

**FIANCIAL STATEMENTS
OF
S.G POWER LIMITED**

**FOR THE PERIOD ENDED
DECEMBER 31, 2019**

DIRECTORS REPORT

The Board of Directors of S.G. Power Limited is pleased to present the financial statement of the company for the Half year ended December 31, 2019. During the period, under review, the company made a profit of Rs.1.267 million while the corresponding period a gain was 0.119 million. The accumulated loss as on Dec 31, 2019 stood at Rs. 254.794 million.

Alhamdulillah company has started to earn profit, as the business activities of SG Allied Businesses Limited (the sole buyer of the power) is growing, the management is hopeful that sale will further pick-up in the second half year.

ACKNOWLEDGEMENT

The directors of the company offer their sincere gratitude to the shareholders for their support and assistance.

Karachi February 24, 2020

On behalf of The Board of Directors

Sohail Ahmed
(Chief Executive)

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, 2019 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 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 financial statements based on our review.

The figures for the quarters ended December 31, 2019 and December 31, 2018 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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.

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 December 31, 2019 stood at Rs. 254.794 million (June 30, 2019: 256.062 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 Muhammad Moin Khan.

**Chartered Accountants
Karachi**

Date:

S.G POWER LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

		Un-audited December 31, 2019	Audited June 30, 2019
	Note		
NON CURRENT ASSETS			
Property, plant and equipment	5	7,757,335	7,972,799
Long term deposit		5,300,000	5,300,000
		13,057,335	13,272,799
CURRENT ASSETS			
Current portion of long term receivable	6	-	-
Trade debts	7	3,372,975	1,913,165
Advance tax		21,468	21,468
Accrued interest considered good	8	-	-
Cash and bank balances		12,768	4,768
		3,407,211	1,939,401
		16,464,546	15,212,200
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		(254,794,442)	(256,062,339)
		12,654,558	11,386,661
NON CURRENT LIABILITIES			
Deferred liabilities		-	-
CURRENT LIABILITIES			
Trade and other payables		765,415	780,965
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
		3,809,989	3,825,539
CONTINGENCIES AND COMMITMENTS			
	9	16,464,546	15,212,200

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 DECEMBER 31, 2019

	Half Year Ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Note	-----Rupees-----		-----Rupees-----	
Sales	4,536,420	2,384,921	2,181,000	1,410,000
Generation cost	(3,266,875)	(2,068,094)	(1,461,138)	(1,143,558)
Gross profit	1,269,545	316,827	719,862	266,442
Administrative and selling expenses	(1,648)	(151,260)	(824)	(150,230)
Operating profit	1,267,896	165,566	719,038	116,212
Other income	-	-	-	-
Finance charges	-	(46,556)	-	-
Profit before taxation	1,267,896	119,010	170,180	116,212
Taxation	-	-	-	-
Profit after taxation	1,267,896	119,010	170,180	116,212
Other comprehensive income	-	-	-	-
Total comprehensive income	1,267,896	119,010	170,180	116,212
Profit per share - basic and diluted	10 0.07	0.01	0.04	0.01

The annexed notes form an integral part of these 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, 2019

	December 31, 2019	December 31, 2018
CASH FLOW FROM OPERATION ACTIVITIES		
Profit before taxation	1,267,896	119,010
Adjustment for:		
Depreciation	215,464	245,873
Finance charges	-	46,556
	215,464	292,429
Cash flow from operating activity before working capital changes	1,483,360	411,439
Changes in working capital		
Decrease in current assets		
Due to associated undertaking	(1,459,810)	-
Interest accrued	-	-
	(1,459,810)	-
Increase in current liabilities		
Trade and other payables	(15,550)	(150,000)
	8,000	261,439
Tax paid	-	-
Finance charges paid	-	(46,556)
Net Cash used in operating activities	8,000	214,883
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	-	(680,000)
Decrease in long term deposit	-	50,000
Net cash from investing activities	-	(630,000)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from directors	-	-
Repayment during the period	-	-
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	8,000	(415,116)
Cash and cash equivalents at the beginning of the period	4,768	433,794
Cash and cash equivalents at the end of the period	12,768	18,678

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 CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Issued, subscribed and paid up capital	Share Premium	Accumulated loss	Total
----- R u p e e s -----				
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
Balance as at December 31, 2018	178,332,670	89,116,330	(256,993,872)	10,455,128
Balance as at July 01, 2019	178,332,670	89,116,330	(256,062,339)	11,386,661
Profit for the half year ended December 31, 2019	-	-	1,267,896	1,267,896
Balance as at December 31, 2019	178,332,670	89,116,330	(254,794,442)	12,654,558

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)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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.1.267 million (December 2018: Rs. 0.119 million) and the accumulated loss as at December 31, 2019 stood at Rs. 254.794 million (June 30,2019: Rs.256.062). 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, 2019.

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, 2019; 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, 2019.

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, 2019. Certain new IFRSs and amendments to existing IFRSs are effective for the periods beginning on or after July, 01 2019, 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, 2019.

	Un-audited December 31 2019	Audited June 30 2019
----- R u p e e s -----		
5 PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	7,972,799	8,430,545
Addition	-	-
Deletion	-	-
Impairment	-	-
Depreciation	<u>(215,464)</u>	<u>(457,746)</u>
	<u>7,757,335</u>	<u>7,972,799</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	10,654,243	10,654,243
Less:Provision for doubtful debts	<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 dated 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 at a year end (2018:Nil)

