

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

		Un-audited December 31, 2015	Audited June 30, 2015
	Notes	----- R u p e e s -----	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	599,912,948	624,925,325
Long term deposits		95,714	95,714
<b>CURRENT ASSETS</b>			
Stores and spares		-	-
Stock-in-trade	7	-	-
Loans, advances, prepayments and other receivables	8	40,795,525	38,995,525
Cash and bank balances	9	5,105,138	715,262
		<u>45,900,663</u>	<u>39,710,787</u>
		<u>645,909,325</u>	<u>664,731,828</u>
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
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		(766,476,873)	(759,652,591)
		<u>(279,076,873)</u>	<u>(272,252,591)</u>
<b>Surplus on revaluation of fixed assets</b>		<u>477,332,738</u>	<u>477,332,738</u>
		198,255,865	205,080,147
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities		67,012,218	67,012,218
Long term loans	10	-	-
Loan from directors	11	205,994,064	217,994,064
		<u>273,006,282</u>	<u>285,006,282</u>
<b>CURRENT LIABILITIES</b>			
Creditors, accrued and other liabilities	12	92,451,139	92,449,359
Interest on short term and long term loan	13	10,654,243	10,654,243
Current portion of long term loan	15	71,422,097	71,422,097
Overdue amount of long term loan		-	-
Provision for taxation		119,700	119,700
		<u>174,647,179</u>	<u>174,645,399</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	14	-	-
		<u>645,909,325</u>	<u>664,731,828</u>

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

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**CHIEF EXECUTIVE**

\_\_\_\_\_  
**DIRECTOR**

**S.G. FIBRE LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Notes	Half year ended		Quarter ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Sales	20	-	-	-	-
Cost of sales	21	(13,437,995)	(12,585,411)	(7,040,287)	(6,340,195)
Gross loss		<u>(13,437,995)</u>	<u>(12,585,411)</u>	<u>(7,040,287)</u>	<u>(6,340,195)</u>
Administrative and selling expenses	22	(3,810,991)	(4,322,061)	(1,891,442)	(1,623,008)
Operating loss		<u>(17,248,986)</u>	<u>(16,907,472)</u>	<u>(8,931,729)</u>	<u>(7,963,204)</u>
(Loss) / Profit on sale of Assets					
Stock & Spares		6,185,935	(153,959,871)	6,185,935	(153,959,871)
Other income	23	4,247,130	900,000	2,010,258	450,000
		<u>(6,815,921)</u>	<u>(169,967,343)</u>	<u>(735,537)</u>	<u>(153,509,871)</u>
Financial charges	24	(8,361)	-	(8,361)	-
Loss before taxation		<u>(6,824,282)</u>	<u>(169,967,343)</u>	<u>(743,898)</u>	<u>(153,509,871)</u>
Provision for taxation					
Loss after taxation		<u>(6,824,282)</u>	<u>(169,967,343)</u>	<u>(743,898)</u>	<u>(153,509,871)</u>
Other comprehensive income			-		-
Total comprehensive income		<u><u>(6,824,282)</u></u>	<u><u>(169,967,343)</u></u>	<u><u>(743,898)</u></u>	<u><u>(153,509,871)</u></u>
Loss per share - basic and diluted		(0.45)	(11.33)	(0.05)	(10.23)

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

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**CHIEF EXECUTIVE**

\_\_\_\_\_  
**DIRECTOR**

**S.G. FIBRE LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Issued subscribed and paid up capital	Capital reserve	Accumulated loss	Total
	----- R u p e e s -----			
Balance as at July 01, 2014	150,000,000	337,400,000	(645,934,619)	(158,534,619)
Loss for the half year ended December 31, 2014	-	-	(169,967,343)	(169,967,343)
<b>Balance as at December 31, 2014</b>	<b>150,000,000</b>	<b>337,400,000</b>	<b>(815,901,962)</b>	<b>(328,501,962)</b>
Balance as at July 01, 2015	150,000,000	337,400,000	(759,652,591)	(272,252,591)
Loss for the half year ended December 31, 2015	-	-	(6,824,282)	(6,824,282)
<b>Balance as at December 31, 2015</b>	<b>150,000,000</b>	<b>337,400,000</b>	<b>(766,476,873)</b>	<b>(279,076,873)</b>

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

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**CHIEF EXECUTIVE**

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**DIRECTOR**

**S.G. FIBRE LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Un-audited December 31, 2015	Un-audited December 31, 2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation		
Adjustment for:		
Depreciation		
Financial charges		
Less(Gain) on sale of fixed assets		
<b>(Increase) / decrease in current assets</b>		
Stock in trade		
Loans, advances and other receivables		
<b>Increase / (decrease) in current liabilities</b>		
Creditors, accrued and other liabilities		
<b>Cash out flow from operations</b>		
Financial charges paid		
<b>Net cash from operating activities</b>		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of fixed assets		
<b>Net cash used in investing activities</b>		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loan from directors		
<b>Net cash out flow from financing activities</b>		
<b>Net increase in cash and cash equivalents</b>		
<b>Cash and cash equivalents at the beginning of the period</b>		
<b>Cash and cash equivalents at the end of the period</b>		

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 YEAR ENDED DECEMBER 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. 13.334 million (December 31, 2012: Rs. 32.004 million) during half year ended and accumulated loss as at December 31, 2013 stood at Rs. 623.902 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. On December 22, 2011 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, 2013. Comparative figures of the balance sheet are extracted from the audited annual financial statements for the year ended June 30, 2013 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 December 31, 2012.

**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, 2013.

**3.1 Standards, amendments to published approved accounting standards and interpretations effective from July 01, 2013.**

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, 2013 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, 2013 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, 2013.

5. PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost				Rate %	Depreciation			Written-down value
	As on July 01, 2015	Addition / (disposal)	Revaluation Surplus / (Deficit)	As at Dec 31, 2015		As on July 01, 2015	For the year / (adjustment for disposal)	As at Dec 31, 2015	As at Dec 31, 2015
	-----Rupees-----					-----Rupees-----			Rupees
<b>Owned assets:</b>									
Leasehold land	363,818,485	-	-	363,818,485	-	-	-	-	363,818,485
Building on leasehold land	404,812,668	-	-	404,812,668	10%	173,441,442	11,568,561	185,010,003	219,802,665
Plant and machinery	50,785,688	(26,340,000)	-	24,445,688	5%	29,591,955	1,152,952 (14,500,934)	16,243,973	8,201,714
Factory equipment	21,324,720	-	-	21,324,720	10%	17,836,986	174,387	18,011,373	3,313,347
Office equipment	21,547,604	-	-	21,547,604	10%	18,032,578	175,751	18,208,329	3,339,275
Motor vehicles	13,035,155	-	-	13,035,155	20%	12,541,103	49,405	12,590,508	444,647
Furniture and fixtures	3,513,918	-	-	3,513,918	10%	3,013,138	25,039	3,038,177	475,741
Trolleys and fork lifters	4,242,562	-	-	4,242,562	10%	3,806,401	21,808	3,828,209	414,353
OTIS lifts	1,196,982	-	-	1,196,982	10%	1,088,855	5,406	1,094,261	102,721
<b>Total owned assets</b>	<b>884,277,782</b>			<b>857,937,782</b>		<b>259,352,458</b>	<b>13,173,310</b>	<b>258,024,834</b>	599,912,948
Disposal / deletion		<b>(26,340,000)</b>					<b>(14,500,934)</b>		

5.1 Depreciation charge for the year has been allocated as follows:

Cost of sales  
Administrative and selling expense

	2015 RUPEES	2014 RUPEES
	13,123,905	12,221,571
	49,405	94,964
	<b>13,173,310</b>	<b>12,316,535</b>

5.2 Disposal / deletion of fixed assets during the year with original cost or book value:

Particulars	Cost	Accumulating Depreciation	Revaluation Surplus / (Deficit)	Book Value	Sales Price	Gain (Loss) on Disposal	Mode of Disposal
Machine - Line 7	9,540,000	4,642,717	-	4,897,283	6,100,000	1,202,717	Negotiation M. Aslam
Steamer	5,000,000	2,909,398	-	2,090,602	2,100,000	9,398	Negotiation M. Aslam
Sizing Machine	9,800,000	5,907,300	-	3,892,700	7,400,000	3,507,300	Negotiation Mukhtar
Ducks and Pipes	1,000,000	459,640	-	540,360	1,500,000	959,640	Negotiation Mukhtar
Ducks and Pipes	1,000,000	581,880	-	418,120	925,000	506,880	Negotiation Mukhtar
	<b>26,340,000</b>	<b>14,500,934</b>	<b>-</b>	<b>11,839,066</b>	<b>18,025,000</b>	<b>6,185,935</b>	

5.3 During the period no assets were disposed-off to Chief Executive , Director, Executive or a Shareholder not less than ten percent of the voting shares of the Company or any related party.

Particulars	Cost	Rate %	Depreciation	Written-down value
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Particulars	As on July 01, 2014	Addition / (disposal)	As at Dec 31, 2014	Rate %	As on July 01, 2014	For the year / (adjustment for disposal)	As at Dec 31, 2014	As at Dec 31, 2014
	Rupees				Rupees		Rupees	
<b>Owned assets:</b>								
Leasehold land	64,893,485	-	64,893,485	-	-	-	-	64,893,485
Building on leasehold land	170,494,925	-	170,494,925	10%	147,733,528	1,138,070	148,871,598	21,623,327
Plant and machinery	1,153,160,337	(750,600,000)	402,560,337	5%	727,884,367	10,631,899 (583,285,130)	155,231,137	247,329,200
Factory equipment	21,324,720	-	21,324,720	10%	17,449,460	193,763	17,643,223	3,681,497
Office equipment	21,547,604	-	21,547,604	10%	17,642,020	195,279	17,837,299	3,710,305
Motor vehicles	13,035,155	-	13,035,155	20%	12,085,516	94,964	12,180,480	854,675
Furniture and fixtures	3,513,918	90,000	3,603,918	10%	2,957,496	32,321	2,989,817	614,101
Trolleys and fork lifters	4,242,562	-	4,242,562	10%	3,757,938	24,231	3,782,169	460,393
OTIS lifts	1,196,982	-	1,196,982	10%	1,076,840	6,007	1,082,847	114,135
<b>Total owned assets</b>	<b>1,453,409,688</b>		<b>702,899,688</b>		<b>930,587,164</b>	<b>12,316,535</b>	<b>359,618,569</b>	343,281,119
Disposal / deletion		<b>(750,510,000)</b>				<b>(583,285,130)</b>		

5.1 Depreciation charge for the year has been allocated as follows:

	2014 RUPEES	2013 RUPEES
Cost of sales	12,221,571	12,140,134
Administrative and selling expense	94,964	9,105
	<b>12,316,535</b>	<b>12,697,289</b>

5.2 Disposal / deletion of fixed assets during the year with original cost or book value:

Particulars	Cost	Accumulating Depreciation	Book Value	Sales Price	Gain (Loss) on Disposal	Mode of Disposal
Boiler	5,000,000	3,922,099	1,077,901	700,000	(377,901)	Negotiation Mr. Asim Ahmed
Lath, Drill, Cutter, Press Machines	4,400,000	3,455,589	944,411	500,000	(444,411)	Negotiation
Texturing Machine - (AIKI)	25,000,000	19,351,611	5,648,389	800,000	(4,848,389)	Negotiation
Draw Winder Machine	85,000,000	65,955,517	19,044,483	1,950,000	(17,094,483)	Negotiation
AHU Unit - Pipes and Ducks	180,000,000	139,670,506	40,329,494	3,250,000	(37,079,494)	Negotiation
RO Plant	70,000,000	54,382,206	15,617,794	650,000	(14,967,794)	Negotiation
Draw Winder Machine	80,000,000	62,151,092	17,848,908	780,000	(17,068,908)	Negotiation
AHU Unit - Pipes and Ducks	90,000,000	69,919,979	20,080,021	877,500	(19,202,521)	Negotiation
AHU Unit - Pipes and Ducks	120,000,000	93,452,574	26,547,426	2,242,500	(24,304,926)	Negotiation
Striping and Packing Machine	90,000,000	70,089,430	19,910,570	1,345,000	(18,565,570)	Negotiation
Air Whistle Tank	1,200,000	934,526	265,474	260,000	(5,474)	Negotiation
	<b>750,600,000</b>	<b>583,285,130</b>	<b>167,314,870</b>	<b>13,355,000</b>	<b>(153,959,871)</b>	

5.3 During the period no assets were disposed-off to Chief Executive, Director, Executive or a Shareholder not less than ten percent of the voting shares of the Company or any related party.



Particulars	Cost			Rate %	Depreciation			Written-down value
	As on July 01, 2013	Addition / (disposal)	As at Dec 31, 2013		As on July 01, 2013	For the year / (adjustment for disposal)	As at Dec 31, 2013	As at Dec 31, 2013
	-----Rupees-----				-----Rupees-----			Rupees
<b>Owned assets:</b>								
Leasehold land	64,893,485	-	64,893,485	-	-	-	-	64,893,485
Building on leasehold land	170,494,925	-	170,494,925	10%	145,204,484	1,264,522	146,469,006	24,025,919
Plant and machinery	1,247,613,217	(50,627,880)	1,196,985,337	5%	781,832,036	10,378,833 (38,281,269)	753,929,599	443,055,737
Factory equipment	21,324,720	-	21,324,720	10%	17,018,876	215,292	17,234,168	4,090,552
Office equipment	21,547,604	-	21,547,604	10%	17,208,066	216,977	17,425,043	4,122,561
Motor vehicles	14,348,155	(1,313,000)	13,035,155	20%	12,944,103	9,105 (1,212,135)	11,741,073	1,294,082
Furniture and fixtures	3,513,918	-	3,513,918	10%	2,895,671	30,912	2,926,583	587,335
Trolleys and fork lifters	4,242,562	-	4,242,562	10%	3,704,091	26,924	3,731,015	511,547
OTIS lifts	1,196,982	-	1,196,982	10%	1,063,491	6,675	1,070,166	126,816
<b>Total owned assets</b>	<b>1,549,175,568</b>		<b>1,497,234,688</b>		<b>981,870,817</b>	<b>12,149,239</b>	<b>954,526,652</b>	542,708,036
Disposal / deletion		<b>(51,940,880)</b>				<b>(39,493,404)</b>		

5.1 Depreciation charge for the year has been allocated as follows:

	2013 RUPEES	2012 RUPEES
Cost of sales	12,140,134	12,520,313
Administrative and selling expense	9,105	176,976
	<b>12,149,239</b>	<b>12,697,289</b>

5.2 Disposal / deletion of fixed assets during the year with original cost or book value:

Particulars	Cost	Accumulating Depreciation	Book Value	Sales Price	Gain (Loss) on Disposal	Mode of Disposal
Vehicle	945,000	880,060	64,940	500,000	435,060	Negotiation Mr. Asim Ahmed
Suzuki Mehran ( ADY 362 )	368,000	332,075	35,925	50,000	14,075	Sold through negotiation
Chillar Machine	32,113,492	24,766,412	7,347,080	7,250,000	(97,080)	Sold through negotiation
Comperassor Machine	7,556,423	5,296,910	2,259,513	2,100,000	(159,513)	Sold through negotiation
Pannels	4,452,463	3,936,663	515,800	450,000	(65,800)	Sold through negotiation
PMT	4,751,860	3,173,087	1,578,773	1,500,000	(78,773)	Sold through negotiation
Beamer	1,200,800	695,918	504,882	800,000	295,118	Sold through negotiation
Cables	552,842	412,279	140,563	250,000	109,437	Sold through negotiation
	<b>51,940,880</b>	<b>39,493,404</b>	<b>12,447,476</b>	<b>12,900,000</b>	<b>452,524</b>	

5.3 During the period no assets were disposed-off to Chief Executive , Director, Executive or a Shareholder not less then ten percent of the voting shares of the Company or any related party.

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

	December 31, 2015	June 30, 2015
	----- R u p e e s -----	
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>		
Opening written down value	624,925,325	522,490,450
Revaluation surplus / (deficit)	-	386,468,094
Deletion	(11,839,066)	(252,357,429)
Depreciation	(13,173,310)	(31,675,790)
Closing written down value	<u>599,912,949</u>	<u>624,925,325</u>
<b>7 STOCK IN TRADE</b>		
Raw material	-	-
Finished goods	-	-
	<u>-</u>	<u>-</u>
<b>8 LOANS, ADVANCES, PREPAYMENTS &amp; OTHER RECEIVABLES</b>		
Income tax refundable	9,903,094	9,903,094
Advance income tax	103,913	103,913
Margin - Letter of credit	150,000	150,000
Sales tax claim receivable	21,070,506	21,070,506
Other receivables	9,571,471	9,571,471
Less:provision for irrecoverable rent	-	(1,800,000)
Less:provision for doubtful debts	(3,459)	(3,459)
	<u>9,568,012</u>	<u>7,768,012</u>
	<u>40,795,525</u>	<u>38,995,525</u>
<b>9 CASH AND BANK BALANCES</b>		
Cash in hand	45	3,017
Cash with banks	5,105,093	712,245
	<u>5,105,138</u>	<u>715,262</u>
<b>10 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net</b>		
<b>Opening balance</b>	477,332,738	-
Surplus arisen on revaluation carried out during the year:		533,242,743
	<u>477,332,738</u>	<u>533,242,743</u>
<b>Less: Transferred to unappropriated profit on account of:</b>		
- incremental depreciation for the year	1,024,263	-
- inc realized on disposal of plant & machinery	-	-
	<u>1,024,263</u>	<u>-</u>
Related deferred tax of:		
- balance at beginning of the year	-	-
- surplus arising during the year	-	55,910,005
- incremental depreciation for the year	-	-
- balance at year end	-	55,910,005
Balance at end of the year	<u>477,332,738</u>	<u>477,332,738</u>
	<b>December 31,</b>	<b>June 30,</b>

2015                      2015  
----- Rupees -----

## 11 LONG TERM LOANS

Fibre Venture Capital Limited	11.1	-	302,316,902
Less: Current portion of long term loan		-	(60,463,381)
Less: Overdue amount of long term loan		-	(241,853,521)
		<u>-</u>	<u>-</u>

**10.1** Foreign currency loan from Fibre Venture Capital Limited has been obtained on non-interest basis. Re-payment was due from february 2012 and loan was to be repaid in equal installments over a period of five years. However, due to financial constraints the repayment of the same could not be made.

## 12 LOAN FROM DIRECTOR

Loan from directors	12.1	<u>205,994,064</u>	<u>217,994,064</u>
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**12.1** This represents interest free loan from sponsoring directors. Repayment terms have not yet been decided by the company.

## 13 CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors		1,923,072	2,798,072
Security deposit payable		3,158,600	1,652,700
Others		1,379,087	1,591,687
		6,460,759	6,042,459
Due to associated undertaking	13.1	<u>85,990,380</u>	<u>86,406,900</u>
		<u>92,451,139</u>	<u>92,449,359</u>

**13.1** These are unsecured and the late payment surcharge has been waived by the associated undertaking S.G. Power Limited.

## 14 INTEREST ON SHORT AND LONG TERM LOANS

		<u>-</u>	<u>10,654,243</u>
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This represent accrued interest on loans payable to S.G Power Limited.

## 15 CURRENT PORTION OF LONG TERM LOAN

Current portion of long term loan-Fibre Venture Capital Limited		-	60,463,381
Less: Reversal of Current portion of long term loan due to loan waiver		-	(60,463,381)
Current portion of long term loan payable to S.G Power Limited		<u>71,422,097</u>	<u>71,422,097</u>
		<u>71,422,097</u>	<u>71,422,097</u>

## 16 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, 2014: 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, 2014. (June 30, 2014: Nil)

**17 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.

	December 31, 2015	June 30, 2015
	----- R u p e e s -----	
<b>S.G. Power Limited - Associated undertaking</b>		
Rental income	900,000	1,800,000
Less: Irrecoverable rental income from associated undertaking	<u>(900,000)</u>	<u>(1,800,000)</u>
	<u>                    -</u>	<u>                    -</u>

The status of outstanding balances with associated undertaking S.G Power Limited is as under

Long term loan payable to S.G. Power Limited	71,422,097	71,422,097
Current portion of long term loan.		-

<u>71,422,097</u>	<u>71,422,097</u>
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**18 DATE OF AUTHORIZATION**

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

**19 GENERAL**

Figures have been rounded off to the nearest rupee.

\_\_\_\_\_  
**CHIEF EXECUTIVE**

\_\_\_\_\_  
**DIRECTOR**