

S.G POWER LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2016

	Notes	Un-Audited September 2016 Rupees	Un-Audited September 2015 Rupees
SHARE CAPITAL AND RESERVES			
Authorised 20,000,000 Ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid up	4	178,332,670	178,332,670
Share premium		89,116,330	89,116,330
Accumulated loss		(232,383,267)	(226,147,810)
		35,065,733	41,301,190
NON CURRENT LIABILITIES			
Deferred liabilities	5	113,040	113,040
Loan from director	6	3,262	3,262
Due associate under taking		8,382,326	4,592,154
		8,498,628	4,708,456
			7,635,044 (747,282)
CURRENT LIABILITIES			
Trade and other payables	7	11,284,062	11,134,062
Provision for taxation		629,329	629,329
		11,913,391	11,763,391
CONTINGENCIES AND COMMITMENTS			
	8	55,477,752	57,773,037
NON CURRENT ASSETS			
Property, plant and equipment	9	43,662,164	46,012,847
Long term deposit	10	5,350,000	5,350,000
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	157,591	132,899
Cash and bank balances	14	510,395	479,689
		6,465,587	6,410,189
		55,477,752	57,773,037

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, 2016

		Un Audited September 2016 Rupees	Un Audited September 2015 Rupees
	Notes		
Sales	15	-	-
Generation cost	16	<u>(859,935)</u>	<u>(690,332)</u>
Gross loss		(859,935)	(690,332)
Administrative and selling expenses	17	<u>(1,610)</u>	<u>(2,012)</u>
Operating loss		(861,544)	(692,344)
Finance charges		-	-
Other loss		<u>(450,000)</u>	-
Loss before taxation		(1,311,544)	(692,344)
Taxation	19	-	-
Loss after taxation		<u>(1,311,544)</u>	<u>(692,344)</u>
Other comprehensive income		-	-
Total comprehensive income		<u>(1,311,544)</u>	<u>(692,344)</u>
Loss per share - basic and diluted	20	(0.07)	(0.04)

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

S.G POWER LIMITED
CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

Notes	Un Audited 2016 Rupees	Un Audited 2015 Rupees
CASH FLOW FROM OPERATION ACTIVITIES		
(Loss) before taxation	(1,311,544)	(692,344)
Adjustment for non cash items:		
Depreciation	564,262	595,474
Finance charges	-	-
	564,262	595,474
Cash flow from operating activity before working capital changes	(747,282)	(96,870)
Changes in working capital		
(Increase) / decrease in current assets		
Trade debts	-	-
Interest accrued	-	-
	-	-
Increase (decrease) in current liabilities		
Trade and other payables	747,282	96,870
	-	-
Finance charges paid	-	-
Net Cash used in operating activities	-	-
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	-	-
Cash and cash equivalents at the beginning of the year	510,395	479,689
Cash and cash equivalents at the end of the year	510,395	479,689

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, 2016

	Issued, subscribed and paid up capital	Share Premium	Accumulated profit/(loss)	Total
	----- R u p e e s -----			
Balance as at June 30, 2015	178,332,670	89,116,330	(225,455,466)	41,993,534
Loss for the 1st Quarter ended 30 Sep. 2015	-	-	(1,311,544)	(1,311,544)
Balance as at Sep 30, 2015	178,332,670	89,116,330	(226,767,010)	40,681,990
Balance as at June 30, 2016	178,332,670	89,116,330	(231,071,723)	36,377,277
Loss for the 1st Quarter ended 30 Sep. 2016	-	-	(1,311,544)	(1,311,544)
Balance as at Sep 30, 2016	178,332,670	89,116,330	(232,383,267)	35,065,733

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

CHIEF EXECUTIVE

DIRECTOR

9 OPERATING ASSET - OWNED

Particulars	----- Cost -----				Rate %	----- Depreciation -----				----- WDV -----
	As on July 01, 2016	Addition / (Disposal)	Disposals	As on Sep 30, 2016		As on July 01, 2016	Adjustments	For the period	As on Sep 30, 2016	As on Sep 30, 2016
	Rupees					Rupees				Rupees
Generators	189,522,178	-	-	189,522,178	5%	146,145,912	-	542,203	146,688,115	42,834,063
Air Handling Unit	475,420	-	-	475,420	10%	423,397	-	1,301	424,698	50,722
Electric fitting	531,990	-	-	531,990	10%	432,391	-	2,490	434,881	97,109
Gas installation	1,101,542	-	-	1,101,542	10%	981,013	-	3,013	984,026	117,516
Equipment	2,533,157	-	-	2,533,157	10%	1,987,338	-	13,645	2,000,983	532,174
Vehicles	1,782,700	-	-	1,782,700	20%	1,750,506	-	1,610	1,752,116	30,584
Total Owned Assets	195,946,987	-	-	195,946,987		151,720,556	-	564,262	152,284,819	43,662,164

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:

	2016	2015
	RUPEES	RUPEES
Generation Cost	562,653	593,462
Administration Expenses	1,610	2,012
	564,262	595,474

	September 2016 Rupees	September 2015 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

	2016 30-Jun	2015 30-Jun	2014 30-Jun	2013 30-Jun	2012 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	1,883,690	1,733,690
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
	11,284,064	11,134,064

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 2016 Rupees	September 2015 Rupees
8.3 Commitments		-	-
10 LONG TERM DEPOSIT			
Long term deposit	10.1	5,350,000	5,350,000

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

Less: Provision for doubtful debts

65,588,037	65,588,037
(65,588,037)	(65,588,037)
-	-

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

Less: Provision for doubtful debts

94,036,243	94,036,243
(94,036,243)	(94,036,243)
-	-

13 INTEREST ACCRUED

Considered good

Interest on TDR Receivable

Interest on loan to associated Company -S.G. Fibre Limited

Less: Provision for doubtful debts

157,591	132,899
10,654,243	10,654,243
(10,654,243)	(10,654,243)
-	-
157,591	132,899

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.

	2016 Rupees	2015 Rupees
14 CASH & BANK BALANCE		
Cash in hand	400	400
Cash at bank-current accounts	509,995	479,289
	<u>510,395</u>	<u>479,689</u>

15 SALES

Gross sales -electricity and steam	-	
less: Sales tax	-	
	<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	297,282	96,870
Repair and Maintenance	-	-
Rent, rates and taxes	-	-
Depreciation	562,653	593,462
	<u>859,935</u>	<u>690,332</u>

17 ADMINISTRATION & SELLING EXPENSES

Depreciation	1,610	2,012
	<u>1,610</u>	<u>2,012</u>

18 Other loss

<u>450,000</u>	-
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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.	(1,311,544)	(692,344)
Weighted average number of ordinary shares outstanding during the year		17,833,267	17,833,267
Loss per share	Rs.	<u>(0.07)</u>	<u>(0.04)</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>	450,000
Interest receiveable on Long term Receiveable	<u>10,654,243</u>	10,654,243

22 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Executives 2016 (Rupees)	Executives 2015 (Rupees)
Basic salary	-	-
House allowance	-	-
Utilities	-	-
	-	-

23 PLANT CAPACITY AND ACTUAL PRODUCTION

	Electricity(KWH)		Steam(KGs)	Steam(KGs)
	2016	2016	2016	2016
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 power plant also been shut down for the time being.

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

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 (2014: 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, 2015, along with comparative is tabulated below:

	2016 Rupees	2015 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	510,395	479,689
	76,752,675	76,721,969

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

	Carrying Amount/ Rupees	Between 1 to 2 years	Between 1 to 2 years
Trade and other payables	11,109,294	11,109,294	-
	11,109,294	11,109,294	-

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 parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2016 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 31, 2016 by the Board of Directors of the Company.

27 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director