as at 30 June 2014 by the consulting actuaries using Projected Unit Credit Actuarial Cost Method.

Change in accounting policy

During the year, the Company has adopted IAS 19 (Amendments) '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 and losses on settlements, and net interest income / expense. Previously, the Company's policy with regard to actuarial gains / (losses) was to follow the minimum recommended approach given in IAS 19 (Before Amendments). 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, the amount recognized in these financial statements for the year ended 30 June 2014 and financial statements for the year ended 30 June 2013 would have been different as follows:

	2014 RUPEES	2013 RUPEES
Staff retirement gratuity would be higher by	579,491	123,089
Accumulated loss would be higher by	579,491	123,089
Increase / (decrease) in other comprehensive income	486,898	(229,989)

b) Employees' provident fund

The Company maintains provident fund for its permanent employees at Head Office. However, Provident Fund Trust is not created yet by the Company. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 8.25 percent of the basic salary. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss account as and when incurred.

2.11 Financial instruments

Financial instruments carried on the balance sheet include deposits, trade debts, loans and advances, cash and bank balances, trade and other payables and short term borrowings etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for 'financial instruments at fair value through profit or loss' which are measured initially at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the profit and loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.12 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.13 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

2.14 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.15 Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.16 Revenue recognition

Revenue from sale of electricity is recognized at the time of transmission.

2.17 Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

This represents 8 000 000 (2013: 8 000 000) ordinary shares of Rupees 10 each fully paid in cash. 375 750 ordinary shares (2013: 375 750) of the Company are held by Arshad Textile Mills Limited - an associated company.

	2014 RUPEES	2013 RUPEES Restated

4. RESERVES

Composition of reserves is as follows:

	2014 RUPEES	2013 RUPEES Restated
Capital reserve		
Premium on issue of right shares (Note 4.1)	80,000,000	80,000,000
Revenue reserves		
General reserve	14,408,600	14,408,600
Accumulated loss	(78,613,829)	(47,509,653)
	(64,205,229)	(33,101,053)
	15,794,771	46,898,947

4.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Freehold land and buildings thereon of the Company were revalued on 30 June 2014 by an independent valuer, Messrs Creative Consultants and Construction using prevailing market prices.

6. TRADE AND OTHER PAYABLES

	2014 RUPEES	2013 RUPEES Restated
Creditors (Note 6.1)	15,349,803	21,590,871
Accrued liabilities	818,100	805,888
Advances from customers (Note 6.2)	3,575,155	-
Security deposits - Interest free	20,000	20,000
Unclaimed dividend	31,348	31,348
Payable to Employees' Provident Fund	1,292,563	971,091
	21,086,969	23,419,198

6.1 This includes Rupees 10.680 million (2013: Rupees 13.476 million) due to an associated undertaking.

6.2 This represents the advances received from associated companies against electricity supply.

7. BORROWINGS

	2014 RUPEES	2013 RUPEES Restated
Unsecured		
From director (Note 7.1)	13,300,000	8,000,000
From banking companies		
Temporary bank overdraft	797,451	2,835,384
	14,097,451	10,835,384

7.1 This represents interest free un-secured loan obtained from director of the Company repayable on demand.

8. STAFF RETIREMENT GRATUITY

	2014 RUPEES	2013 RUPEES Restated
Balance as at 01 July	2,306,203	2,113,265
Charge for the year (Note 8.2)	(1,208,199)	422,927
Retirement benefits paid	(20,400)	-
Experience adjustment recognized in other comprehensive income	486,898	(229,989)
Balance as at 30 June	1,564,502	2,306,203

		2014 RUPEES	2013 RUPEES Restated
8.1	**Movement in the net liability recognized**		
	Opening balance	2,306,203	2,113,265
	Add: Charge for the year (Note 8.2)	(1,208,199)	422,927
	Experience adjustment recognized in other comprehensive income	486,898	(229,989)
		1,584,902	2,306,203
	Less: Paid during the year	20,400	-
		1,564,502	2,306,203
8.2	**Charge for the year**		
	Current service cost	201,904	201,034
	Interest cost	241,080	221,893
	Gains and losses arising on plan settlements	(1,651,183)	-
		(1,208,199)	422,927

		2014	2013
8.3	**Principal actuarial assumptions used**		
	Discount rate used (% per annum)	13.25%	11%
	Expected rate of increase in salaries (% per annum)	12.25%	10%
	Expected remaining working life time of employees (years)	8	8

8.4 **Trend information**

	2014	2013	2012	2011	2010
	RUPEES				
Present value of defined benefit obligation	1,564,502	2,306,203	2,113,265	2,160,420	1,927,664
Experience adjustment on obligation	(486,898)	229,989	-	-	-

9. CONTINGENCIES AND COMMITMENTS

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

10. CASH AND BANK BALANCES

	2014	2013
With banks:		
On current accounts	836,879	737,320
Cash in hand	48,596	87,023
	885,475	824,343

11. LOANS AND ADVANCES

	2014	2013
Considered good:		
Employees - Interest free (Note 11.1)	23,500	396,000
Advances to suppliers	752,682	779,504
Income tax	369,030	337,970
	1,145,212	1,513,474

11.1 These represent interest free loans given to employees for meeting their personal expenditure and are secured against balance to the credit of employees in the retirement benefits. These are recoverable in equal monthly installments.

		2014 RUPEES	2013 RUPEES
12.	**TRADE DEBTS**		
	Considered good:		
	Unsecured (Note 12.1 and Note 12.2)	2,332,864	7,338,918

12.1 This balance is due from the following associated companies:

Arshad Corporation (Private) Limited	1,408,155	-
Arshad Textile Mills Limited	-	1,308,731
Ideal Spinning Mills Limited	924,709	2,331,701
Ishaq Textile Mills Limited	-	3,698,486
	2,332,864	7,338,918

12.2 As at 30 June 2014, trade debts of Rupees 2.333 million (2013: Rupees 1.351 million) were past due but not impaired. These relate to the associated companies from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

Upto 1 month	-	1,268,102
1 to 6 months	1,408,155	82,426
More than 6 months	924,709	-
	2,332,864	1,350,528

13. STOCK OF OIL AND LUBRICANTS

Furnace oil	10,313,281	9,335,836
Diesel oil	421,871	529,130
Lube oils	1,575,229	365,489
	12,310,381	10,230,455

14. STORES, SPARE PARTS AND LOOSE TOOLS

Stores	210,530	330,318
Spare parts	24,456,639	24,376,627
Loose tools	11,577	11,727
	24,678,746	24,718,672
Less: Provision for slow moving and obsolete stores, spare parts and loose tools (Note 19)	7,181,664	-
	17,497,082	24,718,672

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Plant and machinery	Factory equipment	Electric Installations	Office equipment	Computers	Electric appliances	Furniture and fittings	Vehicles	Total
	RUPEES										
At 30 June 2012											
Cost	2,898,010	40,912,131	306,781,558	248,147	6,540,882	227,030	254,280	604,821	350,923	3,560,563	362,378,345
Accumulated depreciation	-	(30,425,501)	(200,831,062)	(206,829)	(5,388,448)	(179,306)	(221,969)	(467,557)	(277,191)	(2,547,328)	(240,545,191)
Net book value	2,898,010	10,486,630	105,950,496	41,318	1,152,434	47,724	32,311	137,264	73,732	1,013,235	121,833,154
Year ended 30 June 2013											
Opening net book value	2,898,010	10,486,630	105,950,496	41,318	1,152,434	47,724	32,311	137,264	73,732	1,013,235	121,833,154
Disposals:											
Cost	-	-	-	-	-	-	-	-	-	(2,688,093)	(2,688,093)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	1,814,404	1,814,404
	-	-	-	-	-	-	-	-	-	(873,689)	(873,689)
Depreciation charge	-	(524,332)	(3,000,000)	(4,132)	(115,243)	(4,772)	(9,693)	(13,726)	(7,373)	(137,819)	(3,817,090)
Closing net book value	2,898,010	9,962,298	102,950,496	37,186	1,037,191	42,952	22,618	123,538	66,359	875,416	117,142,375
At 30 June 2013											
Cost	2,898,010	40,912,131	306,781,558	248,147	6,540,882	227,030	254,280	604,821	350,923	872,470	359,690,252
Accumulated depreciation	-	(30,949,833)	(203,831,062)	(210,961)	(5,503,691)	(184,078)	(231,662)	(481,283)	(284,564)	(870,743)	(242,547,877)
Net book value	2,898,010	9,962,298	102,950,496	37,186	1,037,191	42,952	22,618	123,538	66,359	1,727	117,142,375
Year ended 30 June 2014											
Opening net book value	2,898,010	9,962,298	102,950,496	37,186	1,037,191	42,952	22,618	123,538	66,359	1,727	117,142,375
Effect of revaluation as at 30 June 2014	17,426,990	15,230,217	-	-	-	-	-	-	-	-	32,657,207
Depreciation charge	-	(498,115)	(3,000,000)	(3,719)	(103,719)	(4,295)	(6,785)	(12,354)	(6,636)	(345)	(3,635,968)
Impairment loss	-	-	(16,600,496)	-	-	-	-	-	-	-	(16,600,496)
Closing net book value	20,325,000	24,694,400	83,350,000	33,467	933,472	38,657	15,833	111,184	59,723	1,382	129,563,118
At 30 June 2014											
Cost / revalued amount	20,325,000	56,142,348	306,781,558	248,147	6,540,882	227,030	254,280	604,821	350,923	872,470	392,347,459
Accumulated depreciation	-	(31,447,948)	(206,831,062)	(214,680)	(5,607,410)	(188,373)	(238,447)	(493,637)	(291,200)	(871,088)	(246,183,845)
Impairment loss	-	-	(16,600,496)	-	-	-	-	-	-	-	(16,600,496)
Net book value	20,325,000	24,694,400	83,350,000	33,467	933,472	38,657	15,833	111,184	59,723	1,382	129,563,118
Annual rate of depreciation (%)	-	5	Note 2.2	10	10	10	30	10	10	20	

15.1 Had there been no revaluation, the cost, accumulated depreciation and book value of the revalued assets as at 30 June 2014 would have been as follows:

	Cost	Accumulated depreciation	Book value
	----------	RUPEES	----------
Freehold land	2,898,010	-	2,898,010
Buildings on freehold land	40,912,131	(31,447,948)	9,464,183

15.2 **Depreciation charge for the year has been allocated as follows:**

	2014 RUPEES	2013 RUPEES
Cost of generation (Note 17)	3,617,907	3,657,433
Administrative expenses (Note 18)	18,061	159,657
	3,635,968	3,817,090

16. SALES

Electricity	63,700,857	177,555,717
Less: Sales tax	9,255,680	24,557,629
	54,445,177	152,998,088

17. COST OF GENERATION

	2014 RUPEES	2013 RUPEES Restated
Oil and lubricants consumed	52,459,512	156,466,146
Salaries, wages and other benefits	1,723,740	1,203,172
Staff retirement benefits (Note 8.2)	(1,208,199)	422,927
Stores, spare parts and loose tools consumed	543,620	2,315,232
Repair and maintenance	85,400	43,935
Impairment loss on plant and machinery	16,600,496	-
Depreciation (Note 15.2)	3,617,907	3,657,433
	73,822,476	164,108,845

		2014 RUPEES	2013 RUPEES
18.	**ADMINISTRATIVE EXPENSES**		
	Salaries and other benefits	1,800,734	1,692,638
	Staff retirement benefits	97,998	93,208
	Postage and telephone	262,224	312,898
	Vehicles' running	458,135	536,907
	Traveling and conveyance	411,794	461,661
	Printing and stationery	60,072	48,816
	Entertainment	44,055	48,123
	Fee and subscription	427,286	342,088
	Rent, rates and taxes	54,350	56,066
	Advertisement	96,750	25,920
	Auditors' remuneration (Note 18.1)	85,000	82,500
	Insurance	28,176	62,825
	Depreciation (Note 15.2)	18,061	159,657
	Others	16,974	32,398
		3,861,609	3,955,705
18.1	**Auditors' remuneration:**		
	Audit fee	75,000	75,000
	Half yearly review	10,000	7,500
		85,000	82,500
19.	**OTHER EXPENSES**		
	Loans and advances written off	300,000	-
	Provision for slow moving and obsolete stores, spare parts and loose tools (Note 14)	7,181,664	-
		7,481,664	-
20.	**OTHER INCOME**		
	Income from non-financial assets		
	Gain on sale of property, plant and equipment	-	560,460
	Credit balances written back	242,897	-
		242,897	560,460
21.	**FINANCE COST**		
	Bank charges and commission	14,127	5,417
	Interest on Employees' Provident Fund	125,476	95,737
		139,603	101,154

22. 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.

		2014	2013

23. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share which is based on:

		2014	2013
Loss for the year	(Rupees)	(30,617,278)	(14,583,578)
Weighted average number of ordinary shares	(Numbers)	8,000,000	8 000 000
Loss per share	(Rupees)	(3.83)	(1.82)

24. CASH GENERATED FROM OPERATIONS

	2014 RUPEES	2013 RUPEES Restated
Loss before taxation	(30,617,278)	(14,607,156)
Adjustments for non-cash charges and other items:		
Depreciation	3,635,968	3,817,090
Impairment loss on plant and machinery	16,600,496	-
Provision for staff retirement gratuity	(1,208,199)	422,927
Gain on sale of property, plant and equipment	-	(560,460)
Loans and advances written off	300,000	-
Credit balances written back	(242,897)	-
Provision for slow moving and obsolete stores, spare parts and loose tools	7,481,664	-
Finance cost	139,603	101,154
Working capital changes (Note 24.1)	900,771	1,296,570
	(3,009,872)	(9,529,875)

24.1 Working capital changes

	2014	2013
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	(260,074)	794,663
Stock of oil and lubricants	(2,079,926)	(2,744,138)
Trade debts	5,006,054	(5,998,058)
Loans and advances	99,322	(318,792)
Prepayments	3,101	2,066
Sales tax refundable	221,626	(699,501)
	2,990,103	(8,963,760)
(Decrease) / increase in trade and other payables	(2,089,332)	10,260,330
	900,771	1,296,570

25. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to the Executive of the Company is as follows:

	Executive	
	2014	2013
	........RUPEES..........	
Managerial remuneration	600,000	600,000
Allowances		
House rent	270,000	270,000
Utilities	30,000	30,000
Contribution to provident fund	49,500	49,500
	949,500	949,500
Number of persons	1	1

25.1 No remuneration, fee or any other expenses were paid to Chief Executive Officer or any Director of the Company.

26. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies / undertakings, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2014 RUPEES	2013 RUPEES
Associated companies / undertakings		
Sale of energy	54,445,177	152,998,088
Other charges received	-	10,000
Fuel purchased	54,480	3,609,398
Other charges paid	86,233	121,967
Other related parties		
Loan obtained from director	5,300,000	10,000,000
Loan repaid to director	-	4,000,000

27. PROVIDENT FUND RELATED DISCLOSURE

The provisions of section 227 of the Companies Ordinance, 1984 were not followed by the Company as the monthly contribution of the provident fund was not deposited in the separate bank account of Employees' Provident Fund Trust within 15 days from the date of deduction. Moreover, provident fund trust was also not created by the Company. However all the employees under provident fund scheme, subsequently after the year end, have either resigned or transferred to gratuity scheme.

28. NUMBER OF EMPLOYEES

	2014	2013
	(Number of Persons)	
Number of employees as on 30 June	11	11
Average number of employees during the year	11	11

29. PLANT CAPACITY AND ACTUAL PRODUCTION

	2014	2013
Number of generators installed	3	3
Number of generators worked	1	2
Installed energy generation capacity (MWH)	96 480	96 480
Actual energy generation (MWH)	2 891	8 210

29.1 REASON FOR LOW GENERATION

Operation of unit is suspended as the running of generators is not economically viable.

30. FINANCIAL RISK MANAGEMENT

30.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity and use of non-derivative financial instruments.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company has no receivable / payable balances in foreign currency as at 30 June 2014.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant interest-bearing assets and liabilities.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2014 RUPEES	2013 RUPEES
Trade debts	2,332,864	7,338,918
Loans and advances	23,500	396,000
Deposits	10,550	10,550
Bank balances	836,879	737,320
	3,203,793	8,482,788

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate.

	Rating			2014	2013
	Short Term	Long term	Agency	---------- RUPEES ----------	
Banks					
Faysal Bank Limited	A1+	AA	PACRA	48,505	48,646
Habib Bank Limited	A-1+	AAA	JCR-VIS	8,503	9,327
National Bank of Pakistan	A-1+	AAA	JCR-VIS	18,419	210,008
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	370,659	84,942
Soneri Bank Limited	A1+	AA -	PACRA	12,620	12,655
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	328,937	360,845
Bank Al-Habib Limited	A1+	AA+	PACRA	49,236	10,897
				836,879	737,320

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 12.

Due to the Company's long standing business relationships with these counterparties, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash. At 30 June 2014, the Company had Rupees 885,475 (2013: Rupees 824,343) cash and bank balances. The management believes that liquidity risk to be high.

Following are the contractual maturities of financial liabilities as at 30 June 2014:

	Carrying Amount	Contractual cash flows	6 months or less
	------------------ RUPEES ------------------		
Trade and other payables	16,219,251	16,219,251	16,219,251
Short term borrowings	14,097,451	14,097,451	14,097,451
	30,316,702	30,316,702	30,316,702

Contractual maturities of financial liabilities as at 30 June 2013:

	Carrying Amount	Contractual cash flows	6 months or less
	------------------ RUPEES ------------------		
Trade and other payables	22,448,107	22,448,107	22,448,107
Short term borrowings	10,835,384	10,835,384	10,835,384
	33,283,491	33,283,491	33,283,491

30.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

30.3 Financial Instruments by categories

	2014 RUPEES	2013 RUPEES
	Loans and Receivables	
Assets as per balance sheet		
Trade debts	2,332,864	7,338,918
Loans and advances	23,500	396,000
Deposits	10,550	10,550
Cash and bank balances	885,475	824,343
	3,252,389	8,569,811
	Financial Liabilities at amortized cost	
Liabilities as per balance sheet		
Trade and other payables	16,219,251	22,448,107
Short term borrowings	14,097,451	10,835,384
	30,316,702	33,283,491

30.4 Capital risk management

Due to factors stated in Note 1.1 to these financial statements, the management concludes that the Company is not a going concern. Therefore, there is no need to maintain and adjust the capital structure and monitor the issues pertaining to the capital risk management of the Company.

31. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 09.10.2014 by the Board of Directors of the Company.

32. CORRESPONDING FIGURES

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

33. GENERAL

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

MUHAMMAD ARSHAD
CHIEF EXECUTIVE OFFICER

SHAHZAD AHMAD SHEIKH
DIRECTOR

Categories of Shareholding

As at June 30,2014

Categories of Shareholding	Numbers	Shares held	Percentage (%)
Associated companies,			
ARSHAD TEXTILE MILLS LTD	1	375750	4.70
Directors,Chief Executive & their Spouse and Children			
Mr.Muhammad Arshad Sheikh	3	1299575	16.24
Spouse and Adult Children	2	153500	1.92
Mr.Muhammad Saeed	2	328250	4.10
Mr.Nisar Ahmed Sheikh	3	1187750	14.85
Spouse	1	135000	1.69
Mr.Amjad Saeed	1	974500	12.18
Children	2	22000	0.28
Mr.Shahzad Ahmed Sheikh	1	230000	2.88
Mrs.Naureen Shahzad	1	56800	0.71
Mr.Aized Amer	1	50000	0.63
Financial Institution	3	1239874	15.50
Joint Stock Companies	4	11509	0.14
Individuals	256	1935492	24.19
TOTAL	281	8000000	100.00

STATEMENT SHOWING SHARES BOUGHT AND SOLD BY DIRECTORS
CEO,CFO, COMPANY SECRETARY AND THE MINOR FAMILY MEMBERS
FROM 1ST JULY 2013 TO 30TH JUNE 2014

NAME	DESIGNATION	SHARES BOUGHT	SHARES SOLD
MR.NISAR AHMED SHEIKH	Chairman / Director		
MR.MUHAMMAD ARSHAD SHEIKH	Chief Executive / Director		
MR.MUHAMMAD ANWAR SAJJAD			
MR.MUHAMMAD SAEED	Director		
MR.AMJAD SAEED	Director		
MR.SHAHZAD AHMED	Director		
MRS.NAUREEN SHAHZAD	Director		
MR.AIZED AMIR	Director		
MRS.ZARRIN AKHTAR			
MRS.MEMOONA WASEEM	Family Member		
MRS.NAZIMA AMIR	Family Member		
MR.NASIM UR RIAZ	Family Member		
MR.MUHAMMAD SIDDIQUE	Family Member		
MR.NASIR MAHMOOD	CHIEF FINANCIAL OFFICER		
MR.JAVED ABBAS NAQVI	COMPANY SECRETARY		

PATTERN OF SHAREHOLDING

Pattern of Holding of Shares held by the Shareholders

As at June 30,2014

Type of Share		Numner of Share Holders	Total Share Held
1	100	65	1619
101	500	36	17015
501	1000	54	52500
1001	5000	74	232016
5001	10000	16	136100
10001	20000	12	184000
30001	40000	2	74000
45001	55000	5	241875
55001	60000	1	56800
70001	85000	2	155000
85001	115000	1	95250
115001	135000	2	270000
225001	280000	2	508375
280001	290000	1	280625
290001	310000	1	300000
310001	660000	3	1137750
840001	940000	1	939375
940001	1040000	1	974500
1040001	10000000	2	2343200
TOTAL		281	8000000

IDEAL ENERGY LIMITED
Room No.404-405, 4th Floor, Business Centre,
Mumtaz Hassan Road, Karachi.

PROXY FORM

I/We____of
______________________________________being member(s) of IDEAL ENERGY LIMITED holding __________ordinary shares as per Registered Folio No./CDC A/c No. (for members who have shares in CDS) ______________________ hereby appoint Mr./Mrs./Miss ______________________________________of (full address) ______________________________________or failing him/her Mr./Mrs./Miss______________________________________of (full address)______________________________________ (being member of the Company) as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the 20th Annual General Meeting of the Company to be held on October 31, 2014 and/or any adjournment thereof.

As witness my/our hand seal this ________________day of ________________2014
Signed by ____in the presence of ____

Signature on
Rs.5/-
Revenue Stamps

(Signature must agree with the specimen signature registered with the Company)

Notes:

1. This proxy form duly completed and signed, must be received at the Registered Office of the Company, 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she himself/herself is a member of the Company, except that a Corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her National Identity Card with him/her to prove his/her identity, and in case of proxy, must enclose an attested copy of his/her National Identity Card. Representatives of Corporate members should bring the usual documents required for such purpose.