

S.G POWER LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2013

	Notes	Un-Audited September 2013 Rupees	Audited June 2013 Rupees
SHARE CAPITAL AND RESERVES			
Authorised 20,000,000 Ordinary shares of Rs. 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up	4	178,332,670	178,332,670
Share premium		89,116,330	89,116,330
Accumulated loss		(216,495,270)	(216,203,333)
		50,953,730	51,245,667
NON CURRENT LIABILITIES			
Deferred liabilities	5	113,040	113,040
Loan from director	6	3,262	3,262
		116,302	116,302
CURRENT LIABILITIES			
Trade and other payables	7	11,086,562	11,134,062
Provision for taxation		629,329	629,329
		11,715,891	11,763,391
CONTINGENCIES AND COMMITMENTS			
	8	<u>62,785,923</u>	<u>63,125,360</u>
NON CURRENT ASSETS			
Property, plant and equipment	9	51,113,270	51,776,864
Long term deposit	10	5,350,000	5,350,000
Long term receivable	11	-	-
CURRENT ASSETS			
Current portion of long term receivable	11	-	-
Stores and spares		5,797,601	5,797,601
Trade debts	12	-	-
Accrued interest considered good	13	185,047	133,195
Cash and bank balances	14	340,005	67,700
		6,322,653	5,998,496
		<u>62,785,923</u>	<u>63,125,360</u>

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

CHIEF EXECUTIVE

DIRECTOR

**S.G POWER LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Notes	Un Audited September 2013 Rupees	Un Audited September 2012 Rupees
Sales	15	-	-
Generation cost	16	<u>(1,246,320)</u>	<u>(1,539,655)</u>
Gross loss		(1,246,320)	(1,539,655)
Administrative and selling expenses	17	<u>(14,144)</u>	<u>(23,430)</u>
Operating loss		(1,260,464)	(1,563,085)
Finance charges		-	-
Other Income		<u>968,527</u>	<u>521,490</u>
Loss before taxation		(291,937)	(1,041,595)
Taxation	19	-	-
Loss after taxation		<u>(291,937)</u>	<u>(1,041,595)</u>
Other comprehensive income		-	-
Total comprehensive income		<u><u>(291,937)</u></u>	<u><u>(1,041,595)</u></u>
Loss per share - basic and diluted	20	(0.02)	(0.06)

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

CHIEF EXECUTIVE

DIRECTOR

S.G POWER LIMITED
CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	Un Audited 2013 Rupees	Un Audited 2012 Rupees
CASH FLOW FROM OPERATION ACTIVITIES		
(Loss) before taxation	(291,937)	(1,041,595)
Adjustment for non cash items:		
Depreciation	663,594	1,032,383
Finance charges	-	-
	663,594	1,032,383
Cash flow from operating activity before working capital changes	371,657	(9,212)
Changes in working capital		
(Increase) / decrease in current assets		
Trade debts	-	413,530
Interest accrued	(51,852)	(52,149)
	(51,852)	361,381
Increase (decrease) in current liabilities		
Trade and other payables	(47,500)	(65,399)
	272,305	286,770
Finance charges paid	-	-
Net Cash used in operating activities	272,305	286,770
CASH FLOW FROM INVESTING ACTIVITIES		
Long term deposits	-	-
Net cash from investing activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Loan from Directors	-	-
Long term deposits	-	-
Repayment during the period	-	-
Net cash from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	272,305	286,770
Cash and cash equivalents at the beginning of the year	67,700	412
Cash and cash equivalents at the end of the year	340,005	287,183

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

CHIEF EXECUTIVE

DIRECTOR

S.G POWER LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR QUARTER ENDED SEPTEMBER 30, 2012

	Issued, subscribed and paid up capital	Share Premium	Accumulated profit/(loss)	Total
	----- R u p e e s -----			
Balance as at July 01, 2012	178,332,670	89,116,330	(15,861,079)	251,587,921
Loss for the year	-	-	(200,342,254)	(200,342,254)
Balance as at June 30, 2013	178,332,670	89,116,330	(216,203,333)	51,245,667
Loss for the 1st Quarter ended 30 Sep. 2013	-	-	(291,937)	(291,937)
Balance as at Sep 30, 2013	178,332,670	89,116,330	(216,495,270)	50,953,730

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

CHIEF EXECUTIVE

DIRECTOR

9 OPERATING ASSET - OWNED

Particulars	Cost			Rate %	Depreciation			As on Sep 30, 2013	WDV	
	As on July 01, 2013	Addition / (Disposal)	Disposals		As on Sep 30, 2013	As on July 01, 2013	Adjustments			For the year
	Rupees				Rupees				Rupees	
Generators	189,522,178	-	-	189,522,178	5%	138,930,236	-	632,399	139,562,635	49,959,543
Air Handling Unit	475,420	-	-	475,420	10%	404,058	-	1,784	405,842	69,578
Electric fitting	531,990	-	-	531,990	10%	395,366	-	3,416	398,782	133,208
Gas installation	1,101,542	-	-	1,101,542	10%	936,208	-	4,133	940,341	161,201
Equipment	2,533,157	-	-	2,533,157	10%	1,784,434	-	18,718	1,803,152	730,005
Vehicles	1,782,700	-	-	1,782,700	20%	1,719,821	-	3,144	1,722,965	59,735
Total Owned Assets	195,946,987	-	-	195,946,987		144,170,122	-	663,594	144,833,717	51,113,270

The land on which the project is setup, has been obtained on rent from S.G Fibre Limited, an associated company.

Depreciation for the 1st Quarter ended has been allocated as under:

Generation Cost
Administration Expenses

	2013 RUPEES	2012 RUPEES
Generation Cost	660,450	1,028,455
Administration Expenses	3,144	3,930
	663,594	1,032,386

9 OPERATING ASSET - OWNED

Particulars	----- Cost -----				Rate %	----- Depreciation -----				----- WDV-----
	As on July 01, 2011	Addition / (Disposal)	Disposals	As on Sep 30, 2011		As on July 01, 2011	Adjustments	For the year	As on Sep 30, 2011	
	Rupees					Rupees				Rupees
Generators	292,698,450	-	-	292,698,450	5%	208,716,335	-	1,049,776	209,766,111	82,932,339
Air Handling Unit	475,420	-	-	475,420	10%	387,319	-	2,203	389,522	85,898
Electric fitting	531,990	-	-	531,990	10%	363,319	-	4,217	367,536	164,454
Gas installation	1,101,542	-	-	1,101,542	10%	897,425	-	5,103	902,528	199,014
Equipment	2,533,157	-	-	2,533,157	10%	1,608,808	-	23,109	1,631,917	901,240
Vehicles	1,782,700	-	-	1,782,700	20%	1,684,451	-	4,912	1,689,363	93,337
Total Owned Assets	299,123,259	-	-	299,123,259		213,657,658	-	1,089,320	214,746,977	84,376,282

The land on which the project is setup, has been obtained on rent from S.G Fibre Limited, an associated company.

Depreciation for the 1st Quarter ended has been allocated as under:

Generation Cost	2012 RUPEES	2011 RUPEES
Administration Expenses	1,084,407	1,084,407
	4,912	4,912
	<u>1,089,320</u>	<u>1,089,319</u>

September 2013 Rupees	June 2013 Rupees
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4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

17,883,267 Ordinary shares of Rs.10/- each fully paid in cash.	178,332,670	178,332,670
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5 DEFERRED LIABILITY

Staff Gratuity

The principal assumption used in the valuation of gratuity are as

Discount rate	-	-
Expected rate of increase in salary	-	-
Expected average remaining working lives	-	-

Movement in liability recognized in the balance sheet is as follows:

Liability as at July 01	113,040	113,040
Charge to profit and loss account	-	-
	113,040	113,040
Payments made during the year	-	-
Transferred to current liabilities in respect of employees left	-	-
Liability as at June 30	113,040	113,040

The amount recognized in the balance sheet are as follows:

Present value of defined benefit obligation	113,040	113,040
Liability as at June 30	113,040	113,040

The amount recognized in the profit and loss account is as follows:

Current service cost	-	-
Actuarial gain/(loss)	-	-
	-	-

Comparison for five years as at	2013	2012	2011	2010	2009
	30-Jun	30-Jun	30-Jun	30-Jun	30-Jun
Present value of defined benefit obligation	113,040	113,040	113,040	113,040	113,040
Actuarial losses	Nil	Nil	Nil	Nil	Nil

5.1 There is no employee in the company as at year end and no actuarial valuation was carried out

6 LOAN FROM DIRECTOR

This represents interest free loan from sponsoring directors. Repayment terms have not yet been decided by the Company.

7 TRADE & OTHER PAYABLE

Creditors	6,749,787	6,749,787
Accrued Liabilities	1,686,190	1,733,689
Staff gratuity payable	1,333,489	1,333,489
Unclaimed dividend	1,297,283	1,297,283
Tax deducted at source	19,815	19,815
	11,086,564	11,134,063

8 CONTINGENCIES AND COMMITMENTS

Contingencies

8.1 Based on the legal opinion in respect of non applicability of Worker's Profit Participation Act.1968, on the company, provision made to workers profit participation, fund and interest thereon amounting Rs. 20,711,654/- up to June 30, 2002 has been transferred back to shareholder's equity in the accounts for the year ended 30, June 2003. No provision has been made thereafter from the financial year ended June 30, 2003 to June 30, 2006 for an amount of Rs.12,685,253. The contention of the company is that since there are no workers as defined in the Act, and accordingly the said Act does not apply to the company. No provision is being made under this head since the year 2002-2003. The Company has filed petition before High Court of Sindh, Karachi challenging the levy in this respect. The management is confident that no liability will arise on this account.

However, in the Finance Act, 2006 amendments have been made in the Act which is effective from July 01,2006. These changes may require the company to pay 5% of its profits to the fund from the Fiscal year beginning July 01,2006. However in these years the Company has incurred losses.

8.2 The collectorate of Sales Tax and Central Excise (west) Karachi has served a show cause notice requiring the repayment of inaccurate input tax adjustments and additional tax amounting to Rs.13,247,743/ and Rs.3,248,501/ - respectively, in respect of financial years ended June 30, 2000 and 2001.The Company has filed an appeal against such order in the Sales Tax Appellate Tribunal. Management of the company expects a favorable outcome and no provision has been made in these financial statements.

	September	June
	2013	2013
	Rupees	Rupees
8.3 Commitments	-	-

10 LONG TERM DEPOSIT

Long term deposit	10.1	<u>5,350,000</u>	<u>5,350,000</u>
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10.1 This represents margin held by M/s Sui Southern Gas Company limited against the supply of Gas.

11 LONG TERM RECEIVABLE

Unsecured -Considered good			
Associated Company- S.G. Fibre Limited		65,588,037	65,588,037
Less: Provision for doubtful debts		<u>(65,588,037)</u>	<u>(65,588,037)</u>
		-	-

11.1 In April -2006, the SECP directed the directors of the Company under Sec 473 of the Companies Ordinance 1984 (the Ordinance) pursuant to the Order made in the matter of show cause notice issued to the directors of the company under section 208 read with the section 476 of the Ordinance to recover the outstanding balance from the associated company, S.G. Fibre Limited, in quarterly installment of Rs.10 million each beginning from quarter April-June 2006. Further, SECP has directed to recover the interest, that should not be less than borrowing cost of the Company, as return on its previous years' credits. Consequently , the balance was transferred to the long term receivables, which in effect has been transferred over a period of time in to current portion of long term receivable.

12 TRADE DEBTS

Unsecured- Considered good			
Associated Company- S.G. Fibre Limited		93,586,243	94,036,243
Less: Provision for doubtful debts		<u>(93,586,243)</u>	<u>(94,036,243)</u>
		-	-

13 INTEREST ACCRUED

Considered good			
Interest on TDR Receivable	13.1	185,047	133,195
Interest on loan to associated Company -S.G. Fibre Limited		10,654,243	10,654,243
Less: Provision for doubtful debts		<u>(10,654,243)</u>	<u>(10,654,243)</u>
		-	-
		<u>185,047</u>	<u>133,195</u>

13.1 This represents interest accrued on long term receivable from the associated company, S.G. Fibre Limited, charged as per the direction issued by SECP vide Order date April 6, 2006.

14 CASH & BANK BALANCE

Cash in hand		400	400
Cash at bank-current accounts		339,605	67,300
		<u>340,005</u>	<u>67,700</u>

15 SALES

Gross sales -electricity and steam		-	-
less: Sales tax		-	-
		<u>-</u>	<u>-</u>

15.1 The Company has done away with the policy of charging late payment surcharge on delayed receipt of payment from the associated undertaking for sale of electricity.

16 GENERATION COST

Gas consumed		135,870	61,200
Repair and Maintenance		-	-
Rent, rates and taxes		450,000	450,000
Depreciation		660,450	1,028,455
		<u>1,246,320</u>	<u>1,539,655</u>

	2012 Rupees	2011 Rupees
17 ADMINISTRATION & SELLING EXPENSES		
Rent, rates and taxes		
Fees and subscription	11,000	19,500
Auditor remuneration		
Depreciation	3,144	3,930
Doubtful debts written back	-	
	<u>14,144</u>	<u>23,430</u>
18 Other Income	<u>968,527</u>	<u>521,490</u>

19 TAXATION

The relationship between tax expense and accounting profit has not been presented in these financial statements as the income derived by the Company from electric power generation project is exempt from tax under clause 132 of Part 1 of the Second Schedule.

20 LOSS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company which is based on:

Loss for the year	Rs.	(291,937)	(1,041,595)
Weighted average number of ordinary shares outstanding during the year		<u>17,833,267</u>	<u>17,833,267</u>
Loss per share	Rs.	<u>(0.02)</u>	<u>(0.06)</u>

21 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated company and directors. Transactions with associated undertaking are as follows:

Rent of premises	<u>450,000</u>	<u>450,000</u>
Interest receivable on Long term Receivable	<u>10,654,243</u>	<u>10,654,243</u>

22 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Executives 2013 (Rupees)	Executives 2012 (Rupees)	Executives 2011 (Rupees)
Basic salary	-	-	-
House allowance	-	-	-
Utilities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

23 PLANT CAPACITY AND ACTUAL PRODUCTION

	Electricity(KWH)		Steam(KGs)	
	2013	2012	2013	2012
Annual Capacity	91,419,360	91,419,360	50,280,648	50,280,648
Actual Generation	-	-	-	-

Reason for no generation

As the only consumer of electricity S.G. Fibre Limited shut down its production , so

24 FINANCIAL INSTRUMENT AND RELATED DISCLOSURE

24.1 Financial Risk Management

24.1.1 The company's activities may expose it to a variety of financial risks: credit risk and liquidity risk. The company's overall risk

Risks managed and measured by the company are explained below:

24.2 Market Risk

24.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The company is not exposed to interest rate risk.

24.2.2 Currency Risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The company doesn't have financial instruments dependent on currency risk.

24.2.3 Price Risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to 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 instruments traded in the market. The company is not exposed to major concentration of price risk.

24.3 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash equivalents, deposits with banks, as well as credit exposures to customers and other counterparties which include loans and advances, trade debts and other receivables. Out of the total financial assets, those that are subject to credit risk amounted to Rs 176.524 million (2010: Rs 176.324 million).

For trade debts, credit risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the company also believes that it is not exposed to major concentration of credit risk.

In respect of other counter parties, due to the company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the company.

The maximum exposure to credit risk as at June 30, 2012, along with comparative is tabulated below:

	2013 Rupees	2013 Rupees
Financial Assets		
Current portion of long term receivable	65,588,037	-
Trade debts	-	-
Other receivables	10,654,243	10,654,243
Cash & bank balances	340,005	67,700
	<u>76,582,285</u>	<u>10,721,943</u>

24.4 Liquidity Risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Following are the carrying amount and maturities of the Company's financial liabilities.

Financial liabilities in accordance with their contractual maturities are presented below: lines.

	Carrying Amount/ Rupees	Less Than 1 year	Between 1 to 2 years	Between 2 to 5 years
Trade and other payables	11,109,294	11,109,294	-	-
	<u>11,109,294</u>	<u>11,109,294</u>	<u>-</u>	<u>-</u>

24.5 Fair values of financial assets and liabilities

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing As at June 30, 2012 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

25 CAPITAL RISK MANAGEMENT

The company's prime objective when managing capital structuring is to safe guard its ability to continue as a going concern in order to provide adequate returns for share holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

26 DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on October 14, 2013 by the Board of Directors of the Company.

27 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director