



## **HALF YEARLY REPORT DECEMBER 31, 2018**

**BOOK POST**  
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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 Ltd. are pleased to present the Half-Yearly Financial Statements of the Company for the period ended December 31, 2018. The company has Mashaa Allah made substantial progress and bought diesel generators to meet crisis arising because of gas shortage this year, numerous low pressure gas incidents were observed but the supply of power to associate company SG Allied Businesses was made sure with petrol and diesel generator.. During the period under review, the Company has made profit of Rs. 119 thousand compared to corresponding period profit of Rs.116 thousand.

Your Company has fully electronically controlled power generation plant. It is hoped that Inshaa Allah in coming months with new line of businesses of SG Allied Businesses Limited maturing (the sister concern) SG Power will be able to sale more power to the associate company SG Allied Businesses Limited.

The Company continues to hold a valid gas supply agreement with Sui Southern Gas Company Ltd. This will be a great advantage as the plant is able to produce electricity at low cost.

#### **KNOWLEDGEMENT**

The Directors of your Company offer their sincere gratitude to the shareholders for their continuous patience and cooperation.

Karachi February 25, 2019.

**Sohail Ahmed**  
Chief Executive

## **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **S.G. Power Limited** as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended here-in-after referred to as the "Condensed Interim Financial Statements". Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of interim financial statements 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.

The figures of the condensed interim statement of profit or loss for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### **Matter of Emphasis**

Without qualifying our opinion, we draw attention to note 1.2 in the financial statements, which indicates that the Company has been sustaining losses for a prolonged period of time and the accumulated loss as at June 30, 2018 stood at Rs. 257 million. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The engagement partner on the audit resulting in this independent auditor's report is Sohail Saleem.

**Chartered Accountants  
Karachi**

**Date:**

**S.G POWER LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

	Note	Un-audited December 31, 2018	Audited June 30, 2018
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	8,864,672	8,430,545
Long term deposit		5,300,000	5,350,000
		<b>14,164,672</b>	<b>13,780,545</b>
<b>CURRENT ASSETS</b>			
Current portion of long term receivable	6	-	-
Stores and spares		-	-
Trade debts	7	-	-
Advance tax		21,468	21,468
Accrued interest considered good	8	-	-
Cash and bank balances		18,678	433,794
		<b>40,146</b>	<b>455,262</b>
		<b>14,204,817</b>	<b>14,235,807</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised			
20,000,000 Ordinary shares of Rs. 10 each		<b>200,000,000</b>	200,000,000
Issued, subscribed and paid up			
Share premium		178,332,670	178,332,670
Accumulated loss		89,116,330	89,116,330
		<b>(256,993,872)</b>	<b>(257,112,882)</b>
		<b>10,455,128</b>	<b>10,336,118</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities		-	-
<b>CURRENT LIABILITIES</b>			
Trade and other payables		19,815	169,815
Loan from director		3,262	3,262
Unclaimed dividend		1,297,283	1,297,283
Due to associate undertaking		1,800,000	1,800,000
Provision for taxation		629,329	629,329
		<b>3,749,689</b>	<b>3,899,689</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	<b>14,204,817</b>	<b>14,235,807</b>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**S.G POWER LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Half Year Ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	-----Rupees-----		-----Rupees-----	
Sales	2,384,921	450,000	1,410,000	450,000
Generation cost	(2,068,094)	(2,113,114)	(1,143,558)	(597,912)
Gross profit/(loss)	316,827	(1,663,114)	266,442	(147,912)
Administrative and selling expenses	(151,260)	(2,576)	(150,230)	(109,708)
Operating profit/(loss)	165,566	(1,665,690)	116,212	(257,620)
Other income/(loss)	-	-	-	(450,000)
Finance charges	(46,556)	(93,112)	-	(93,112)
Profit/(loss) before taxation	119,010	(1,758,802)	116,212	(350,732)
Taxation	-	-	-	-
Profit/(loss) after taxation	119,010	(1,758,802)	116,212	(350,732)
Other comprehensive income	-	-	-	-
Total comprehensive income	<b>119,010</b>	<b>(1,758,802)</b>	<b>116,212</b>	<b>(350,732)</b>
Profit/(loss) per share - basic and diluted	0.01	(0.10)	0.01	(0.02)

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

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, 2018**

	Issued, subscribed and paid up capital	Share Premium	Accumulated loss	Total
----- R u p e e s -----				
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)
<b>Balance as at December 31, 2017</b>	<b>178,332,670</b>	<b>89,116,330</b>	<b>(256,663,589)</b>	<b>10,785,411</b>
Balance as at July 01, 2018	178,332,670	89,116,330	(257,112,882)	10,336,118
Profit for the half year ended December 31, 2018	-	-	119,010	119,010
<b>Balance as at December 31, 2018</b>	<b>178,332,670</b>	<b>89,116,330</b>	<b>(256,993,872)</b>	<b>10,455,128</b>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**S.G POWER LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	December 31, 2018	December 31, 2017
<b>CASH FLOW FROM OPERATION ACTIVITIES</b>		
Profit / (loss) before taxation	119,010	(1,758,802)
Adjustment for:		
Depreciation	245,873	243,263
Finance charges	46,556	93,112
	292,429	336,375
<b>Cash flow from operating activity before working capital changes</b>	<b>411,439</b>	<b>(1,422,427)</b>
<b>Changes in working capital</b>		
Decrease in current assets		
Due to associated undertaking	-	1,400,000
Interest accrued	-	-
Increase in current liabilities		
Trade and other payables	-	1,400,000
	(150,000)	-
	261,439	(22,427)
Tax paid	-	-
Finance charges paid	(46,556)	(93,112)
<b>Net Cash used in operating activities</b>	<b>214,883</b>	<b>(115,539)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(680,000)	-
Decrease in long term deposit	50,000	-
<b>Net cash from investing activities</b>	<b>(630,000)</b>	<b>(115,539)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan from directors	-	-
Repayment during the period	-	-
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>
Net decrease in cash and cash equivalents	(415,116)	(115,539)
Cash and cash equivalents at the beginning of the period	433,794	226,831
<b>Cash and cash equivalents at the end of the period</b>	<b>18,678</b>	<b>111,292</b>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**S.G. POWER LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 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 B-40, S.I.T.E, Karachi in the province of Sindh.

**1.2 GOING CONCERN**

The company has been sustaining losses for a prolonged period of time and the accumulated loss as at December 31, 2018 stood at Rs. 256,993,872 (June 30, 2017: Rs.257,112,882). 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 period, the associated company, SG Allied Businesses Limited (Formerly, S.G. Fibre Limited) has been engaged in 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**

**2.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** In order to comply with the requirements of IAS 34 "Interim financial reporting" the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2018 and 2017 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2018. This condensed interim financial statements does not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended June 30, 2018.

**3. SIGNIFICANT 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. CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions 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 statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of the Company for the year ended 30 June 2018.

**5 Financial risk management**

The Company's financial risk management objective and policies are consistent with that disclosed in the represented financial statements as at and for the year ended June 30, 2018.

	Un-audited December 31 2018	Audited June 30 2018
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----- Rupees -----

**5. PROPERTY, PLANT AND EQUIPMENT**

Opening written down value	8,430,545	8,917,070
Addition	680,000	-
Deletion	-	-
Impairment	-	-
Depreciation	<u>(245,873)</u>	<u>(486,525)</u>
	<u>8,864,672</u>	<u>8,430,545</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	10,654,243	10,654,243
Less: Provision for doubtful debts		<u>(10,654,243)</u>	<u>(10,654,243)</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, 2018.

## 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 2018	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.Allied Business Limited	Associated Company	-	-
<b>BALANCES:</b>			
S.G.Allied Business Limited	Associated Company	71,719,313	-

## 11. DATE OF AUTHORIZATION

These condensed interim financial statements 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

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER