

**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 19<sup>th</sup> 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

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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 -----	
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	<b>5</b>	<b>47,865,406</b>	49,122,487
Long term deposit		<b>5,350,000</b>	5,350,000
		<b>53,215,406</b>	54,472,487
<b>CURRENT ASSETS</b>			
Current portion of long term receivable	<b>6</b>	-	-
Stores and spares		<b>5,797,601</b>	5,797,601
Trade debts	<b>7</b>	-	-
Accrued interest considered good	<b>8</b>	<b>132,899</b>	132,899
Cash and bank balances		<b>321,147</b>	438,087
		<b>6,251,647</b>	6,368,587
<b>TOTAL ASSETS</b>		<b>59,467,053</b>	60,841,073
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised Share Capital 20,000,000 Ordinary shares of Rs. 10 each		<b>200,000,000</b>	200,000,000
Issued, subscribed and paid up		<b>178,332,670</b>	178,332,670
Share premium		<b>89,116,330</b>	89,116,330
Accumulated loss		<b>(222,831,642)</b>	(220,557,622)
		<b>44,617,358</b>	46,891,378
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities		<b>113,040</b>	113,040
Due to associate undertaking		<b>3,000,000</b>	2,100,000
Loan from director		<b>3,262</b>	3,262
		<b>3,116,303</b>	2,216,302
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>11,104,063</b>	11,104,063
Provision for taxation		<b>629,329</b>	629,329
		<b>11,733,392</b>	11,733,392
<b>TOTAL LIABILITIES</b>		<b>14,849,695</b>	13,949,694
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>9</b>		
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>59,467,053</b>	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>

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

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**CHIEF EXECUTIVE**



**DIRECTOR**

