

S.G POWER LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2014

| | Notes | Un-Audited September 2014 Rupees | Un-Audited September 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 | | (221,333,102) | (216,495,270) |
| | | <u>46,115,898</u> | <u>50,953,730</u> |
| NON CURRENT LIABILITIES | | | |
| Deferred liabilities | 5 | 113,040 | 113,040 |
| Loan from director | 6 | 3,262 | 3,262 |
| Due associate under taking | | 2,100,000 | - |
| | | <u>2,216,302</u> | <u>116,302</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | 11,134,062 | 11,086,562 |
| Provision for taxation | | 629,329 | 629,329 |
| | | <u>11,763,391</u> | <u>11,715,891</u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 8 | <u>60,095,591</u> | <u>62,785,923</u> |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 48,493,943 | 51,113,270 |
| 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 | 132,899 | 185,047 |
| Cash and bank balances | 14 | 321,147 | 340,005 |
| | | <u>6,251,647</u> | <u>6,322,653</u> |
| | | <u>60,095,591</u> | <u>62,785,923</u> |

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, 2014

| | Notes | Un Audited September 2014 Rupees | Un Audited September 2013 Rupees |
|-------------------------------------|-------|---|---|
| Sales | 15 | - | - |
| Generation cost | 16 | <u>(742,965)</u> | <u>(1,246,320)</u> |
| Gross loss | | (742,965) | (1,246,320) |
| Administrative and selling expenses | 17 | <u>(2,515)</u> | <u>(14,144)</u> |
| Operating loss | | (745,480) | (1,260,464) |
| Finance charges | | - | - |
| Other Income | | <u>-</u> | <u>968,527</u> |
| Loss before taxation | | (745,480) | (291,937) |
| Taxation | 19 | - | - |
| Loss after taxation | | <u>(745,480)</u> | <u>(291,937)</u> |
| Other comprehensive income | | - | - |
| Total comprehensive income | | <u><u>(745,480)</u></u> | <u><u>(291,937)</u></u> |
| Loss per share - basic and diluted | 20 | (0.04) | (0.02) |

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, 2014

| Notes | Un Audited 2014 Rupees | Un Audited 2013 Rupees |
|---|------------------------------|------------------------------|
| CASH FLOW FROM OPERATION ACTIVITIES | | |
| (Loss) before taxation | (745,480) | (291,937) |
| Adjustment for non cash items: | | |
| Depreciation | 628,540 | 663,594 |
| Finance charges | - | - |
| | <u>628,540</u> | <u>663,594</u> |
| Cash flow from operating activity before working capital changes | (116,940) | 371,657 |
| Changes in working capital | | |
| (Increase) / decrease in current assets | | |
| Trade debts | - | - |
| Interest accrued | - | (51,852) |
| | - | (51,852) |
| Increase (decrease) in current liabilities | | |
| Trade and other payables | - | (47,500) |
| | <u>(116,940)</u> | <u>272,305</u> |
| Finance charges paid | - | - |
| Net Cash used in operating activities | (116,940) | 272,305 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Long term deposits | - | - |
| Net cash from investing activities | <u>-</u> | <u>-</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of Loan from Directors | - | - |
| Long term deposits | - | - |
| Repayment during the period | - | - |
| Net cash from financing activities | <u>-</u> | <u>-</u> |
| Net increase / (decrease) in cash and cash equivalents | (116,940) | 272,305 |
| Cash and cash equivalents at the beginning of the year | 438,087 | 67,700 |
| Cash and cash equivalents at the end of the year | <u>321,147</u> | <u>340,005</u> |

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, 2014

| | 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 year | - | - | (4,384,289) | (4,384,289) |
| Balance as at June 30, 2014 | 178,332,670 | 89,116,330 | (220,587,622) | 46,861,378 |
| Loss for the 1st Quarter ended 30 Sep. 2013 | - | - | (745,480) | (745,480) |
| Balance as at Sep 30, 2014 | 178,332,670 | 89,116,330 | (221,333,102) | 46,115,898 |

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

CHIEF EXECUTIVE

DIRECTOR

9 OPERATING ASSET - OWNED

| ----- Cost ----- | | | | | ----- Depreciation ----- | | | | ----- WDV----- | |
|---------------------------|---------------------|-----------------------|-----------|--------------------|--------------------------|---------------------|-------------|----------------|--------------------|--------------------|
| Particulars | As on July 01, 2014 | Addition / (Disposal) | Disposals | As on Sep 30, 2014 | Rate % | As on July 01, 2014 | Adjustments | For the period | As on Sep 30, 2014 | As on Sep 30, 2014 |
| | Rupees | | | | | Rupees | | | | Rupees |
| Generators | 189,522,178 | - | - | 189,522,178 | 5% | 141,459,833 | - | 600,779 | 142,060,612 | 47,461,566 |
| Air Handling Unit | 475,420 | - | - | 475,420 | 10% | 411,194 | - | 1,606 | 412,800 | 62,620 |
| Electric fitting | 531,990 | - | - | 531,990 | 10% | 409,029 | - | 3,074 | 412,103 | 119,887 |
| Gas installation | 1,101,542 | - | - | 1,101,542 | 10% | 952,741 | - | 3,720 | 956,461 | 145,081 |
| Equipment | 2,533,157 | - | - | 2,533,157 | 10% | 1,859,307 | - | 16,846 | 1,876,153 | 657,004 |
| Vehicles | 1,782,700 | - | - | 1,782,700 | 20% | 1,732,397 | - | 2,515 | 1,734,912 | 47,788 |
| Total Owned Assets | 195,946,987 | - | - | 195,946,987 | | 146,824,500 | - | 628,540 | 147,453,041 | 48,493,943 |

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:

| | 2014 RUPEES | 2013 RUPEES |
|-------------------------|----------------|----------------|
| Generation Cost | 626,025 | 660,450 |
| Administration Expenses | 2,515 | 3,144 |
| | 628,540 | 663,595 |

| ----- Cost ----- | | | | | ----- Depreciation ----- | | | | ----- WDV----- | |
|---------------------------|---------------------|-----------------------|-----------|--------------------|--------------------------|---------------------|-------------|----------------|--------------------|--------------------|
| Particulars | As on July 01, 2013 | Addition / (Disposal) | Disposals | As on Sep 30, 2013 | Rate % | As on July 01, 2013 | Adjustments | For the year | As on Sep 30, 2013 | As on Sep 30, 2013 |
| | 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:

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

| | September 2014 Rupees | September 2013 Rupees |
|---|--------------------------------------|--------------------------------------|
| 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 |
| 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 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---------|---------|---------|---------|---------|
| | 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 | 1,733,690 | 1,686,190 |
| 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 |
| | 11,134,064 | 11,086,564 |

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.

| 8.3 Commitments | September | September |
|-----------------|-----------|-----------|
| | 2014 | 2013 |
| | Rupees | Rupees |
| | - | - |

| | | | | |
|-------------|--|-------------|---------------------|---------------------|
| 10 | LONG TERM DEPOSIT | | | |
| | Long term deposit | 10.1 | <u>5,350,000</u> | <u>5,350,000</u> |
| 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 | | (65,588,037) | (65,588,037) |
| | | | <u>-</u> | <u>-</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 | | 94,036,243 | 93,586,243 |
| | Less: Provision for doubtful debts | | (94,036,243) | (93,586,243) |
| | | | <u>-</u> | <u>-</u> |
| 13 | INTEREST ACCRUED | | | |
| | Considered good | | | |
| | Interest on TDR Receivable | 13.1 | 132,899 | 185,047 |
| | Interest on loan to associated Company -S.G. Fibre Limited | | 10,654,243 | 10,654,243 |
| | Less: Provision for doubtful debts | | (10,654,243) | (10,654,243) |
| | | | <u>-</u> | <u>-</u> |
| | | | 132,899 | 185,047 |
| 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 | | 320,747 | 339,605 |
| | | | <u>321,147</u> | <u>340,005</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 | | 116,940 | 135,870 |
| | Repair and Maintenance | | - | - |
| | Rent, rates and taxes | | - | 450,000 |
| | Depreciation | | 626,025 | 660,450 |
| | | | <u>742,965</u> | <u>1,246,320</u> |

| | 2014 Rupees | 2013 Rupees |
|---|----------------|----------------|
| 17 ADMINISTRATION & SELLING EXPENSES | | |
| Rent, rates and taxes | | |
| Fees and subscription | | 11,000 |
| Auditor remuneration | | |
| Depreciation | 2,515 | 3,144 |
| Doubtful debts written back | - | - |
| | <u>2,515</u> | <u>14,144</u> |

| | | |
|------------------------|---|----------------|
| 18 Other Income | - | <u>968,527</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. | (745,480) | (291,937) |
| 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>(0.04)</u> | <u>(0.02)</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 receiveable on Long term Receiveable | <u>10,654,243</u> | <u>10,654,243</u> |

22 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

| | Executives 2014 (Rupees) | Executives 2013 (Rupees) | Executives 2012 (Rupees) |
|-----------------|--------------------------------|--------------------------------|--------------------------------|
| Basic salary | - | - | - |
| House allowance | - | - | - |
| Utilities | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |

23 PLANT CAPACITY AND ACTUAL PRODUCTION

| | Electricity(KWH) | | Steam(KGs) | |
|-------------------|-------------------|------------|-------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| Annual Capacity | ### | 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 management seeks to minimize potential adverse effects on the company's financial performance.

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:

| | 2014 Rupees | 2013 Rupees |
|---|-------------------|-------------------|
| Financial Assets | | |
| Current portion of long term receivable | 65,588,037 | 65,588,037 |
| Trade debts | - | - |
| Other receivables | 10,654,243 | 10,654,243 |
| Cash & bank balances | 321,147 | 340,005 |
| | <u>76,563,427</u> | <u>76,582,285</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 9, 2014 by the Board of Directors of the Company.

27 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director