

S.G. POWER LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

**FOR THE HALF YEARLY ENDED
DECEMBER 31st, 2021**



**B-40, SINDH INDUSTRIAL TRADING ESTATES, KARACHI.
Ph No: 32593410-11**

INDEPENDENT AUDITOR’S REVIEW REPORT

To the members of S.G. Power Limited Report 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, 2021 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 condensed interim financial statements for the six-month period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of these 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 interim financial statements based on our review.

The figures for the quarters ended December 31, 2021 and December 31, 2020 in the condensed interim statement of profit and loss and other comprehensive income have not been reviewed, as we are required to review only the cumulative figures for the six month ended December 31, 2021.

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.

Conclusion

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

Material Uncertainty relating to Going Concern

We draw attention to note 1.2 in the interim financial statements, which indicates that the Company has been sustaining losses for a prolonged period of time and the accumulated loss as at December 31, 2021 stood at Rs. 259.311 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 and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Moin Khan.

Chartered Accountants

Date:

Place:

UDIN:

DIRECTOR'S REPORT

The Board of Directors of S.G. Power Limited is pleased to present the Quarterly Financial Statements of the Company for the period ended December 31st, 2021.

Financial Results.

During the period, under review, the Company has made net Loss of Rs. 2,820,537 while for the corresponding period the net loss of Rs. 3,072,750. The accumulated profit as on December 31st, 2021 stood at Rs. 259,311,842.

FUTURE OUTLOOK

Financial results shows an increasing trend of generation cost effects the overall business to mitigate this effects plan some other areas fuel cost are the major components which results decline in profitability.

AKNOWLEDGEMENT.

The directors of your Company offer their sincere gratitude to the shareholders for their support and assistance. The directors also thank employs of the Company for their dedication and hard work and hope to get the same cooperation from them in future.

Karachi February 25, 2021

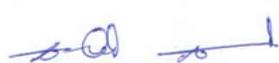
On behalf of the Board of Directors

Sohail Ahmed
Chief Executive

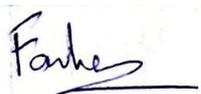
S.G POWER LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

| | Un-audited December 31, 2021 | Audited June 30, 2021 |
|---|------------------------------------|-----------------------------|
| Note | -----Rupees----- | |
| SHARE CAPITAL AND RESERVES | | |
| Authorised 20,000,000 Ordinary shares of Rs. 10 each | <u>200,000,000</u> | <u>200,000,000</u> |
| Issued, subscribed and paid up capital | 178,332,670 | 178,332,670 |
| Capital Reserves | | |
| Share premium | 89,116,330 | 89,116,330 |
| Revenue Reserves | | |
| Accumulated loss | (259,311,842) | (256,491,305) |
| | 8,137,158 | 10,957,695 |
| NON CURRENT LIABILITIES | | |
| Deferred liabilities | - | - |
| CURRENT LIABILITIES | | |
| Trade and other payables | 7,174,823 | 1,811,740 |
| Due to associated undertaking | | |
| 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 | - | - |
| | 9,590,068 | 4,226,985 |
| CONTINGENCIES AND COMMITMENTS | 4 | |
| | <u>17,727,226</u> | <u>15,184,680</u> |
| NON CURRENT ASSETS | | |
| Property, plant and equipment | 5 8,352,044 | 8,579,396 |
| Long term deposit | 5,300,000 | 5,300,000 |
| CURRENT ASSETS | | |
| Current portion of long term receivable | 6 - | - |
| Trade debts | 7 3,436,749 | - |
| Accrued interest considered good | 8 - | - |
| Cash and bank balances | 638,433 | 1,305,284 |
| | 4,075,182 | 1,305,284 |
| | <u>17,727,226</u> | <u>15,184,680</u> |

The annexed notes form an integral part of these 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 SIX MONTH PERIOD ENDED DECEMBER 31, 2021

| | Note | Six Month Ended | | Quarter ended | |
|---|------|---------------------------|----------------------|---------------------------|----------------------|
| | | December 31, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 |
| | | -----Rupees----- | | -----Rupees----- | |
| Sales | | 4,219,444 | 8,233,337 | 1,568,031 | 4,049,417 |
| Generation cost | | <u>(7,014,580)</u> | <u>(4,884,908)</u> | <u>(4,615,907)</u> | <u>(2,606,707)</u> |
| Gross (loss) / profit | | (2,795,136) | 3,348,429 | (3,047,876) | 1,442,710 |
| Administrative and selling expenses | | <u>(25,401)</u> | <u>(1,319)</u> | <u>(24,874)</u> | <u>(659)</u> |
| Operating (loss) / profit | | (2,820,537) | 3,347,111 | (3,072,750) | 1,442,051 |
| Other income | | - | - | - | - |
| Finance charges | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (Loss) / profit before taxation | | (2,820,537) | 3,347,111 | (3,072,750) | 1,442,051 |
| Taxation | | - | - | - | - |
| (Loss) / profit after taxation | | <u>(2,820,537)</u> | <u>3,347,111</u> | <u>(3,072,750)</u> | <u>1,442,051</u> |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive (loss) / income | | <u>(2,820,537)</u> | <u>3,347,111</u> | <u>(3,072,750)</u> | <u>1,442,051</u> |
| (Loss) / profit per share - basic and diluted | 9 | <u>(0.16)</u> | <u>0.19</u> | <u>(0.17)</u> | <u>0.08</u> |

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

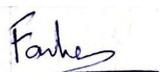
S.G POWER LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

| | Issued, subscribed and paid up capital | Capital Reserve | Revenue Reserve | Total |
|---|---|-------------------|----------------------|-------------------|
| | | Share Premium | Accumulated loss | |
| ----- Rupees ----- | | | | |
| Balance as at July 01, 2020 | 178,332,670 | 89,116,330 | (253,879,648) | 13,569,352 |
| Profit for the half year ended December 31, 2020 | - | - | 3,347,111 | 3,347,111 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period ended Dec 31, 2020 | - | - | 3,347,111 | 3,347,111 |
| Balance as at December 31, 2020 | 178,332,670 | 89,116,330 | (250,532,537) | 16,916,463 |
| Balance as at July 01, 2021 | 178,332,670 | 89,116,330 | (256,491,305) | 10,957,695 |
| Loss for the half year ended December 31, 2021 | - | - | (2,820,537) | (2,820,537) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the period ended December 31, 2021 | - | - | (2,820,537) | (2,820,537) |
| Balance as at December 31, 2021 | 178,332,670 | 89,116,330 | (259,311,842) | 8,137,158 |

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



CHIEF EXECUTIVE



DIRECTOR

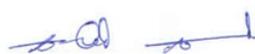


CHIEF FINANCIAL OFFICER

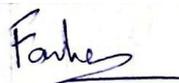
S.G POWER LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

| | December 31, 2021 | December 31, 2020 |
|---|----------------------|----------------------|
| Note | -----Rupees----- | |
| CASH FLOW FROM OPERATION ACTIVITIES | | |
| (Loss)/ Profit before taxation | (2,820,537) | 3,347,111 |
| Adjustment for: | | |
| Depreciation | 227,351 | 202,952 |
| Finance charges | - | - |
| | 227,351 | 202,952 |
| Cash flow from operating activity before working capital changes | (2,593,186) | 3,550,063 |
| Changes in working capital | | |
| Decrease in current assets | | |
| Due to associated undertaking | (3,436,749) | (3,161,337) |
| Interest accrued | - | - |
| | (3,436,749) | (3,161,337) |
| Increase in current liabilities | | |
| Trade and other payables | 5,363,083 | (763,400) |
| | (666,851) | (374,674) |
| Tax paid | - | - |
| Finance charges paid | - | - |
| Net Cash used in operating activities | (666,851) | (374,674) |
| CASH FLOW FROM INVESTING ACTIVITIES | - | - |
| CASH FLOW FROM FINANCING ACTIVITIES | - | - |
| Net decrease in cash and cash equivalents | (666,851) | (374,674) |
| Cash and cash equivalents at the beginning of the period | 1,305,284 | 388,598 |
| Cash and cash equivalents at the end of the period | 638,433 | 13,924 |

The annexed notes form an integral part of these 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 SIX MONTH PERIOD ENDED DECEMBER 31, 2021

1. THE COMPANY AND ITS OPERATIONS

- 1.1** S.G Power Limited (the company) is a public limited company incorporated in Pakistan on February 10, 1994, under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017). The shares of the company are listed on Pakistan Stock Exchange Limited.

The principal activities of the company is generation and supply of the electric power to its associated company, S.G Allied Businesses Limited.

Geographical location and addresses of major business units including mills/plants of the Company are as under:

| KARACHI | Purpose |
|-------------------------|--------------------------------------|
| B-40, S.I.T.E., Karachi | The registered office of the company |

1.2 GOING CONCERN

The Company's accumulated loss as at December 31, 2021 stood at Rs. 259.311 million (June 30,2021: Rs.256.491). This condition indicates 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 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 financial 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** These condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2021.

2.3 New standards, amendments to approved accounting standards and new interpretations

2.3.1 Amendments to approved accounting standards which are effective during the year ending June 30, 2022

There are certain amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

2.3.2 New standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2022.

There is a new standard and certain amendments to approved accounting standards that will be mandatory for accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or expected to have any significant effect on the Company's financial reporting.

2.4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2021.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from judgements, estimates and assumptions

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied in the annual audited financial statements of the company for the year ended June 30, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2021.

4 CONTINGENCIES AND COMMITMENTS

4.1 Contingencies

| S.NO. | FORUM | ISSUE INVOLVED | STATUS |
|-------|--------------------------------|--|---------|
| 1 | Sindh High Court | 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. | Pending |
| 2 | Sales Tax Appellate Tribunal | 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. The management of the company expects a favorable outcome and no provision has been made in these financial statements. | Pending |
| 3 | Appellate bench SECP Islamabad | Appeal u/s 33 of the SECP Act 1997 against the order dated April 19, 2021 of Additional Director, Adjudication Department-1, SECP , Islamabad, has been filed before Appellate bench SECP and is pending adjudication. There were no commitments as at period end (June 30, 2021 Nil) | Pending |

4.2 Commitments

Un-audited
December 31
2021
----- **R u p e e s** -----
Audited
June 30
2021

5 PROPERTY, PLANT AND EQUIPMENT

| | | |
|----------------------------|-------------------------|-------------------------|
| Opening written down value | 8,579,395 | 9,061,270 |
| Addition | - | - |
| Deletion | - | - |
| Impairment | - | - |
| Depreciation | (227,351) | (481,875) |
| | <u>8,352,044</u> | <u>8,579,395</u> |

6 LONG TERM RECEIVABLE

| | | |
|--|---------------------|-----------------|
| Unsecured- considered good | | |
| Associated Company- SG Allied Businesses Limited | 65,287,512 | 65,287,512 |
| Less : Allowance for expected credit loss | (65,287,512) | (65,287,512) |
| | <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 | 3,436,749 | - |
| Associated Company- SG Allied Businesses Limited | 94,036,243 | 94,036,243 |
| Less : Provision for doubtful debt | (94,036,243) | (94,036,243) |
| | <u>3,436,749</u> | <u>-</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 Loan to associated company - SG Allied Businesses Limited(formally, SG Fibre Limited) | 8.1 | 10,654,243 | 10,654,243 |
| Less: Provision for doubtful debts | | (10,654,243) | (10,654,243) |
| | | - | - |

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 (LOSS)/ EARNINGS PER SHARE - BASIC AND DILUTED

| | For the half year ended | | For the quarter ended | |
|--|--------------------------------|----------------------|------------------------------|----------------------|
| | December 31, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 |
| | ----- Rupees in '000----- | | | |
| | (2,820,537) | 3,347,111 | (3,072,750) | 1,442,051 |
| Weighted average number of ordinary shares outstanding during the period | 17,833,267 | 17,833,267 | 17,833,267 | 17,833,267 |
| (Loss) / earnings per share - basic & dilutive | (0.16) | 0.19 | (0.17) | 0.08 |

There are no dilutive potential ordinary shares outstanding as at December 31, 2021 and 2020.

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.

| NAME OF THE RELATED PARTY | RELATIONSHIP WITH THE COMPANY | NATURE OF TRANSACTIONS / BALANCES | Un-audited December 31 2021 | Un-audited December 31 2020 |
|---|--------------------------------------|--|--|-------------------------------------|
| TRANSACTIONS: | | | ----- R u p e e s ----- | |
| SG Allied Businesses Ltd. (Formerly, S.G. Fibre Ltd) | Associated Company | Electricity sales | <u>4,219,444</u> | <u>8,233,337</u> |
| SG Allied Businesses Ltd. (Formerly, S.G. Fibre Ltd) | Associated Company | Amount received | <u>1,500,000</u> | <u>-</u> |
| | | | Un-audited December 31 2021 | Audited June 30 2021 |
| | | | ----- R u p e e s ----- | |
| BALANCES: | | | | |
| S.G.Allied Businesses Limited | Associated Company | Receivable | <u>3,436,749</u> | <u>-</u> |
| S.G.Allied Businesses Limited | Associated Company | Payable | <u>1,071,700</u> | <u>1,071,700</u> |

11 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, 2021 the Company has no financial instruments that falls into any of the above category.

12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue in the Board of Directors' meeting held _____ .

13 GENERAL

Figures have been rounded off to the nearest rupee, unless otherwise stated.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER