

**CONDENSED INTERIM  
FINANCIAL INFORMATION  
OF  
S.G FIBRE LIMITED**

**FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

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

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of **S.G FIBRE LIMITED** as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to draw a conclusion on this interim financial information based on our review. The figures for the quarter ended December 31, 2014 and December 31, 2013 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.

**Scope of Review**

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

**Basis for Disclaimer Conclusion**

- (a) As disclosed in note 1.2 to the condensed interim financial information, the operations of the Company have been shut down due to adverse fiscal measures and unfavorable market conditions. The Company owes Rs. 169.979 million as at December 31, 2014 (June 30, 2014: Rs. 169.979 million) as mentioned in note 11, 12 and 13 to the condensed interim financial information to the associated company, S.G. Power Limited. Due to closure of operations it is unlikely that the Company will pay the principal and mark-up thereon on regular basis, as per direction of SECP in this regard. Moreover, mark-up of Rs. 10.654 million provided by the management in preceding years on the above amount as per direction of the SECP, could not be verified due to non-availability of proper working of the same. Moreover no mark up has been provided for the period under review.
- (b) As mentioned in note 1.2 to the condensed interim financial information, the Company has suffered loss of Rs. 169.970 million (December 31, 2013 Rs. 13.335 million) during the half year and the accumulated loss as at December 31, 2014 stood at Rs. 815.904 million (June 30, 2014: Rs. 645.935 million) and its business operations have been completely shutdown. This condition along with the other matters explained in note 1.2 to the condensed interim

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financial information, indicate the existence of material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. This condensed interim financial information does not include any adjustment that might result, should the company not be able to continue as a going concern. Moreover, no disclosure has been made in the condensed interim financial information regarding the financing plans under consideration of the management for the revival of the company.

- (c) Exchange loss of Rs. 198.053 million (June 30, 2014: Rs. 189.820 million) on foreign currency loan as shown in note 9 has not been provided in this condensed interim financial information.
- (d) In the absence of complete details we are unable to identify all related parties transactions in this condensed interim financial information.
- (e) Sales tax and income tax refundable of Rs. 20.057 million and Rs. 9.913 million respectively is doubt full of recovery being pertaining to very old periods.
- (f) The Company has not complied with the requirements of IAS 19 - Employee Benefits as the liabilities related to gratuity were not revalued during the period.
- (g) The interest free foreign currency loan amounting to Rs. 302.317 million and interest free loan from directors amounting to Rs. 249.994 million (June 30, 2014: Rs. 255.994 million) respectively are being shown at historical cost in contravention with the requirements of IAS-39 which requires the same to be recorded at fair value or amortized cost as appropriate with an impact on income through profit and loss account.
- (h) As disclosed in note 5 to the condensed interim financial information, during the period the Company has disposed off fixed assets having book value of Rs. 167.315 million at a loss of Rs. 153.960 million. In the absence of complete details, we were unable to obtain information whether these disposal transactions were carried out at arm's length price. Moreover, the Company has not accounted for any impairment on the remaining fixed assets.

**Disclaimer Conclusion:**

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraphs, based on our review, we have not been able to draw a conclusion as to whether the annexed interim financial information presents fairly, in all material respects, the financial position of the company as at December 31, 2014 and of its financial performance and its cash flows for the period then ended in accordance with approved accounting standards as applicable in Pakistan.

Karachi: 25 FEB 2015

*Muniff Ziauddin & Co*  
Muniff Ziauddin & Co.  
Chartered Accountants  
(Salim Sadruddin)

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**S.G. FIBRE LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT DECEMBER 31, 2014**

		<b>December 31, 2014 (Un-audited)</b>	<b>June 30, 2014 (Audited)</b>
	Note	----- Rupees -----	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	<b>343,191,120</b>	522,822,525
Long term deposits		<b>95,714</b>	95,714
		<b>343,286,834</b>	522,918,239
<b>CURRENT ASSETS</b>			
Stores and spares		<b>22,878,083</b>	22,878,083
Stock-in-trade	6	<b>171,380</b>	180,400
Loans, advances, prepayments and other receivables	7	<b>39,707,642</b>	38,797,612
Cash and bank balances	8	<b>3,275,542</b>	1,171,908
		<b>66,032,646</b>	63,028,004
<b>TOTAL ASSETS</b>		<b>409,319,480</b>	585,946,243
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital: 15,000,000 Ordinary shares of Rs. 10 each		<b>150,000,000</b>	150,000,000
Issued, subscribed and paid-up capital 15,000,000 (June 30, 2014: 15,000,000) Ordinary shares of Rs. 10 each		<b>150,000,000</b>	150,000,000
Share premium		<b>337,400,000</b>	337,400,000
Accumulated loss		<b>(815,904,382)</b>	(645,934,619)
		<b>(328,504,382)</b>	(158,534,619)
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities		<b>11,102,213</b>	11,102,213
Long term loans	9	<b>30,231,690</b>	60,463,379
Loan from directors	10	<b>249,994,064</b>	255,994,064
		<b>291,327,967</b>	327,559,656
<b>CURRENT LIABILITIES</b>			
Creditors, accrued and other liabilities	11	<b>92,334,343</b>	92,991,343
Interest on short and long term loans	12	<b>10,654,243</b>	10,654,243
Current portion of long term loans	13	<b>131,885,478</b>	131,885,478
Overdue amount of long term loans	9	<b>211,621,831</b>	181,390,142
		<b>446,495,895</b>	416,921,206
<b>CONTINGENCIES AND COMMITMENTS</b>	14		
<b>EQUITY AND LIABILITIES</b>		<b>409,319,480</b>	585,946,243

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**S.G. FIBRE LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- Rupees -----		----- Rupees -----	
Sales	-	-	-	-
Cost of sales	(12,578,811)	(12,238,801)	(6,333,595)	(5,481,785)
<b>Gross loss</b>	<b>(12,578,811)</b>	<b>(12,238,801)</b>	<b>(6,340,195)</b>	<b>(5,481,785)</b>
Administrative and selling expenses	(4,331,081)	(2,467,796)	(1,632,028)	(1,214,956)
<b>Operating loss</b>	<b>(16,909,892)</b>	<b>(14,706,597)</b>	<b>(7,972,224)</b>	<b>(6,696,742)</b>
(Loss) / Profit on sale of property, plant & equipment	(153,959,871)	477,524	(153,959,871)	42,464
Other income	900,000	900,000	450,000	450,000
	(169,969,763)	(13,329,073)	(161,482,095)	(6,204,278)
Financial charges	-	(5,753)	-	(3,423)
<b>Loss before taxation</b>	<b>(169,969,763)</b>	<b>(13,334,826)</b>	<b>(161,482,095)</b>	<b>(6,207,701)</b>
Provision for taxation	-	-	-	-
<b>Loss after taxation</b>	<b>(169,969,763)</b>	<b>(13,334,826)</b>	<b>(161,482,095)</b>	<b>(6,207,701)</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(169,969,763)</b>	<b>(13,334,826)</b>	<b>(161,482,095)</b>	<b>(6,207,701)</b>
Loss per share - Basic and diluted	<b>(11.33)</b>	(0.89)	<b>(10.77)</b>	(0.41)

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**


**S.G. FIBRE LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	December 31, 2014	December 31, 2013
	----- Rupees -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(169,969,763)	(13,334,826)
Adjustment for:		
Depreciation	12,316,535	12,149,239
Financial charges	-	5,753
Loss / (Gain) on sale of property, plant and equipment	153,959,871	(452,521)
	166,276,406	11,702,471
	(3,693,356)	(1,632,355)
<b>(Increase) / decrease in current assets</b>		
Stock-in-trade	9,020	-
Loans, advances, prepayments and other receivables	(910,030)	(885,000)
	(901,010)	(885,000)
	(4,594,366)	(2,517,355)
<b>Increase / (decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	(657,000)	(2,924,265)
	(657,000)	(2,924,265)
Cash out flow from operations	(5,251,366)	(5,441,620)
Financial charges paid	-	(5,753)
<b>Net cash used in operating activities</b>	<b>(5,251,366)</b>	<b>(5,447,372)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of fixed assets	13,355,000	12,900,000
<b>Net cash generated from investing activities</b>	<b>13,355,000</b>	<b>12,900,000</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term loan to directors	(6,000,000)	(5,187,500)
<b>Net cash used in financing activities</b>	<b>(6,000,000)</b>	<b>(5,187,500)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,103,634</b>	<b>2,265,128</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,171,908</b>	<b>427,270</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3,275,542</b>	<b>2,692,398</b>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**S.G. FIBRE LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Issued, subscribed and paid up capital	Share Premium	Accumulated loss	Total
	----- R u p e e s -----			
Balance as at July 01, 2013	150,000,000	337,400,000	(610,567,881)	(123,167,881)
Total comprehensive loss for the half year	-	-	(13,334,826)	(13,334,826)
Balance as at December 31, 2013	<u>150,000,000</u>	<u>337,400,000</u>	<u>(623,902,707)</u>	<u>(136,502,707)</u>
Balance as at July 01, 2014	150,000,000	337,400,000	(645,934,619)	(158,534,619)
Total comprehensive loss for the half year	-	-	(169,969,763)	(169,969,763)
Balance as at December 31, 2014	<u>150,000,000</u>	<u>337,400,000</u>	<u>(815,904,382)</u>	<u>(328,504,382)</u>

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**CHIEF EXECUTIVE**



**DIRECTOR**

