



QUARTERLY REPORT DECEMBER 31, 2017

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

COMPANY /INFORMATION

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.

S. G. POWER LIMITED

DIRECTORS' REPORT

The Board of Directors of S.G. Power Limited is please 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, 2017 is annexed.

On behalf of the
Board of Directors

Asim Ahmed
(Chief Executive)

Karachi February 26, 2018

Report on Review of Condensed Interim Financial Information To The Members of S.G. Power Limited

Introduction

We have reviewed the accompanying condensed interim balance sheet of **S.G. Power Limited** ("the Company") as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof of the six months period then ended (here-in-after referred to as "the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss accounts for the quarters ended December 31, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six months ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting.

Matter of Emphasis

Without qualifying our conclusion, we draw attention to note 1.2 to the condensed interim financial information, which indicates that the Company has incurred loss of Rs. 1,758,802 (December 31, 2016: Rs. 2,552,667) and the accumulated loss as at December 31, 2017 stood at Rs. 256,663,589 (June 30, 2017: Rs.254,904,787). These conditions indicate the existence of material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

Karachi: February 26, 2018

Muniff Ziauddin & Co.
Chartered Accountants
(Sohail Saleem)

S.G POWER LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2017

	Note	Un-audited December 31, 2017	Audited June 30, 2017
NON CURRENT ASSETS			
Property, plant and equipment	5	8,673,808	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		111,292	226,831
		<u>111,292</u>	<u>226,831</u>
		<u>14,135,099</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		(256,663,589)	(254,904,787)
		<u>10,785,411</u>	<u>12,544,213</u>
NON CURRENT LIABILITIES			
Deferred liabilities		-	-
Loan from director		3,262	3,262
		<u>3,262</u>	<u>3,262</u>
CURRENT LIABILITIES			
Trade and other payables		2,717,097	1,317,098
Due to associate undertaking		-	-
Provision for taxation		629,329	629,329
		<u>3,346,426</u>	<u>1,946,427</u>
CONTINGENCIES AND COMMITMENTS			
	9	<u>14,135,099</u>	<u>14,493,902</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

S.G POWER LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half Year Ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	-----Rupees-----		-----Rupees-----	
Sales	450,000	-	450,000	-
Generation cost	<u>(2,113,114)</u>	<u>(2,549,447)</u>	<u>(597,912)</u>	<u>(1,515,203)</u>
Gross loss	<u>(1,663,114)</u>	<u>(2,549,447)</u>	<u>(147,912)</u>	<u>(1,515,203)</u>
Administrative and selling expenses	<u>(2,576)</u>	<u>(3,219)</u>	<u>(109,708)</u>	<u>107,132</u>
Operating loss	<u>(1,665,690)</u>	<u>(2,552,667)</u>	<u>(257,620)</u>	<u>(1,408,070)</u>
Other loss	-	-	<u>(450,000)</u>	-
Finance charges	<u>(93,112)</u>	-	<u>(93,112)</u>	-
Loss before taxation	<u>(1,758,802)</u>	<u>(2,552,667)</u>	<u>(350,732)</u>	<u>(1,408,070)</u>
Taxation	-	-	-	-
Loss after taxation	<u>(1,758,802)</u>	<u>(2,552,667)</u>	<u>(350,732)</u>	<u>(1,408,070)</u>
Total comprehensive income	<u>(1,758,802)</u>	<u>(2,552,667)</u>	<u>(350,732)</u>	<u>(1,408,070)</u>
Loss per share - basic and diluted	<u>(0.10)</u>	<u>(0.14)</u>	<u>(0.02)</u>	<u>(0.08)</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

S.G POWER LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	December 31, 2017	December 31, 2016
CASH FLOW FROM OPERATION ACTIVITIES		
Loss before taxation	(1,758,802)	(2,552,667)
Adjustment for:		
Depreciation	243,263	1,128,525
Finance charges	93,112	-
	<u>336,375</u>	<u>1,128,525</u>
Cash flow from operating activity before working capital changes	(1,422,427)	(1,424,142)
Changes in working capital		
Decrease in current assets		
Due to associated undertaking	1,400,000	1,424,142
Interest accrued	-	-
	<u>1,400,000</u>	<u>1,424,142</u>
Increase in current liabilities		
Trade and other payables	-	-
	<u>(22,427)</u>	<u>-</u>
Tax paid		
Finance charges paid	(93,112)	-
Net Cash used in operating activities	(115,539)	-
CASH FLOW FROM INVESTING ACTIVITIES		
Net cash from investing activities	<u>-</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from directors	-	-
Repayment during the period	-	-
Net cash from financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(115,539)	-
Cash and cash equivalents at the beginning of the period	226,831	510,395
Cash and cash equivalents at the end of the period	<u>111,292</u>	<u>510,395</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

S.G POWER LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	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 half year ended December 31, 2016	-	-	(2,552,667)	(2,552,667)
Balance as at December 31, 2016	<u>178,332,670</u>	<u>89,116,330</u>	<u>(233,624,390)</u>	<u>33,824,610</u>
Balance as at July 01, 2017	178,332,670	89,116,330	(254,904,787)	12,544,213
Loss for the half year ended December 31, 2017	-	-	(1,758,802)	(1,758,802)
Balance as at December 31, 2017	<u>178,332,670</u>	<u>89,116,330</u>	<u>(256,663,589)</u>	<u>10,785,411</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

S.G. POWER LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

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 B-40, S.I.T.E, Karachi in the province of Sindh.

1.2 GOING CONCERN

The company has made a loss of Rs. 1,758,802 during the half year (December 31, 2016: Rs. 2,552,667) and accumulated loss as at December 31, 2017 stood at Rs. 256,663,589 (June 30, 2017: Rs.254,904,787). These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. During the year, the associated company, SG Allied Businesses Limited (Formerly, S.G. Fibre Limited) has started new lines of business activities and the Company acquired new generators and w.e.f. may 2017 has restarted to supply electricity to its associated company. Moreover, the Directors and its associated company will provide the finance to the Company as and when needed.

2. BASIS OF PREPARATION

As per the requirements of circular no. CLD/CCD/PR(11)/2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies whose financial year, including quarterly and other interim periods, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Accordingly, this condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the repealed Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for a complete set of financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2017.

The comparative balance sheet presented in this condensed interim financial information as at June 30, 2017 has been extracted from audited financial statements of the company for the year ended June 30, 2017, Whereas the comparative profit and loss account, statement of changes in equity and the cash flow statements for the half year ended December 31, 2016 have been subjected to a review but not audit.

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, 2017.

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.

5. PROPERTY, PLANT AND EQUIPMENT

	Un-audited December 31 2017	Audited June 30 2017
----- Rupees -----		
Opening written down value	8,917,071	44,226,429
Addition	-	3,664,250
Deletion	-	-
Impairment	-	(37,591,860)
Depreciation	(243,263)	(1,381,749)
	<u>8,673,808</u>	<u>8,917,071</u>

6. LONG TERM RECEIVABLE

Unsecured- considered good		
Associated Company- S.G. Fibre Limited	65,588,037	65,287,512
Less : Provision for doubtful debt	<u>(65,588,037)</u>	<u>(65,287,512)</u>
	-	-

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	<u>(94,036,243)</u>	<u>(94,036,243)</u>
	-	-

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 TDR Receivable - S.G. Fibre Limited	8.1	51,853	-
Less-Provision for doubtful debts		<u>(10,654,243)</u>	<u>(10,654,243)</u>
		-	-
		<u>51,853</u>	<u>-</u>

8.1 This represents interest accrued on long term receivable from an associated company charged as per the direction issued by SECP vide order date 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.

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, 2017.

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.

SG Allied Businesses Limited - Associated undertaking

TRANSACTIONS:	RELATIONSHIP WITH THE COMPANY	Un-audited	Un-audited
		December 31 2017	December 31 2017
		----- Rupees -----	
Sale of Electricity	Associated Company	450,000	-
Rent of premises	Associated Company	900,000	900,000
Loan received from S.G.AlliedBusiness Limited	Associated Company	-	-
BALANCES:			
S.G.Allied Business Limited	Associated Company	-	-

11. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on February 26, 2018 by the Board of Directors of the Company.

12. GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER