



QUARTERLY REPORT MARCH 31, 2018

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S.G POWER LIMITED
B-40, SITE, MANGHOPIR ROAD
KARACHI.

DIRECTORS' REPORT

Board of Directors

Mst. Zubaida Khatoon	Chairperson
Mr. Asim Ahmed	Chief Executive
Mr. Sohail Ahmed	Director
Mrs. Ghazala Shahid	Director
Mrs. Tania Asim	Director
Mr. Farhan Sohail	Director
Mr. Rafiq Ahmed	Director

AUDIT COMMITTEE

Mr. Asim Ahmed	Chief Executive
Mr. Sohail Ahmed	Director
Mrs. Ghazala Shahid	Director

HR AND REMUNERATION COMMITTEE

Mr. Sohail Ahmed	Director
Mrs. Ghazala Shahid	Director
Mrs. Tania Asim	Director

CHIEF FINANCIAL OFFICER

Mr. Muhammad Hasan

COMPANY SECRETARY

Mr. Adnan Ahmed

AUDITORS

Muniff Ziauddin & Co.
Chartered Accountants

LEGAL ADVISOR

M.J. Panny Associate
Mohsin Tayab & Co.

BANKERS

Summit Bank Limited

SHARES REGISTRAR

Technology trade private limited
Dagia house, 241-C, block-2
PECHS, Shahra-e-Quaideen
Karachi

REGISTERED OFFICE

B-40 S.I.T.E., Karachi.

The Board of Directors of S.G. Power Limited is pleased to present the 24th Annual Report and Audited Financial Statements of the Company together with Auditors' Report thereon for the year ended June 30, 2017.

The auditors have given an observation regarding the existence of material un-certainty regarding Company's ability to continue as a going concern. In this regard it is clarified that Messrs S.G. Allied Businesses Limited (formerly S.G. Fibre Limited), a sister concern and the only customer of the Company to whom it supplies electricity has shut-down its operations due to adverse and unfavourable market conditions. As per SECP clarify dated 19th July, 2013, the Company had made full provision against amounts aggregating to Rs. 169.970 million which are receivable from associated undertaking. The management hopes that material un-certainty will not last long as the sister concern is working on entering into new lines of businesses. With the revival of SG Allied Businesses Limited, the Company will become a going concern in the foreseeable future.

FUTURE OUTLOOK

The management is hopeful as soon as the S.G. Allied Business Limited, goes into new lines of businesses, the Company will come out of crisis and re-commence operation. The management is hopeful that the Company will stand revived in the near future.

CORPORATE GOVERNANCE

In accordance with the requirement of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan, the Directors hereby confirm that:

- The Financial Statements for the year ended June 30, 2014 have been prepared by the management present fairly its state of affairs, the results of its operation, cash flow and change in equity.
- Proper books of accounts of the Company have been maintained.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- There are no significant doubts upon the Company's ability to continue as a going concern, but due to adverse economic and market condition, the operation remained shut down for the time being.
- The Company's system of internal control is sound in design and has been effectively implemented and continuously monitored.
- There has been no material departure from the best practice of Code of Corporate Governance as detailed in the listing regulations.
- The Directors, Chief Executive and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.
- Compliance of Code of Corporate Governance is annexed.
- Certain non-compliances mentioned in the Auditors' Review Report are due to the fact that the Company is closed for many years. These shortcomings will be rectified as soon as the Company recommences operation.

The Board has four meeting during the year. The attendance by each Director was as follows:

<u>Name of Director</u>	<u>No. of meetings attended.</u>
Mst Zubaida Khatoon	
Mr. Asim Ahmed	
Mr. Sohail Ahmed	
Mrs. Ghazala Ahmed	
Mrs Tania Asim	
Mr. Farhan Sohail	
Mr. Rafiq Ahmed	

AUDIT COMMITTEE

The meetings of Audit Committee were held during the year ended June 30, 2014 as required by the Code of Corporate Governance for review of Quarterly/Half-yearly/Annual Accounts and the related matters. The meeting was also attended by the External Auditors as and when required.

The composition of the Committee is as follows:

Mr. Asim Ahmed	Chairman
Mr. Sohail Ahmed	Member
Mrs. Ghazala Ahmed	Member

AUDITORS

The present Auditors M/S Muniff Ziauddin & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. Audit Committee has recommended for their re-appointment for the year ending June 30, 2018.

ACKNOWLEDGEMENT

The Directors of your Company offer their sincere gratitude to the shareholders, for their support and assistance.

SHAREHOLDINGS PATTERN

The Pattern of Shareholding as on June 30, 2018 is annexed.

On behalf of the
Board of Directors

Asim Ahmed
(Chief Executive)

Karachi February 26, 2018

S.G POWER LIMITED CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2018

	Note	MARCH 31, 2018	June 30, 2017
NON CURRENT ASSETS			
Property, plant and equipment	5	8,552,177	8,917,071
Long term deposit		5,350,000	5,350,000
CURRENT ASSETS			
Current portion of long term receivable	6	-	-
Stores and spares		-	-
Trade debts	7	-	-
Accrued interest considered good	8	-	-
Cash and bank balances		511,292	226,831
		511,292	226,831
		<u>14,413,468</u>	<u>14,493,902</u>
SHARE CAPITAL AND RESERVES			
Authorised		200,000,000	200,000,000
20,000,000 Ordinary shares of Rs. 10 each			
Issued, subscribed and paid up		178,332,670	178,332,670
Share premium		89,116,330	89,116,330
Accumulated loss		(254,985,220)	(254,904,787)
		12,463,780	12,544,213
NON CURRENT LIABILITIES			
Deferred liabilities		-	-
Due to associate undertaking		-	-
Loan from director		3,262	3,262
		3,262	3,262
CURRENT LIABILITIES			
Trade and other payables		1,317,098	1,317,098
Provision for taxation		629,328	629,329
		1,946,426	1,946,427
CONTINGENCIES AND COMMITMENTS			
	9	14,413,468	14,493,902

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

CHIEF EXECUTIVE

DIRECTOR

S.G POWER LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2018

	Half Year Ended		July to March 31, 2017	January to March 31, 2017
	July to March 31, 2018	January to March 31, 2018		
	Rupees		Rupees	
Sales	1,358,000	900,000.00	-	-
Generation cost	(1,333,458)	779,656	(3,833,000)	(1,452,238)
Gross loss	16,542	1,679,656	(3,833,000)	(1,452,238)
Administrative and selling expenses	(3,863)	(1,288)	(4,829)	(855)
Operating loss	12,679	1,678,369	(3,837,829)	(1,453,093)
Other comprehensive income	-	-	-	-
Finance charges	(93,112)	-	-	-
Loss before taxation	(80,433)	1,678,369	(3,837,829)	(1,453,093)
Taxation	-	-	-	-
Loss after taxation	(80,433)	1,678,369	(3,837,829)	(1,453,093)
Total comprehensive income	(80,433)	1,678,369	(3,837,829)	(1,453,093)
Loss per share - basic and diluted	(0.00)	0.09	(0.22)	(0.38)

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

CHIEF EXECUTIVE

DIRECTOR

S.G POWER LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018

	Issued, subscribed and paid up capital	Share Premium	Accumulated profit/(loss)	Total
----- Rupees -----				
Balance as at July 01, 2016	178,332,670	89,116,330	(231,071,723)	36,377,277
Loss for the third quarter ended March 31, 2017	-	-	(80,433)	(80,433)
Balance as at March 31, 2017	178,332,670	89,116,330	(231,152,156)	36,296,844
Balance as at July 01, 2016	178,332,670	89,116,330	(254,904,787)	12,544,213
Loss for the third quarter ended March 31, 2017	-	-	(80,433)	(80,433)
Balance as at March 31, 2017	178,332,670	89,116,330	(254,985,220)	12,463,780

Notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

S.G. POWER LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018

1. STATUS AND ACTIVITIES

1.1 The Company is limited by shares and was incorporated in Pakistan on February 10, 1994 under the Companies Ordinance, 1984 and is listed on Karachi and Islamabad Stock Exchanges. The business of the Company is generation and supply of the electric power to its associated company, S.G. Fibre Limited. The registered office of the company and the captive power plant is located at S-40, S.I.T.E, Karachi in the province of Sindh.

1.2 GOING CONCERN

The company has suffered loss of Rs. 80,433 during third quarter (March 31, 2017: Rs. 3,827,829) and accumulated loss as at March 31, 2016 stood at Rs. 254,985,220 (June 30, 2017: Rs.254,904,787) and the company was supplying electricity only to S.G Fibre Limited as an associate company. Due to existence of adverse situation in the Fibre industry, their production was stopped during the year 2003. Due to this reason, the company has discontinued its electricity steam supplies. As a result, the revenue generating activities were stopped. However, the company is planning to restart the power generating activities and negotiating with Karachi Electric Supply Company Limited to supply electricity to them.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. This condensed interim financial information is presented in condensed form in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting". This does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2016. Comparative figures of the balance sheet are extracted from the audited annual financial statements for the year ended June 30, 2016 whereas comparative profit and loss account, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial information for the period ended March 31, 2017.

3. ACCOUNTING POLICIES

The accounting policies and method of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the year ended June 30, 2016.

Standards, amendments to published approved accounting standards and interpretations effective from July 01, 2016.

There are certain new standards, amendments and International Financial Reporting Interpretation Committee (IFRIC) interpretations that become effective during the period and mandatory for accounting period on or after July 01, 2016 but are considering not be relevant or have significant effect on the company's operations are therefore, not disclosed in this condensed interim financial information.

Standards, amendments to published approved accounting standards and interpretations as adopted in Pakistan, that are not yet effective.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods on or after July 01, 2015 but are considered not be relevant or do not have any significant effect on company's operations and are, therefore, not detailed in this condensed interim financial information.

4. ESTIMATES

The Preparation of condensed interim financial information require management to make judgments, estimates and assumption that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key resources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2017.

S.G. POWER LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018

	Un-audited March 31 2018	Audited June 30 2017
----- Rupees -----		
5. PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	8,917,071	44,226,424
Addition	-	3,664,252
Deletion	-	-
Depreciation	(384,894)	(37,591,860)
	8,532,177	8,917,071

6. LONG TERM RECEIVABLE

Unsecured- considered good	65,588,037	65,588,037
Associated Company- S.G. Fibre Limited	(65,588,037)	(65,588,037)
Less : Provision for doubtful debt	-	-
	-	-

6.1 SECP vide order dated 19th July, 2013 directed the Company to make provision against the receivable from the associated understating being doubtful of recovery. Accordingly the same has been provided for during the year ended June 30, 2013.

7. TRADE DEBTS

Unsecured- considered good		
Associated Company- S.G. Fibre Limited	94,036,243	94,036,243
Less : Provision for doubtful debt	(94,036,243)	(94,036,243)
	-	-

7.1 SECP vide order dated 19th July, 2013 directed the Company to make provision against the receivable from the associated understating being doubtful of recovery. Accordingly the same has been provided for during the year ended June 30, 2013.

8. ACCRUED INTEREST CONSIDERED GOOD

Interest on loan to associated Company - S.G. Fibre Limited witholding on TDR	8.1	51,853	51,853
		10,654,243	10,654,243
		(10,654,243)	(10,654,243)
		-	-
		51,853	51,853

8.1 This represents interest accrued on long term receivable from an associated company charged as per the direction issued by SECP vide order dated April 6, 2006. The SECP vide order dated 19th July, 2013 directed the Company to make provision against the receivable from the associated understating being doubtful of recovery. Accordingly the same has been provided for during the year ended June 30, 2013.

9. CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments as disclosed in the last published annual financial statements for the year ended June 30, 2013.

10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties are carried out on an arm's length basis and the related price is determined in accordance with the Comparable Uncontrolled Price Method. The significant transactions with associated undertakings and related parties other than those which have been specifically disclosed elsewhere in this interim financial statements are given below.

S.G. Fibre Limited - Associated undertaking

	March 31 2018	June 30 2017
Rent of premises	1,350,000	1,800,000

S.G. POWER LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2018

11. DATE OF AUTHORIZATION

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

12. GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR