

S.G. FIBRE LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2015

	Notes	Un-audited March 31, 2015 ----- R u p e e s -----	Audited June 30, 2014
NON-CURRENT ASSETS			
Property, plant and equipment	6	337,116,253	522,815,925
Long term deposits		95,714	95,714
CURRENT ASSETS			
Stores and spares		22,878,083	22,878,083
Stock-in-trade	7	180,400	180,400
Loans, advances, prepayments and other receivables	8	39,707,642	38,797,612
Cash and bank balances	9	10,281,664	1,171,908
		<u>73,047,788</u>	<u>63,028,004</u>
		<u>410,259,755</u>	<u>585,939,643</u>
SHARE CAPITAL AND RESERVES			
Authorized share capital			
15,000,000 Ordinary shares of Rs. 10 each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital		150,000,000	150,000,000
Share premium		337,400,000	337,400,000
Accumulated loss		(787,951,147)	(645,941,219)
		<u>(300,551,147)</u>	<u>(158,541,219)</u>
NON CURRENT LIABILITIES			
Deferred liabilities		11,102,213	11,102,213
Long term loans	10	15,115,845	60,463,379
Loan from directors	11	222,343,411	255,994,064
		<u>248,561,469</u>	<u>327,559,656</u>
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	12.	92,972,036	92,991,313
Interest on short term and long term loan	13.	10,654,243	10,654,243
Current portion of long term loan		131,885,477	131,885,478
Overdue amount of long term loan		226,737,677	181,390,142
		<u>462,249,433</u>	<u>416,921,176</u>
CONTINGENCIES AND COMMITMENTS	14.	<u>410,259,755</u>	<u>585,939,613</u>

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

CHIEF EXECUTIVE

DIRECTOR

S.G. FIBRE LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2015

	July to March 2015	January to March 31, 2015	July to March 2014	January to March 31, 2014
	----- Rupees -----		----- Rupees -----	
Sales			-	-
Cost of sales	(18,893,136)	(6,307,725)	(18,299,761)	(6,060,960)
Gross loss	<u>(18,893,136)</u>	<u>(6,307,725)</u>	<u>(18,299,761)</u>	<u>(6,060,960)</u>
Administrative and selling expenses	(7,423,741)	(3,101,680)	(3,081,082)	(1,927,844)
Operating loss	<u>(26,316,877)</u>	<u>(9,409,405)</u>	<u>(21,380,843)</u>	<u>(7,988,804)</u>
(Loss) / Profit on sale of Assests				
Stock & Spares	(153,959,871)	-	477,524	-
Other income	2,893,485	1,993,485	1,350,000	450,000
	<u>(177,383,263)</u>	<u>(7,415,920)</u>	<u>(19,553,319)</u>	<u>(7,538,804)</u>
Financial charges			(5,753)	-
Loss before taxation	<u>(177,383,263)</u>	<u>(7,415,920)</u>	<u>(19,559,072)</u>	<u>(7,538,804)</u>
Provision for taxation	-	-	-	-
Loss after taxation	<u>(177,383,263)</u>	<u>(7,415,920)</u>	<u>(19,559,072)</u>	<u>(7,538,804)</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u><u>(177,383,263)</u></u>	<u><u>(7,415,920)</u></u>	<u><u>(19,559,072)</u></u>	<u><u>(7,538,804)</u></u>
Loss per share - basic and diluted	(11.83)	(0.49)	(1.30)	(0.50)

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

CHIEF EXECUTIVE

S.G. FIBRE LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2015

	Issued subscribed and paid up capital	Capital reserve	Accumulated loss	Total
	----- R u p e e s -----			
Balance as at June 30,2013	150,000,000	337,400,000	(552,750,803)	(65,350,803)
Loss for the year ended June 30, 2014	-	-	(57,817,081)	(57,817,081)
Balance as at June 30,2014	150,000,000	337,400,000	(610,567,884)	(123,167,884)
Loss for the Nine Months ended March 31, 2015	-	-	(177,383,263)	(177,383,263)
Balance as at March. 31, 2015	150,000,000	337,400,000	(787,951,147)	(300,551,147)

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

CHIEF EXECUTIVE

DIRECTOR

S.G. FIBRE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2015

1. STATUS OF THE COMPANY

1.1 The Company was incorporated in Pakistan as a public limited company and its shares are listed at Karachi Stock Exchange. The principal activity of the Company is manufacturing of polyester filament yarn. The registered office and production facility of the company are situated at B-40, S.I.T.E., Karachi.

1.2 GOING CONCERN

The company has suffered loss of Rs. 177.383 million for the period March (March 2014 Rs.19.559 million) and accumulated loss as at March 31, 2015 stood at Rs. 787.951 million and Filament Yarn Industry in Pakistan is in ominous situation due to adverse fiscal measures and unfavorable market conditions resulting in high cost of production and dumping of cheap product from China and other countries. Frequent increases in the cost of energy and hike in cost of financing is leading this industry towards crisis. Consequently the management of the company had decided to disengage temporarily the operations of the company to safeguard the interest of stakeholders. The Filament Yarn Association is negotiating with the government to take initiatives to revive the industry and to avoid resulting unemployment. Earlier the management had decided to resume its operation in two phases, in first phase to run the twisting machines and produce commodity yarns, in second phase to start the line-7 and producing both commodity and speciality yarns. The Company decided in its board of directors' meeting that the company would pay off its outstanding liabilities by selling off the plant and part of land.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

This condensed interim financial information is un-audited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. This condensed interim financial information is presented in condensed form in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting". This does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2014. Comparative figures of the balance sheet are extracted from the audited annual financial statements for the year ended June 30, 2014 whereas comparative profit and loss account, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial information for the period ended March 31, 2015.

ACCOUNTING POLICIES

The accounting policies and method of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the year ended June 30, 2012.

3.1 Standards, amendments to published approved accounting standards and interpretations effective from July 01, 2014.

There are certain new standards, amendments and international Financial Reporting Interpretation Committee (IFRIC) interpretations that become effective during the period and mandatory for accounting period on or after July 01, 2014 but are considering not be relevant or have significant effect on the company's operations are, therefore, not disclosed in this condensed interim financial information.

3.2 Standards, amendments to published approved accounting standards and interpretations as adopted in Pakistan, that are not yet effective.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods on or after July 01, 2014 but are considered not be relevant or do not have any significant effect on company's operations and are, therefore, not detailed in this condensed interim financial information.

4. ESTIMATES

The Preparation of condensed interim financial information require management to make judgments, estimates and assumption that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key resources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2014.

S.G. FIBRE LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2015

	March 2015	June 30, 2014
	----- R u p e e s -----	
6 PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	522,815,925	567,304,752
Addition	90,000	
Deletion	(167,314,870)	(22,064,661)
Depreciation	(18,474,802)	(22,424,165)
Closing written down value	<u>337,116,253</u>	<u>522,815,925</u>
7 STOCK IN TRADE		
Raw material	180,400	200,444
Finished goods	-	-
		(20,044.40)
	<u>180,400</u>	<u>180,400</u>
8 LOANS, ADVANCES, PREPAYMENTS & OTHER RECEIVABLES		
Income tax refundable	9,903,094	9,903,094
Margin - Letter of credit	150,000	150,000
Sales tax claim receivable	20,171,911	20,056,513
Other receivables	9,486,096	6,766,096
Less:provision for doubtfull debts	(3,459)	(3,459)
	9,482,637	6,762,637
	<u>39,707,642</u>	<u>36,872,244</u>
9 CASH AND BANK BALANCES		
Cash in hand	587	175
Cash with banks	10,281,077	8,660
	<u>10,281,664</u>	<u>8,835</u>
10 LONG TERM LOANS		
Fibre Venture Capital Limited	9.1 302,316,902	302,316,902
Less: Current portion of long term loan	(226,737,677)	(181,390,141)
Less: Overdue amount of long term loan	(60,463,380)	(60,463,380)
	<u>15,115,845</u>	<u>60,463,380</u>
10.1 Foreign currency loan from Fibre Venture Capital Limited has been obtained on non-interest basis. Repayment terms have not yet been decided by the Company.		
11 LOAN FROM DIRECTOR		
Loan from directors	10.1 <u>222,343,411</u>	<u>255,994,064</u>
11.1 This represents interest free loan from sponsoring directors. Repayment terms have not yet been decided by the company.		

	March 2015	June 30, 2014
12. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Trade creditors	4,037,419	1,293,072
Taxes payable	-	-
Others	1,379,087	2,896,173
	5,416,506	4,189,245
Due to associated undertaking	87,555,530	90,136,244
11.1	92,972,036	94,325,489
12.1 These are unsecured and the late payment surcharge has been waived by the associated undertaking S.G. Power Limited.		
13. INTEREST ON SHORT AND LONG TERM LOANS	10,654,243	10,654,243

This represent accrued interest on loans payable to S.G Power Limited.

14. CONTINGENCIES AND COMMITMENTS

Contingencies

- (i) Legal claim filed against the Company from suppliers were not acknowledged as debts amounting to Rs. 0.418 million (June 30, 2010: Rs. 0.418 million)
- (ii) A dispute is persisting between the company and National Bank of Pakistan regarding the alleged "Buy Back Agreement" and declaration of dividend. Brief facts of the dispute are that underwriting of public floatation of the shares of the company was jointly undertaken by National Bank of Pakistan and Allied Bank of Pakistan. National Bank of Pakistan agreed to underwrite 3,851,200 shares of Rs 10 each at a premium of Rs. 48.50 per share. However the Bank insisted to impose a condition on the sponsors to enter into a "Buy Back Agreement" in respect of the share underwritten by them. Corporate Law Authority (Securities and Exchange Commission of Pakistan) desired with their letter dated September 18, 1995 to furnish an unqualified underwriting commitment without any "Buy Back Agreement" and the NBP vide its letter dated October 27, 1994 confirmed that this condition will be deleted. The Corporate Law Authority through its various letter emphasized for unconditional arrangement.

National Bank of Pakistan vide its letter No. CCD: BE 096/48 dated March 01, 1995 confirmed that they have no objection to the publication of the prospectus of the company in the newspaper also mentioning in the said letter that Bank has not made any buy back agreement with the sponsors or any other person. The prospectus of the Company published in the newspaper also contained this fact that "their underwriter has not entered any buy back/ repurchase agreement with the sponsors or any other person". After public floatation, National Bank of Pakistan imposed the alleged condition of declaration of dividend at the rate of 15 to 16 percent and the undertaking from the sponsors to buy back the shares of the Company after 3 years within a period of one year was also obtained by the bank. The Company declared dividend for 1996, 1997 and 1998 at 15 percent, 20 percent and 16 percent respectively. However, due to the following reason Company could not declare dividend for the year 1999.

- (a) The object for public floatation was to raise funds for investment in new plants and machineries to produce high quality value added products for which a new Hot Channel Stretching plant along with other plants and machineries was imported. After completion of process of installation and commissioning, the sum of Rs.454.8 million being the cost of the plant, was capitalized which resulted in the charge of depreciation amounting to Rs.93.170 million which can be attributed as a major reason of loss of Rs.97.60 million sustained during the year 1999.

(b) Subsequent to filing of the above suit, National Bank of Pakistan also filed a Suit No. B-200 of 2000 dated 21st October, 2000 in the High Court of Sindh against the company and the sponsors seeking enforcement of "Buy Back Agreement" and payment of resultant amount with profit at 18 percent per annum from the date of suit till the payment by the company and a direction that shares of the company be sold in the market and the net sale proceeds be applied towards the adjustment of the decretal amount.

The sponsors are confident that they will succeed in their case in view of their sound legal position.

(c) Legal claims have been lodged by ex-employees of the company for recovery of their outstanding emoluments on account of their employment with the company

(iii) Two appeals bearing no. K-137/2008 and K-138/2008 both dated March 18, 2008 passed by the Collector of Sales Tax and Federal Excise (Appeals) Karachi is pending before the Inland Appellate Tribunal, Bench, Karachi. One appeal bearing no. K-190/2010 dated March 24, 2010 filed against the Order-in-appeal no. 3254/2010, dated February 02, 2010 passed by the Collector of Customs (Appeals) Karachi is pending before the Customs Appellate Tribunal, Bench-II, Karachi. The management is of view that the aforesaid cases involve certain law points and there is every likelihood of having a favorable verdict in these matters.

Commitments

There are no commitments existing as on December 31, 2012. (June 30, 2012: Nil)

15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, staff retirement funds, directors and key management personnel. Transaction 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. Significant transactions with associated undertakings and related parties other than those which have been specifically disclosed elsewhere in this condensed interim financial information are given below.

	March 2015	June 30, 2014
	----- Rupees -----	
S.G. Power Limited - Associated undertaking		
Rental income	1,350,000	1,800,000
Repayment made during the year	-	-
The status of outstanding balances with associated undertaking S.G Power Limited is as under		
Current portion of long term loan.	226,737,677	71,422,097
Creditor for purchase of electricity.	87,555,530	92,986,244
Interest payable on long term loan.	10,654,243	10,654,243
	<u>324,947,450</u>	<u>175,062,584</u>

16. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on _____ by the Board of Directors of the Company.

17. GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR