

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **S.G POWER 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 "condensed interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed 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 reasonable 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 Adverse Conclusion

- a. As disclosed in note 1.2 to the condensed interim financial information, the Company has discontinued electricity and steam supplies to its only customer i.e. S.G. Fibre Limited and has shut down its power generation and due to severe financial crises and adverse market conditions prevailing in the field of filament yarn industry it is unlikely that the associated company will commence its operation. During the half year the Company has incurred gross loss of Rs. **2,274,020** (December 31, 2013: Rs. 1,240,191) and net loss of Rs. **2,274,020** (December 31, 2013: 2,170,588) respectively. Moreover, during the year ended June 30, 2013 the Company in pursuance to SECP order dated 19th July, 2013, has made full provision against amounts of Rs. **94.036 million**, Rs. **65.588 million** and Rs. **10.654 million** aggregating to Rs. **170.278 million** which were receivable from

the associated undertaking. These conditions 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 financial information regarding the financing plans under consideration of the management for the revival of the Company.

- b. As disclosed in the condensed interim financial information, trade and other payables amounting to Rs. 11,104,063 (June 30, 2014: Rs. 11,134,063) remained unverified as no supporting documents were made available to us.
- c. Valuation schedule showing NRV of stores and spares has not been furnished for our verification.
- d. 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.
- e. The fixed assets of the Company are shown at book value amounting to Rs. 47,865,406 and the Company is currently not in operations due to the reasons as mentioned above. However, the Company has not revalued its fixed assets or accounted for any impairment on these fixed assets which might have arisen due to such shut down of operations.

Adverse Conclusion

Our review indicates that, because of the significance of matters as mentioned above, the annexed condensed interim financial information does not present 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) *Mz*

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

		Un-audited December 31, 2014	Audited June 30, 2014
	<i>Note</i>	----- Rupees -----	
NON CURRENT ASSETS			
Property, plant and equipment	5	47,865,406	49,122,487
Long term deposit		5,350,000	5,350,000
		53,215,406	54,472,487
CURRENT ASSETS			
Current portion of long term receivable	6	-	-
Stores and spares		5,797,601	5,797,601
Trade debts	7	-	-
Accrued interest considered good	8	132,899	132,899
Cash and bank balances		321,147	438,087
		6,251,647	6,368,587
TOTAL ASSETS		59,467,053	60,841,073
SHARE CAPITAL AND RESERVES			
Authorised Share Capital 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		(222,831,642)	(220,557,622)
		44,617,358	46,891,378
NON CURRENT LIABILITIES			
Deferred liabilities		113,040	113,040
Due to associate undertaking		3,000,000	2,100,000
Loan from director		3,262	3,262
		3,116,303	2,216,302
CURRENT LIABILITIES			
Trade and other payables		11,104,063	11,104,063
Provision for taxation		629,329	629,329
		11,733,392	11,733,392
TOTAL LIABILITIES		14,849,695	13,949,694
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY & LIABILITIES		59,467,053	60,841,073

The annexed notes 1 to 12 form an integral part of this condensed interim financial information. MZ



CHIEF EXECUTIVE



DIRECTOR

S.G POWER 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	-	-	-	-
Generation cost	<u>(2,268,990)</u>	(2,471,328)	<u>(1,346,518)</u>	(922,472)
Gross loss	<u>(2,268,990)</u>	(2,471,328)	<u>(1,346,518)</u>	(922,472)
Administrative and selling expenses	<u>(5,030)</u>	(217,788)	<u>106,328</u>	(111,358)
Operating loss	<u>(2,274,020)</u>	(2,689,116)	<u>(1,240,191)</u>	(1,033,830)
Other comprehensive income	-	518,527	-	-
Finance charges	-	-	-	-
Loss before taxation	<u>(2,274,020)</u>	(2,170,588)	<u>(1,240,191)</u>	(1,033,830)
Taxation	-	-	-	-
Loss after taxation	<u>(2,274,020)</u>	(2,170,588)	<u>(1,240,191)</u>	(1,033,830)
Total comprehensive income	<u><u>(2,274,020)</u></u>	<u>(2,170,588)</u>	<u><u>(1,240,191)</u></u>	<u>(1,033,830)</u>
Loss per share - basic and diluted	<u><u>(0.13)</u></u>	<u>(0.12)</u>	<u><u>(0.07)</u></u>	<u>(0.06)</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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CHIEF EXECUTIVE


DIRECTOR

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

	December 31, 2014	December 31, 2013
	----- Rupees -----	
CASH FLOW FROM OPERATION ACTIVITIES		
Loss before taxation	(2,274,020)	(2,170,588)
Adjustment for:		
Depreciation	1,257,081	1,327,189
Cash flow from operating activity before working capital changes	(1,016,940)	(843,399)
Changes in working capital		
Decrease in current assets		
Trade debts	900,000	900,000
Interest accrued	-	(51,854)
	900,000	848,146
Increase in current liabilities		
Trade and other payables	-	(27,779)
Net Cash used in operating activities	(116,940)	(23,032)
CASH FLOW FROM INVESTING ACTIVITIES		
Net cash from investing activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	(116,940)	(23,032)
Cash and cash equivalents at the beginning of the period	438,087	67,700
Cash and cash equivalents at the end of the period	321,147	44,668

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

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CHIEF EXECUTIVE



DIRECTOR

S.G POWER 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 profit/(loss)	Total
	----- Rupees -----			
Balance as at July 01, 2013	178,332,670	89,116,330	(216,203,333)	51,245,667
Loss for the half year ended December 31, 2013	-	-	(2,170,588)	(2,170,588)
Balance as at December 31, 2013	178,332,670	89,116,330	(218,373,921)	49,075,079
Balance as at July 01, 2014	178,332,670	89,116,330	(220,557,622)	46,891,378
Loss for the half year ended December 31, 2014	-	-	(2,274,020)	(2,274,020)
Balance as at December 31, 2014	178,332,670	89,116,330	(222,831,642)	44,617,358

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

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S.G. POWER LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2014

1. STATUS AND ACTIVITIES

1.1 The Company is limited by shares and was incorporated in Pakistan on February 10, 1994 under the Companies Ordinance, 1984 and is listed on Karachi and Islamabad Stock Exchanges. 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

The company has suffered loss of Rs. 2,274,020 during the half year (December 31, 2013: Rs. 2,170,588) and accumulated loss as at December 31, 2014 stood at Rs. 222,831,642 (June 30, 2014: Rs.220,557,622) and the company was supplying electricity only to S.G Fibre Limited as an associate company. Due to existence of adverse situation in the Fibre industry, their production was stopped during the year 2008. Due to this reason, the company has discontinued its electricity steam supplies. As a result, the revenue generating activities were stopped. However, the company is planning to restart the power generating activities and negotiating with Karachi Electric Supply Company Limited to supply electricity to them.

2. BASIS OF PREPARATION

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 have been 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 have been stated from un-audited condensed interim financial information for the year ended December 31, 2014.

3. 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, 2014.

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.

	Un-audited December 31 2014	Audited June 30 2014
Notes	----- R u p e e s -----	
5. PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	49,122,487	51,776,864
Addition	-	-
Deletion	-	-
Depreciation	(1,257,081)	(2,654,377)
	<u>47,865,406</u>	<u>49,122,487</u>
6. LONG TERM RECEIVABLE		
Unsecured- considered good	65,588,037	65,588,037
Associated Company- S.G. Fibre Limited	(65,588,037)	(65,588,037)
Less : Provision for doubtful debt	-	-
	<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 was provided for during the year ended June 30, 2013.		
7. TRADE DEBTS		
Unsecured- considered good		
Associated Company- S.G. Fibre Limited	94,036,243	94,036,243
Less : Provision for doubtful debt	(94,036,243)	(94,036,243)
	<u>-</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 was provided for during the year ended June 30, 2013.		
8. ACCRUED INTEREST CONSIDERED GOOD		
Interest on TDR recoverable	132,899	132,899
Interest on loan to associated Company - S.G. Fibre Limited	10,654,243	10,654,243
Less : Provision for doubtful debt	(10,654,243)	(10,654,243)
	<u>-</u>	<u>-</u>
	<u>132,899</u>	<u>132,899</u>
8.1 This represents interest accrued on long term receivable from an associated company (SG Fibre Limited) charged as per the direction issued by SECP vide order date April 6, 2006. The 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 was provided for during the year ended June 30, 2013.		
9. CONTINGENCIES AND COMMITMENTS		
There is no change in the status of contingencies and commitments as disclosed in the last published annual financial statements for the year ended June 30, 2014.		

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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.

S.G. Fibre Limited - Associated undertaking

	December 31 2014	June 30 2014
Rent of premises	<u>900,000</u>	<u>900,000</u>

11. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on 25 FEB 2015.

12. GENERAL

Figures have been rounded off to the nearest rupee.

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CHIEF EXECUTIVE



DIRECTOR