

**FIANCIAL STATEMENTS
OF
S.G POWER LIMITED
FOR THE PERIOD ENDED
MARCH 31, 2021**

S.G POWER LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

	Note	Un-audited December 31, 2021	Audited June 30, 2020
NON CURRENT ASSETS			
Property, plant and equipment	5	7,237,441	7,541,871
Long term deposit		5,300,000	5,300,000
		12,537,441	12,841,871
CURRENT ASSETS			
Current portion of long term receivable	6	-	-
Trade debts	7	8,767,490	4,595,205
Advance tax		21,468	21,468
Accrued interest considered good	8	-	-
Cash and bank balances		152,314	388,598
		8,941,272	5,005,271
		21,478,713	17,847,141
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		178,332,670	178,332,670
Share premium		89,116,330	89,116,330
Accumulated loss		(249,484,675)	(253,879,648)
		17,964,325	13,569,352
NON CURRENT LIABILITIES			
Deferred liabilities		-	-
CURRENT LIABILITIES			
Trade and other payables		469,815	1,233,215
Loan from director		46,262	46,262
Unclaimed dividend		1,297,283	1,297,283
Due to associate undertaking		1,071,700	1,071,700
Provision for taxation		629,329	629,329
		3,514,389	4,277,789
CONTINGENCIES AND COMMITMENTS	9	21,478,713	17,847,141

The annexed notes form an integral part of this 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 MARCH 31, 2021

	Third Quarter Ended		Quarter ended	
	July to March 31 2021	January to March 31 2021	July to March 31 2020	January to March 31 2020
	-----Rupees-----		-----Rupees-----	
Sales	11,444,285	6,907,865	6,287,700	1,751,280
Generation cost	(7,029,875)	(3,762,999)	(4,618,933)	(1,352,058)
Gross profit	4,414,410	3,144,866	1,668,767	399,222
Administrative and selling expenses	(19,438)	(17,790)	(2,472)	(824)
Operating profit	4,394,972	3,127,076	1,666,294	398,398
Other income	-	-	-	-
Finance charges	-	-	-	-
Profit before taxation	4,394,972	3,127,076	1,666,294	398,398
Taxation	-	-	-	-
Profit after taxation	4,394,972	3,127,076	1,666,294	398,398
Other comprehensive income	-	-	-	-
Total comprehensive income	4,394,972	3,127,076	1,666,294	398,398
Profit per share - basic and diluted	0.25	0.18	0.09	0.02

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CHIEF EXECUTIVE

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S.G POWER LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2021

	March 31, 2021	March 31, 2020
CASH FLOW FROM OPERATION ACTIVITIES		
Profit before taxation	4,394,972	1,666,294
Adjustment for:		
Depreciation	304,429	323,196
Finance charges	-	-
	304,429	323,196
Cash flow from operating activity before working capital changes	4,699,401	1,989,490
Changes in working capital		
Decrease in current assets		
Due to associated undertaking	(4,172,285)	716,100
Interest accrued	-	-
	(4,172,285)	716,100
Increase in current liabilities		
Trade and other payables	(763,400)	(467,800)
	(236,284)	2,237,790
Tax paid	-	-
Finance charges paid	-	-
Net Cash used in operating activities	(236,284)	2,237,790
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	-	-
Decrease in long term deposit	-	-
Net cash from investing activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from directors	-	-
Repayment during the period	-	-
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	(236,284)	2,237,790
Cash and cash equivalents at the beginning of the period	388,598	4,768
Cash and cash equivalents at the end of the period	152,314	2,242,558

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S.G POWER LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2021

	Issued, subscribed and paid up capital	Share Premium	Accumulated loss	Total
	----- R u p e e s -----			
Balance as at July 01, 2019	178,332,670	89,116,330	(256,062,339)	11,386,661
Profit for the period ended March 31, 2020	-	-	1,666,294	1,666,294
Balance as at March 31, 2020	178,332,670	89,116,330	(254,396,044)	13,052,956
Balance as at July 01, 2020	178,332,670	89,116,330	(253,879,648)	13,569,352
Profit for the period ended March 31, 2021	-	-	4,394,972	4,394,972
Balance as at March 31, 2021	178,332,670	89,116,330	(249,484,675)	17,964,325

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

S.G. POWER LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
#REF!

1. THE COMPANY AND ITS OPERATIONS

1.1 SG Power Limited (the Company) was incorporated as a public limited company in the year 1994, under repealed Companies Ordinance, 1984 (now Companies Act, 2017). Currently, the shares of the Company are listed on Pakistan Stock Exchange Limited. 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

During the period, the Company has made a profit of Rs.4.395 million (profit March 2020: Rs. 1.666 million) and the accumulated loss as at March 31, 2021 stood at Rs. 249.484 million (June 30,2020: Rs.254.396). 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.

In 2017, the associated Company, SG Allied Businesses Limited (Formerly, SG. Fibre Limited started new line 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. Based on the above facts, management expect that company will be able to continue as a going concern and will be realised its assets and discharge its liabilities in the normal course of business.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These interim Financial Statements of the Company for the six months ended December 31, 2019 has been prepared in accordance with requirements of the International Accounting Standard 34 – Interim Financial Reporting and Provisions of and directives issued under the Company Act, 2017. In case where requirements differ, the provisions of or directives issued under the Company Act, 2017 have been followed. The interim financial statements do not include all the information required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2020.

These interim financial statements are presented in Pak Rupees which is also the Company's functional currency

2.2

and figures presented in these interim financial statements has been rounded off to the nearest thousand rupees.

These interim Financial Statements are un-audited and all relevant compliance with Companies Act, 2017 has been made accordingly. The comparative interim Statement of Financial Position presented has been extracted from annual financial statements for the year ended June 30, 2020; the comparative interim statement of profit or loss, interim statement of other comprehensive income, interim statement of cash flows and interim statement of changes in equity of the Company have been extracted from the interim financial statements for the six months ended December 31, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these interim financial statements and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2020. Certain new IFRSs and amendments to existing IFRSs are effective for the periods beginning on or after July, 01 2020, which do not have any impact on the Company's financial reporting and therefore have not been detailed in these interim financial statements.

4. 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, 2020.

	Un-audited March 31 2021	Audited June 30 2020
----- R u p e e s -----		
5 PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	7,541,870	7,972,799
Addition	-	-
Deletion	-	-
Impairment	-	-
Depreciation	<u>(304,429)</u>	<u>(430,929)</u>
	<u>7,237,441</u>	<u>7,541,870</u>

6 LONG TERM RECEIVABLE

Unsecured- considered good		
Associated Company- SG Allied Businesses Limited	65,588,037	65,287,512
Less : Provision for doubtful debt	<u>(65,588,037)</u>	<u>(65,287,512)</u>
	<u>-</u>	<u>-</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		
Electricity bill receivable	3,372,975	1,913,165
Associated Company- SG Allied Businesses Limited	94,036,243	94,036,243
Less : Provision for doubtful debt	<u>(94,036,243)</u>	<u>(94,036,243)</u>
	<u>3,372,975</u>	<u>1,913,165</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	-	-
Interest on Loan to associated company - SG Allied Businesses Limited(formally, SG Allied Businesses Limited	-	-
Less:Provision for doubtful debts	<u>10,654,243</u>	<u>10,654,243</u>
	<u>(10,654,243)</u>	<u>(10,654,243)</u>
	<u>-</u>	<u>-</u>

- 8.1** This represents interest accrued on long term receivable from the associated company, SG Allied Businesses Limited (Formerly, S.G. Fibre Limited), charged as per the direction issued by SECP vide order date April 6, 2006. During the year ended June 30, 2013 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

- 9.1.1** 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 june 30,2003. 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 profit to the fund from the Fiscal year beginning July 01,2006. However in these year the Company has incurred losses.

- 9.1.2** The collectorate of Sale 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 sale tax appellate tribunal. Management of the Company expects a favourable outcome and no provision has been made in these financial statements.

9.2 COMMITMENTS

There were no commitments as ata year end (2018:Nil)

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
		March 31 2021	June 30 2020
		----- R u p e e s -----	
Sale of Electricity	Associated Company	<u>11,444,285</u>	<u>450,000</u>
Rent of premises	Associated Company		<u>900,000</u>
Loan received from S.G.Allied Business	Associated Company	<u>-</u>	<u>-</u>
BALANCES:		Un-audited	Audited
		March 31 2021	June 30 2020
		----- R u p e e s -----	
S.G.Allied Business	Associated Company	<u>83,163,598</u>	<u>71,719,313</u>

1 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in these interim financial statements approximate their fair values.

Fair value hierarchy;

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2019 the Company has no financial instruments that falls into any of the above category.

12. DATE OF AUTHORIZATION

These interim financial statements were approved and authorized for issue in the Board of Directors' meeting held on **April 28, 2021**.

13. GENERAL

- 20.1** Corresponding figures have been reclassified/ re-arranged wherever necessary to facilitate comparison on the presentation on the current period. However, there are no material reclassifications / re-arrangements to report.
- 20.2** Figures for the quarters ended December 31, 2018 and December 31, 2017, as reported on this interim financial statements have not been subject to limited scope review by the external auditors.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER