



QUARTERLY REPORT SEPTEMBER 30, 2019

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The Company operates an unfunded gratuity scheme covering all its employees. Provision is made annually based on management estimates which are adjusted periodically to agree with actuarial estimates. The actuarial valuations are normally carried out once in every three years. actuarial gains and losses are recognized on a straight line basis over a period of 3 years.

3.2 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is their fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.3 Provisions

Less: Provision for doubtful debt
Provisions are recognized when the company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.4 Property, Plant and equipment

Property, Plant and equipment are stated at cost less accumulated depreciation and impairment in value, if any. Depreciation is charged to income on reducing balance method at the rates specified in property, plant and equipment note.

Assets residual values if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains or losses on disposal of assets are included in current income.

3.5 Impairment

The company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is the gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

3.6 Stores, spares and loose tools

These are valued at the cost, determined on weighted average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

3.7 Debtors and other receivables

Debtor and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on carrying amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash consists of cash in hand, balances with bank and short-term running finance under mark-up arrangements.

3.9 Revenue Recognition

Revenue from supply of electricity is recognized on issue of bills on monthly basis. Profit on bank deposits is recognized on accrual basis.

3.10 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset.

3.11 Taxation

Current

Profits derived by the company from electric power generation project are exempt from tax under clause 132 of Part -1 of the Second Schedule to the Income Tax Ordinance 2001.

The company is also exempt from minimum tax on turnover under section 113 as per clause 15 of the part-IV of the Second Schedule to the Income Tax Ordinance 2001.

* taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any.

Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirements of Technical Release-27 of the Institute of Chartered Accountants of Pakistan.

3.12 Foreign currency translations

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into reporting currency equivalents using foreign exchange rates ruling on the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions are included in net profit or loss for the period.

3.13 Financial Instruments

All financial assets and financial liabilities are recognized upon becoming the party to the contractual provisions of the instruments. Financial assets are derecognized when the control of the contractual rights that comprise the financial assets is lost. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to profit and loss account.

3.14 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the company has a legally enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

	September 2019 Rupees	September 2018 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	-	-				
Averaged expected 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	2019	2018	2017	2016	2015	2010
	30-Jun	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	113,040
Actuarial losses	Nil	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						
Gas bill payable				326,642	6,749,787	
Accrued Liabilities				300,000	1,883,690	
Staff gratuity payable				-	1,333,489	
Unclaimed dividend				1,297,283	1,297,283	
Tax deducted at source				19,815	19,815	
				1,943,740	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.12,686,253. 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 -gement of the company expects a favorable outcome and no provision has been made in these financial statements.						
8.3 Commitments						
10 LONG TERM DEPOSIT						
Long term deposit	10.1			5,300,000	5,350,000	
10.1 id 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)	
				-	-	
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 instalment 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- SG Allied Businesses Limited				94,036,243	94,036,243	
Less: Provision for doubtful debts				(94,036,243)	(94,036,243)	
				-	-	
13 INTEREST ACCRUED						
Considered good						
Interest on TDR Receivable	13.1			73,321	157,591	
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)	
				73,321	157,591	
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.						

	2019 Rupees	2018 Rupees
14 CASH & BANK BALANCE		
Cash in hand	400	400
Cash at bank-current accounts	4,368	609,995
	4,768	479,699
15 SALES		
Sales -electricity	2,355,420	-
	2,355,420	-
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	1,698,930	297,282
Repair and Maintenance	-	-
Rent, rates and taxes	-	-
Depreciation	106,908	562,653
	1,805,738	690,232
17 ADMINISTRATION & SELLING EXPENSES		
Depreciation	824	1,610
	824	2,012
18 Other loss		
	-	450,000

	2019	2018
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:		
Current service cost		
Loss for the year	Rs. 548,598	(1,311,544)
Weighted average number of ordinary shares outstanding during the year	17,833,267	17,833,267
Loss per share	Rs. 0.93	(0.07)

	2019	2018
21 TRANSACTIONS WITH RELATED PARTIES		
These comprise of associated company and directors. Transactions with associated undertaking are as follows:		
Rent of premises	450,000	450,000
Interest receivable on Long term Receivable	10,654,243	10,654,243

	2019 (Rupees)	2018 (Rupees)
22 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES		
Basic salary	-	-
House allowance	-	-
Utilities	-	-

	Electricity (KWH)	Steam (KGs)	Steam (KGs)
23 PLANT CAPACITY AND ACTUAL PRODUCTION			
Annual Capacity	2017	2017	2017
Actual Generation	91,419,360	91,419,360	50,280,648

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 company are explained below:
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.1,943 million (2018: Rs.11,109 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, 2019, along with comparative is tabulated below:

	2019 Rupees	2018 Rupees
Financial Assets		
Current portion of long term receivable	65,588,037	65,588,037
Trade debts	10,654,243	10,654,243
Other receivables	4,768	610,395
Cash & bank balances	76,247,048	76,752,675

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.

	Carrying Amount Rupees	Between 1 to 2 years	Between 1 to 2 years
Financial liabilities in accordance with their			
Trade and other payables	1,943,740	11,109,294	-
	1,943,740	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, 2019 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, 2019** by the Board of Directors of the Company.

27 GENERAL
Figures have been rounded off to the nearest rupee.

Chief Executive Director

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, Shakra-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 pleased to present the 26th Annual Report and Audited Financial Statements of the Company together with Auditors' Report thereon for the year ended June 30, 2019.

FINANCIAL RESULTS

The performance of the Company during the year under review has been on track of recovery due to the factors as mentioned above relating to its only customer and sister concern.

Following are the financial results for the year ended June 30, 2019:

	Rupees
Sale	5,788,165
Generation cost	(4,487,745)
Gross Profit	1,300,420
Admin & Selling Expenses	(249,877)
Profit before taxation	1,050,543
Profit after taxation	1,050,543

FUTURE OUTLOOK

Alhamdulillah after considerable period of time, the Company has earned profit in the current year 2018-19, as business activities of SG Allied Businesses Limited (the sole buyer of the power) is growing. The management is hopeful that sales will further pick-up in upcoming financial year 2019-20.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

In accordance with the requirement of the Code of Corporate Governance Regulation 2017, of ities and Exchange Commission of Pakistan, the Directors hereby confirm that:

- The Financial Statements for the year ended June 30, 2019 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.
- National Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- Accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- The Company is in the process of implementing internal control.
- 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 associated Company is in the process of revamping its business process and certain compliances remained unadhered as at the year end.

It has four meeting during the year. The attendance by each Director was as follows:

Name of Director	No. of meetings attended.
Mst Zubaida Khatoon	4
Mr. Asim Ahmed	4
Mr. Sohail Ahmed	4
Mrs. Ghazala Saleem	4
Mrs Tania Asim	4
Mr. Farhan Sohail	4
Mr. Rafiq Ahmed	4

MANAGEMENT VIEW ON AUDITORS OBSERVATION

The auditors, without qualifying their report, have given an observation regarding the existence of material un-certainty regarding Company's ability to continue as a going concern. The management is of the considered view that conditions of material un-certainty are fast changing and the Company will be a going concern in the foreseeable future.

AUDIT COMMITTEE

The meetings of Audit Committee were held during the year ended June 30, 2019 as required by the Code of Corporate Governance for review of Quarterly/Half-yearly/Annual Accounts and the related matters. The meetings were 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 Saleem	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, 2019.

ACKNOWLEDGEMENT

The management of the Company offer their sincere gratitude to the shareholders, for their support and assistance.

SHAREHOLDINGS PATTERN

The Pattern of Shareholding as on June 30, 2019 is annexed.

On behalf of the
Board of Directors

Asim Ahmed
(Chief Executive)

Karachi October 05, 2019.

S.G POWER LIMITED BALANCE SHEET AS AT SEPTEMBER 30, 2019

Notes	Un-Audited September 2019 Rupees	Un-Audited September 2018 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 Share premium	178,332,670 89,116,330	178,332,670 89,116,330
Accumulated loss	(255,513,481)	(257,110,083)
	11,935,519	10,338,917
NON CURRENT LIABILITIES		
Deferred liabilities	113,040	-
Loan from director	46,262	3,262
Due associate under taking	1,231,002	3,262
	1,390,304	6,524
CURRENT LIABILITIES		
Trade and other payables	1,943,740	3,267,098
Provision for taxation	629,329	629,329
	2,573,069	3,896,427
CONTINGENCIES AND COMMITMENTS		
	15,735,590	14,238,606
NON CURRENT ASSETS		
Property, plant and equipment	7,865,067	8,316,109
Long term deposit	5,300,000	5,300,000
	13,165,067	13,616,109
CURRENT ASSETS		
Current portion of long term receivable	-	-
Stores and spares	-	-
Trade debts	2,569,755	484,921
Advance tax	-	21,468
Accrued interest considered good	4,768	116,108
Cash and bank balances	2,574,523	622,497
	15,735,590	14,238,606

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, 2019

Notes	Un Audited September 2019 Rupees	Un Audited September 2018 Rupees
Sales	2,355,420	974,921.00
Generation cost	(1,805,738)	(924,536)
Gross income	549,682	50,385
Administrative and selling expenses	(824)	(1,030)
Operating gain	548,858	49,355
Finance charges	-	(46,556)
Other loss	-	-
Gain / (Loss) before taxation	548,858	2,799
Taxation	-	-
Gain / (Loss) after taxation	548,858	2,799
Other comprehensive income	-	-
Total comprehensive income	548,858	2,799
Gain / (Loss) per share - basic and diluted	0.03	0.00

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, 2019

Notes	Un Audited 2019 Rupees	Un Audited 2018 Rupees
CASH FLOW FROM OPERATION ACTIVITIES		
(Loss) before taxation	548,858	2,799
Adjustment for non cash items:		
Depreciation	564,262	114,436
Finance charges	564,262	160,992
Cash flow from operating activity before working capital changes	1,113,120	163,791
Changes in working capital		
(Increase) / decrease in current assets	(1,113,120)	(484,921)
Trade debts	(1,113,120)	(484,921)
Interest accrued	-	-
Increase (decrease) in current liabilities	0	(321,130)
Trade and other payables	0	(46,556)
Finance charges paid	0	(367,686)
CASH FLOW FROM INVESTING ACTIVITIES		
Long term deposits	-	50,000
Net cash from investing activities	-	50,000
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	-	(317,686)
Cash and cash equivalents at the beginning of the year	4,768	433,794
Cash and cash equivalents at the end of the year	4,768	116,108

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 QUARTER ENDED SEPTEMBER 30, 2019

	Issued, subscribed and paid up capital	Share Premium	Accumulated profit/(loss)	Total
Balance as at June 30, 2018	178,332,670	89,116,330	(257,112,882)	10,336,118
Gain for the 1st Quarter ended 30 Sep. 2018	-	-	2,799	2,799
Balance as at Sep 30, 2018	178,332,670	89,116,330	(257,110,083)	10,338,917
Balance as at June 30, 2019	178,332,670	89,116,330	(256,062,339)	11,386,661
Loss for the 1st Quarter ended 30 Sep. 2019	-	-	548,858	548,858
Balance as at Sep 30, 2019	178,332,670	89,116,330	(255,513,481)	11,935,519

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

CHIEF EXECUTIVE DIRECTOR

S.G. POWER LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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, of SG Allied Businesses Limited (Formerly, 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 The company has earned the gain of Rs. 548,858 (2018: 2,799) during the period an accumulated loss as at Sep 30, 2019 stood at Rs. 255,513 million (2018: 257,110 million). 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. However, the Directors and its associated company will provide the finance to the Company as and when needed.

2. Basis of Preparation of Financial Statements

2.1 Statement of Compliance
These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CUD/CCD/PR/13/2017 dated July 20, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP) companies the financial year of which closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the present Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING

As published approved accounting and reporting standards which are
There are certain amendments and an interpretations to approved accounting and reporting standards which are mandatory period which began on July 01, 2018. However, these do not have any significant
two new standards have become applicable to Company effective July 01, 2018.

2.3 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for measurement of held-for-trading investment which are stated at fair value.

2.3 Accrual Basis Accounting

Accounts are prepared under accrual basis of accounting except cash flow statement which is prepared under cash basis of accounting.

2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is the Company's Functional currency.

2.5 Recent accounting developments

Revisions, amendments and interpretations to approved accounting standards that are not yet effective:
The following revised standards, amendments and interpretations with respect to approved accounting standards as they would be effective from the dates mentioned below against the respective standards or interpretation:
Effective from accounting period on or after

Amendments to IFRS 2 - "Share-based payments" - classification: On the classification and measurement of share-based payment transaction	January 1, 2018
IFRS 4 "Insurance Contracts" - Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 1, 2018
IFRS 9 "Financial Instruments" - This standards will supersede IAS 39 financial instruments: Recognition and measurement upon its effective date.	July 1, 2018
IFRS 15 "Revenue" - This standards will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 1, 2018
Amendments to IAS 40 "Investments Property" - classification on transfer of Property to or from investment property.	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration" - Provides guidance on transaction where consideration against non-monetary prepaid asset/ deferred income is denominated on foreign currency.	January 01, 2018

2.5 Estimates

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumption that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by the management in the application of IASs that have significant effect on the financial statements and which a significant risk of material adjustment in the next year are discussed in the ensuring paragraphs.

2.6 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is the company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Employees benefit costs Defined Benefit Plan