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(MEMBER OF S.G. GROUP)
2013

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COMPANY /INFORMATION

Board of Directors

Mrs.Zubaida Khatoon	Chairperson
Mr. Sohail Ahmed	Chief Executive
Mr. Asim Ahmed	Director
Mrs.Ghazala Ahmed	Director
Mrs.Tania Asim	Director
Mr. Hidayat Ali Shar	Director (Nominated by NBP)
Mr. M. Khurram Khawaja	Director (Nominated by NBP)

AUDIT COMMITTEE

Mr. Sohail Ahmed	Chairman
Mr. Asim Ahmed	Member
Mrs. Ghazala Ahmed	Member

BANKERS

Summit Bank Limited

AUDITORS

M/S. Muniff Ziauddin & Co.
(Chartered Accountants)

SHARES REGISTRAR

Technology Trade Private Limited,
Dagia House, 241-C, Block-2,
PECHS, Shahra-e-Quaideen,
Karachi,

REGISTERED OFFICE

B-40, S.I.T.E., Karachi.



Notice of Annual General Meeting

Notice is hereby given that the 45th, Annual General Meeting of the Shareholders of M/s S.G. Fibre Limited will be held on October 31, 2013 at 8:30 a.m. at its registered office B-40, S.I.T.E., Karachi to transact the following business:

1. To confirm the minutes of 44th, Annual General Meeting held on October 30, 2012.
2. To receive, consider and adopt the audited accounts of the Company, for the year ended June 30, 2013 together with the Directors' and Auditors' report thereon.
3. To appoint the auditors for the year 2013-2014 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi: October 3, 2013

Sohail Ahmed
(Chief Executive)

Notes:

1. The shares Transfer Books of the Company will remain closed from October 25, 2013 to October 31, 2013 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. Proxies in order to be effective must reach at the Registered office of the Company not less than 48 hours before the time of the meeting.
3. Members are requested to notify any change in their addresses, if any, immediately to the Share Registered of the Company M/S Technology Trade (Private) Limited, Dagia House, 241-C, Block-2, PECHS, Karachi.
4. CDC Account Holders will further have to follow the guidelines as laid down in Circular 1 Dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.



DIRECTORS' REPORT

The Board of Directors of S. G. Fiber Limited (SGF) is pleased to present the 45th, Annual Report and Audited Financial Statement of the Company together with Auditor's Report for the year ended 30th June 2013. The Auditors have expressed their opinion for the year ended June 30, 2013. The directors would like to clarify their views on Auditors report as under:

- i) The Company owes Rs.170.278 million as mentioned in note 14, 15 and 16 to the financial statements to the associated company S. G .Power Ltd (SGP). The operations of the Company have been shut down since December 2006 temporarily due to adverse economic recession and unfavorable market conditions. The Company managed to obtain unsecured foreign currency loan of US \$ 4.979 million with no markup and paid off all the liabilities of its Banks and saved substantial financial expenses. Consequently, the management of your Company been successful in minimizing the business losses this critical recession. Moreover, payables to S. G. Power Ltd. are well secured because SGF has fixed assets of Rs. 567 million at book value. Hence, there is nothing to apprehend about the company's inability to settle its liabilities.

The Company has provided confirmation to its associated undertaking that the amount of Rs. 170.278 million is due from the Company and would be settled on priority basis once the operations recommence.

As per SECP order we were supposed to charge mark up on outstanding balance of receivables that should not be less than the borrowing cost of the Company. Since the Company has not borrowed any funds from any bank or financial institution, the mark-up accrued has been adequately charged. Therefore, the provision of section 208 Companies Ordinance 1984 is attracted.

- ii) The Company has suffered depreciation loss of Rs. 30.193 million during the year and the accumulated loss as at June 30, 2013 stood at Rs.610.568 million. The management desire to start the Company operation but it has no funds to renovate and replace plant and machinery with the new technology. The plant and machinery needs renovation and replacement with the new machinery.. The funds requirement is estimated at Rs.500 million which can be arranged by selling the old machinery and equipment and by arranging new loan on through financial institutions on normal rate of interest. Keeping in view the aforesaid trivia the management believed that there is no doubt over the company's ability to continue as a going concern in due course of time. Hence, in our view financial statement does not need any adjustment. At appropriate time a revival plan will be prepared and presented to Board of Directors and general body for approval and implementation.



- iii) Working and details for exchange losses has provided to Auditors for checking and observation. No observation has been made by them. The working is not required to be disclosed in the accounts.
- iv) The repayment of foreign loan was due in February 2012 which could not repaid due to financial constraint. Management of your Company is of the view that foreign currency loan amounting to Rs. 302.317 million and loan from directors amounting to Rs. 261.182 are recorded at historical cost which in its opinion is also the fair value.
- v) The related parties transaction, records and ledger are available for checking and verification at all time. There could have been some difficulties due to non-availability of staff at a particular time.
- vi) The management is of the view that the sales tax and income tax refunds will definitely be paid. Being Government refunds, these are not considered to be doubtful.

FINANCIAL RESULTS

The performance of your company during the year under review has not been satisfactory as the operation of the Company shut down since December 2006 due to adverse market condition

Following are financial figures:

	Rupees
Sales	-----
Cost of Sales	(26,272,571)
Gross Loss	(26,272,571)
Admin & selling Expenses	(8,715,154)
Financial Charges	(8,241)
Other Loss	(22,821,116)
Loss before taxation	(57,817,081)
Loss after taxation	(57,817,081)

FUTURE OUTLOOK

The management is hopeful that the economic and market conditions will improve in due course and our company will surmount its crisis and the production will recommence. Further, the present government has announced Textile Incentives which will definitely be helpful for revival of polyester yarn industry also. We hope and pray that our company will be back in production and on profit line.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE



In accordance with the requirement of the Code of Corporate Governance 2012 issued by the Securities and Exchange Commission of Pakistan, the Directors hereby confirm that:

- The Financial Statements for the year ended June 30, 2013 has been prepared by the management present fairly its state of affairs, the results of its operation, cash flow and change in equity.
- Proper books of accounts of the company have been maintained.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- There are no significant doubts upon the Company's ability to continue as a going concern, but due to adverse economic and recession the operation were shut down for the time being.
- The Company's system of internal control is sound in design and has been effectively implemented and continuously monitored.
- There has been no material departure from the best practice of code of corporate governance as detailed in the listing regulations.
- The Directors, CEO, CFO, Company Secretary and their spouse and minor children did not carry out any transaction in the shares of the company during the year.
- Key operating financial data for the last six years in summarized form is annexed.
- Compliance of code of corporate governance is annexed.

The Board has five meeting during the year. The attendance by each Director was as follows:

Name of Directors	No. of Meeting Attended
Mr. S.M. Ahmed	2
Mst. Zubaida Khatoon	5
Mst. Ghazala Ahmed	5
Mrs. Tania Asim	5
Mr. Sohail Ahmed	5
Mr. Asim Ahmed	3
Ms. Naheed Sultana	-
Mr. Akbar Hasan Khan	-
Mr. Hidayat Ali Shar	-

Leave of absence was granted to directors who could not attend some of the Board meetings.

CHANGE OF DIRECTORS

Mr. S. M. Ahmed sponsor Director, Chief Executive and Chairman of the Company expired on February 18, 2013. The Board appreciated his long association with Company and offered Fatiha for the departed soul and prayed that May Allah rest his soul in piece in the Haven. The Board welcome Mr. Asim Ahmed as Director of the Company.



AUDITORS

The present Auditors M/S Muniff Ziauddin & Co., Chartered Accountants, retires and being eligible, offers themselves for re-appointment. Audit Committee recommended for their re-appointment for the year ending June 30, 2014.

AUDIT COMMITTEE

The meetings of Audit Committee were held during the year ended June 30, 2013 as required by Code of Corporate Governance for review of quarterly accounts, annual accounts, and the related matters. The meeting was also attended by Chief Financial Officer and External Auditors as and when it is required:-

Mr. Sohail Ahmed	Chairman
Mr. Asim Ahmed	Member
Mrs. Ghazala Ahmed	Member

ACKNOWLEDGEMENT

The Directors of your company offer their sincere gratitude to the shareholders, institutions for their support and assistance. I also thank employees of the company for their dedication and hard work with hope to get the same cooperation in the future.

SHARE HOLDINGS

The pattern of Share holding as on June 30, 2013 is also annexed herewith.

On behalf of the Board of Directors

Sohail Ahmed
(Chief Executive)

Karachi October 3, 2013.

Key Operating and Financial Data of last six years of S.G. Fibre Limited

	2013	2012	2011	2010	2009	2008
Earning and Distribution						
Sales	-	-	-	-	-	-
Profit/(Loss) before Tax	(57,817,081)	(45,573,684)	(55,284,821)	(39,909,735)	(44,312,452)	(48,338,869)
Taxes	-	-	-	-	39,618,109	(103,930)
Net Earnings	(57,817,081)	(45,573,684)	(55,284,821)	(39,909,735)	(4,694,343)	(48,442,799)
Dividend	-	-	-	-	-	-
Retained in Business	(57,817,081)	(45,573,684)	(55,284,821)	(39,909,735)	(4,694,343)	(48,442,799)
Net Earning per share (Rs.)	(3.85)	(3.04)	(3.69)	(2.66)	(0.31)	(3.23)
Dividend Declared per Share (Rs.)	-	-	-	-	-	-
Break up value per share	(8.21)	(4.36)	(1.32)	2.37	5.02	5.34
Financial Position						
Share Capital	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
Capital & Revenue Reserve	(273,167,884)	(215,350,803)	(169,777,119)	(114,492,298)	(74,582,563)	(69,888,220)
Shareholders Equity	(123,167,884)	(65,350,803)	(19,777,119)	35,507,702	75,417,437	80,111,780
Long term loans and deferred liabilities	393,210,537	470,527,876	590,548,546	587,515,009	579,908,981	812,363,461
Total Capital Employed	270,042,653	405,177,073	570,771,427	623,022,711	655,326,418	892,475,241
Represented by						
Fixed Assets	567,304,752	638,149,754	670,899,262	705,804,302	743,027,349	782,835,894
Long term deposits and deferred costs	95,714	95,714	95,714	95,714	95,714	1,540,206
Net Current Assets	(297,357,813)	(233,068,389)	(100,223,556)	(82,877,305)	(87,796,645)	108,099,137
	270,042,653	405,177,079	570,771,420	623,022,711	655,326,418	892,475,237



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in regulation No. 37 chapter (xiii) of the Listing Regulations of Karachi and Islamabad Stock Exchange (GUARNTTEE) LIMITED for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

1. The Board encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. The Board comprises seven directors including CEO. At present the Board included 06 non-executive directors and 01 independent non-executive director.
2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in 0 payment of any loan to a banking company, a DFI or an NBFI and none of them being a member of a stock Exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies were immediately filled up in accordance with the requirement of Companies Ordinance, 1984 in the Board during the current year.
5. The Company has prepared a Statement of Ethics and Business Practice which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision statement and significant policies of the company while the Company is in the process of developing overall corporate strategy. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. The Board held five meetings during the year. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the A meetings were appropriately recorded and circulated.
9. The Director in the Board has adequate exposure of corporate matters and knowledge of laws and regulations applicable to Company and well versed of their duties and responsibilities.
10. The Board has approved appointment of Company Secretary and Chief Financial Officer including his remuneration and terms and conditions of employment, as determined by the CEO.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The CEO duly endorsed the financial statements of the Company before approval of the Board.
13. The directors, Chief Executive and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

15. The Board has formed an audit committee. It comprises 3 members including the Chairman all of them are non executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been determined and approved by the Board of Directors and advised to the committee for compliance.
17. The Board has set-up and effective internal audit function.
18. The Statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants(IFAC) guidelines in this regard.
19. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
21. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
22. We confirm that all material principals contained in the Code have been complied with.

On behalf of the Board of Directors

Karachi:

October 03, 2013.

Sohail Ahmed
(Chief Executive)



VISION STATEMENT

To be nationally & internationally recognized as trendsetter of polyester filament yarn. Producing and introducing new varieties of highly value added Products to our customers both in Pakistan & abroad.

MISSION STATEMENT

Our mission is to exceed the expectations of our customers in producing highest quality product.

With determination of greater returns to shareholders and good opportunities to employees. To make the company a high flyer of all times.

CORPORATE OBJECTIVES & DEVELOPMENT STRATEGY

From the beginning we have been producing exceptionally high quality products. Every time we introduced new varieties in the market which was followed by others later on.

Alhamdulillah we become the only exporter of polyester filament yarn from Pakistan. We wish to strive continuously to achieve higher levels of excellence by employing most Modern manufacturing technology Operational & Financial Management. To extend our maximum contribution to our beloved Country in almost all possible Fields specially to National exchequer.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE ON TRANSFER PRICING

The Company has fully complied with the best practice on Transfer Pricing as contained in the regulation No. 38 of the Karachi Stock Exchange (G) Limited.

On behalf of the Board of Directors

Sohail Ahmed
(Chief Executive)



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2013 prepared by the Board of Directors of **S.G. FIBRE LIMITED** to comply with the Listing Regulations of Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our Responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of Karachi Stock Exchange require the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, following observations were made.

- (a) We could not verify that;
- The Board has not made arrangements to carry out orientation courses on Code of Corporate Governance for its directors
 - Each director of the Company has National Tax Number (NTN) as required by the Code of Corporate Governance.
 - Audit committee meetings were properly held during the year as required by the Code of Corporate Governance.
 - HR & Remuneration committee was formed as required by the Code of Corporate Governance.



- Internal Audit function was formed as required by the Code of Corporate Governance.

Except as disclosed in Para (a), nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2013.

Karachi: October 3, 2013

CHARTERED ACCOUNTANTS
(Salim Sadruddin)



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **S. G. FIBRE LIMITED** as at June 30, 2013 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended on that date and we state that except for the matters described in paragraphs (i) to (vi) below we have obtained all the information and explanations to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

Except for the matters described in paragraphs (i) to (vi) below, we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- i. As disclosed in note 1.2 to the financial statements, the operations of the Company have been shut down completely due to adverse fiscal measures and unfavourable market conditions. The Company owes Rs. 170.278 million as at June 30, 2013 as mentioned in note 14, 15 and 16 to the financial statements to the associated company, S.G. Power Limited. Due to closure of operation the Company has not been able to repay 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 on the above amount as per direction of the SECP in earlier financial years could not be verified due to non-availability of proper working of the same. Further no mark-up has been provided in the current financial year against the above-mentioned outstanding liability.
- ii. As mentioned in note 1.2 to the financial statements, the Company has suffered a loss of Rs. 57.817 million during the year and the accumulated loss as at June 30, 2013 stood at Rs. 610.568 million. This condition along with the discontinuance of business operations as mentioned above, indicate the existence of material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. These financial statements do 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 statements regarding the financing plans under consideration of the management for the revival of the company.



- iii. Exchange loss of Rs. 194.410 million on foreign currency loan as shown in note 12 to the financial statements has not been provided in these financial statements.
- iv. The interest free foreign currency loan amounting to Rs. 302.317 million and interest free loan from directors amounting to Rs. 261.182 million (2012: Rs. 278.036 million) respectively are being shown at historical cost in contravention with the requirements of IAS-39 which require the same to be recorded at fair value or amortised cost as appropriate with an impact on income through profit and loss account.
- v. In the absence of complete details we are unable to identify all related parties transactions in these financial statements.
- vi. Sales tax and income tax refundable of Rs. 20.057 million (2012: Rs. 20.783 million) and Rs. 9.903 million (2012: Rs. 9.176 million) respectively is doubtful of recovery being pertaining to very old periods.
- (a) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) In our opinion:
- (i) Except for the effects of the matters referred to in paragraph (i) to (vi) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- (ii) the expenditure incurred during the year was for the purpose of the company's business; and
- (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) Due to the significance of the matters referred to in paragraphs (i) to (vi) above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan and, do not give the information required by the Companies Ordinance, 1984, in the manner so required. Further in our opinion such financial statements do not give a true and fair view of the state of the company's affairs as at June 30, 2013 and of the loss, its changes in equity and cash flows for the year then ended and
- (d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi: October 3, 2013

CHARTERED ACCOUNTANTS
(Salim Sadruddin)



**S.G. FIBRE LIMITED
BALANCE SHEET
AS AT JUNE 30, 2013**

	NOTES	2013 RUPEES	2012 RUPEES
NON-CURRENT ASSETS			
Property, plant and equipment	4	567,304,752	638,149,754
Long term deposits	5	95,714	95,714
CURRENT ASSETS			
Stores and spares	6	25,420,092	25,420,091
Stock - in - trade	7	200,444	1,959,032
Loans, advances, prepayments and other receivables	8	37,012,612	36,872,244
Cash and bank balances	9	427,270	8,835
		63,060,418	64,260,202
		<u>630,460,884</u>	<u>702,505,669</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	10	150,000,000	150,000,000
Share premium		337,400,000	337,400,000
Accumulated loss		(610,567,884)	(552,750,803)
		(123,167,884)	(65,350,803)
NON-CURRENT LIABILITIES			
Deferred liabilities	11	11,102,213	11,102,213
Long term loan	12	120,926,760	181,390,141
Loan from directors	13	261,181,564	278,035,522
		393,210,537	470,527,876
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	14	96,951,749	94,325,489
Interest on short term and long term loan	15	10,654,243	10,654,243
Current portion of long term loan	16	131,885,478	192,348,858
Overdue amount of long term loan	16	120,926,761	-
		360,418,231	297,328,590
CONTINGENCIES AND COMMITMENTS			
	17	-	-
		<u>630,460,884</u>	<u>702,505,669</u>

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

Chief Executive

Director



**S.G. FIBRE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013**

	NOTES	2013 RUPEES	2012 RUPEES
Sales	18	-	-
Cost of sales	19	(26,272,571)	(35,097,148)
Gross loss		(26,272,571)	(35,097,148)
Administrative and selling expenses	20	(8,715,154)	(13,976,784)
Operating loss		(34,987,725)	(49,073,932)
Other income	21	(22,821,116)	3,501,686
		(57,808,840)	(45,572,246)
Financial charges	22	(8,241)	(1,438)
Provision for doubtful debts		-	-
		(8,241)	(1,438)
Loss before taxation		(57,817,081)	(45,573,684)
Provision for taxation		-	-
-Current		-	-
-Deferred		-	-
		-	-
Loss after taxation		(57,817,081)	(45,573,684)
Other comprehensive income		-	-
Total comprehensive income		(57,817,081)	(45,573,684)
Loss per share - basic and diluted	23	(3.85)	(3.04)

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

Chief Executive

Director.



**S.G. FIBRE LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013**

	2013 RUPEES	2012 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before taxation	(57,817,081)	(45,573,684)
Adjustment for:		
-Depreciation	30,192,670	32,433,638
-Loss/(Gain) on sale of fixed assets	23,080,234	(1,236,966)
-Loss on revaluation on stores and spares	1,540,882	12,853,356
-Finance charges	8,241	1,438
	54,822,027	44,051,466
	(2,995,055)	(1,522,218)
(Increase) / decrease in current assets		
Stores and spares	-	-
Stock - in - trade	217,705	14,780
Trade debts	-	-
Loans, advances, prepayments and other receivables	(140,375)	1,507,131
	77,330	1,521,911
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	2,626,260	(3,058,274)
Finance charges paid	(8,241)	(1,438)
Net cash generated from operating activities	(299,706)	(3,060,019)
CASH FLOW FROM INVESTING ACTIVITIES		
Sale proceeds from disposal of fixed assets	17,572,100	1,552,836
Long term deposits	-	-
Net cash used in investing activities	17,572,100	1,552,836
CASH FLOW FROM FINANCING ACTIVITIES		
Loans from directors	(16,853,958)	906,091
Net cash from financing activities	(16,853,958)	906,091
Net increase / (decrease) in cash and cash equivalent	418,435	(601,084)
Cash and cash equivalent at the beginning of the year	8,835	609,919
Cash and cash equivalent at the end of the year	427,270	8,835

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

Chief Executive

Director



**S.G. FIBRE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013**

	Issued, subscribed and paid-up capital	Capital reserve	Accumulated loss	Total
	-----Rupees-----			
Balance as at July 01, 2011	150,000,000	337,400,000	(507,177,119)	(19,777,119)
Loss for the year ended June 30, 2012	-	-	(45,573,684)	(45,573,684)
Balance as at July 01, 2012	150,000,000	337,400,000	(552,750,803)	(65,350,803)
Loss for the year ended June 30, 2013	-	-	(57,817,081)	(57,817,081)
Balance as at June 30, 2013	150,000,000	337,400,000	(610,567,884)	(123,167,884)

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

Chief Executive

150,000,000	(150,000,000)
888,097	(888,097)
(601,084)	(601,084)
8,838	(8,838)
8,935	(8,935)

Director



S.G. FIBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2013

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. 57.82 million during the year (2012: 45.57 million) and accumulated loss as at June 30, 2013 stood at Rs. 610.57 million (2012: 552.75 million). 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 as of December 2006 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. In the meanwhile the Management has decided to resume its operation in two phases, in first phase to run the twisting machines and produce commodity yarns, and in second phase to start the line-7 and producing both commodity and specialty yarns.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial reporting Standards (IFRS) issued by the International Accounting Standards board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for measurement of held-for-trading investment which are stated at fair value.

2.3 Accrual basis of accounting

These financial statements are prepared under accrual basis of accounting except cash flow statement which is prepared under cash basis of accounting.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in the estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting

2.5 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is the company's functional currency.



2.6 INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR AN INTERPRETATION TO EXISTING STANDARDS

2.6.1 Amendments to published standards effective in the current year

Certain amendments to approved accounting standards are effective for accounting periods beginning on July 1, 2012 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.6.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to published standards are not effective (although available for early adoption) for the financial year beginning on or after July 1, 2012 and have not been early adopted by the Company:

- (a) Annual improvements to IFRSs 2011 are applicable on accounting periods beginning on or after January 1, 2013. This set of amendments includes changes to five standards: IFRS 1, 'First time adoption', IAS 1, 'Financial statement presentation', IAS 16, 'Property, plant and equipment', IAS 32, 'Financial instruments; Presentation' and IAS 34, 'Interim financial reporting'. The application of these amendments have no material impact on the Company's financial statements.
- (b) IFRS 7 (Amendments), 'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2013. The amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The Company shall apply these amendments from July 1, 2013 and does not expect to have a material impact on its financial statements.
- (c) IFRS 9 - 'Financial instruments - classification and measurement'. This is applicable on accounting periods beginning on or after January 1, 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives.
The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The Company shall apply this standard from July 1, 2015 and does not expect to have a material impact on its financial statements.
- (d) IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after January 1, 2013. These amendments shall eliminate the corridor approach and calculate finance cost on a net funding basis. The Company shall apply these amendments from July 1, 2013 and its impact on retained earnings shall be Rs.8.092 million due to recognition of current unrealised actuarial losses on its defined benefit plans.
There are other new accounting standards, amendments to approved accounting standards and interpretations that are mandatory for future years. However they are not considered relevant to the Company and therefore are not expected to materially affect the financial statements of the Company for accounting periods on the dates prescribed therein.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Tangible assets

Fixed assets are stated at cost less accumulated depreciation except leasehold land which is stated at cost. Depreciation is charged to income applying the reducing balance method without considering extra shift worked.

Depreciation on additions is charged for the full month in which an asset is put to use and on disposals up to the month immediately preceding the disposals.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Profit or loss on disposal on fixed assets is recognized in income currently.

3.2 Intangible assets

Computer software licenses acquired are capitalized on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life of five years using the diminishing balance method.

3.3 Capital work-in-progress

Capital work-in-progress is stated at cost. It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use.

3.4 Stores and spares

Stores and spares excluding items in transit are valued at lower of average cost or net realizable value.

Provision is made for slow moving and obsolete items. Net realizable value signifies the estimated selling price in the ordinary course of businesses less estimated cost of completion and estimated cost necessary to make the sale.

Item in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulation to the balance sheet date.

3.5 Stock-in-trade

Stock of raw and packing materials, except those in transit, and semi-processed and finished goods are valued at the lower of moving average cost and net realizable value. Average cost in relation to finished goods represent prime cost and appropriate portion of manufacturing expenses and excise duty paid thereon. Semi-processed goods are valued at direct cost only. Items in-transit are stated at cost comprising invoice values plus other charges paid thereon to the balance sheet data. Net realizable value is determine on the basis of estimated selling price of the product in the ordinary course of business less cost necessarily to be incurred for its sale.

3.6 Trade debts

These are recognized and carried at original invoice amount less an allowance for uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Debts considered irrecoverable are written-off.

3.7 Cash and cash equivalent

Cash and cash equivalents are carried in the balance sheet at cost. For cash flow statement, cash and cash equivalents comprise cash in hand, deposit held with banks and outstanding balance of running finance facilities availed by the company.

3.8 Impairment of assets

Where indications exist that the carrying amount of an asset is greater than it's estimated recoverable amount it is written down immediately to its recoverable amount.

3.9 Assets under finance lease

The company accounts for fixed assets acquired under finance leases by recording the assets and the related liability. These amounts are determined on the basis of the discounted value of minimum lease payments. Financial charges in respect of leases entered into are allocated in a manner so as to produce a constant periodic rate of change on the outstanding liability. Depreciation is charged to income applying the diminishing balance method at the rate stated in respective note to the financial statements.



3.10 Financial liabilities

Financial liabilities are classified according to the substances of the contractual agreement entered into. Significant financial liabilities are loans, short-term finances, running finance, deposits, creditors, accrued and other liabilities. All financial liabilities are initially recognized at cost, which is the fair value of the consideration received at initial recognition. After initial recognition financial liabilities held for trading are carried at fair value and all other financial liabilities are measured at amortized cost.

3.11 Compensated absences

The company accounts for these benefits in the period in which the absences are earned.

3.12 Taxation

Current

Provision for current taxation is based on taxable income at the rate of taxation after taking into account tax credit and tax rebate available, if any, or minimum tax 0.5 percent of turnover, whichever is higher.

Deferred

Deferred tax is provided using liability method providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or estimating of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. Deferred tax asset is recognized only to the extent it is probable that future taxable profit will be available and the credits can be utilized.

3.13 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all employees. Provision is made annually based on management's estimates which are adjusted periodically to agree with actuarial estimates. The actuarial valuation is normally carried out once in every three years. Actuarial gains and losses are recognized on a straight line basis over a period of 3 years. Since the Company's operations have been shut down, there was no employee in service during the period and the amount payable to employees has been determined, there is no actuarial issue involved. The Project Unit Credit Method of valuation was used to generate actuarial values. Principal actuarial assumptions consisted of the following:

Rate of discount	9%
Expected rate of increment of salary	8%
Expected retirement age	60 years

3.14 Revenue recognition

Sales are recorded on dispatch of goods to customers. Other income is accounted for on accrual basis.

3.15 Foreign exchange translation

Transactions in foreign currencies are recorded at the rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange ruling on the balance sheet date except foreign exchange forward contracts which are recorded at contractual rates.

3.16 Borrowing cost

All borrowing costs are capitalized up to the date of commissioning of the respected assets acquired out of the proceeds of such borrowing. All other borrowing costs are charged to income.

3.17 Related party transactions and transfer pricing

Transactions with related parties are stated at arm's length prices determined in accordance with the methods prescribed under the Companies Ordinance, 1984. Administrative expenses are apportioned on cost basis whereas store and spares are sold at average

3.18 Provisions, contingent assets and contingent liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate

Contingent assets are not recognized and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits are remote.

3.19 Dividends and appropriation to general reserve

Dividends and appropriation to general reserves are recognized in the financial statements in the period in which these are approved.

4. PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost			Rate %	Depreciation			Written-down value
	As on July 01, 2012	Addition / (disposal)	As at June 30, 2013		As on July 01, 2012	For the year / (adjustment for disposal)	As at June 30, 2013	As at June 30, 2013
	-----Rupees-----				-----Rupees-----			Rupees
Owned assets:								
Leasehold land	64,893,485	-	64,893,485	-	-	-	-	64,893,485
Building on leasehold land	170,494,925	-	170,494,925	10%	142,394,435	2,810,049	145,204,484	25,290,441
Plant and machinery	1,507,894,985	(260,281,768)	1,247,613,217	5%	975,548,515	25,925,119	781,832,036	465,781,181
Factory equipment	21,324,720	-	21,324,720	10%	16,540,449	(219,641,598)	17,018,876	4,305,844
Office equipment	21,547,604	-	21,547,604	10%	16,725,895	478,427	17,208,066	4,339,538
Motor vehicles	14,845,995	(497,840)	14,348,155	20%	13,076,232	353,547	12,944,103	1,404,052
						(485,676)		
Furniture and fixtures	3,513,918	-	3,513,918	10%	2,826,977	68,694	2,895,671	618,247
Trolleys and fork lifters	4,242,562	-	4,242,562	10%	3,644,261	59,830	3,704,091	538,471
OTIS lifts	1,196,982	-	1,196,982	10%	1,048,659	14,832	1,063,491	133,491
Total owned assets	1,809,955,176		1,549,175,568		1,171,805,422	30,192,670	981,870,817	567,304,752
Disposal / deletion		(260,779,608)				(220,127,274)		

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

Cost of sales
Administrative and selling expenses

	2013 RUPEES	2012 RUPEES
Cost of sales	25,925,119	27,712,000
Administrative and selling expenses	4,267,551	4,721,638
Total	30,192,670	32,433,637

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

Particulars	Cost	Accumulating Depreciation	Book Value	sale price	Gain/ (Loss) on Disposal	Mode of Disposal	Purchaser
Vehicles	497,840	485,676	12,164	200,000	187,836	Negotiation	Ms. Sidra Ansari Karachi
Texturising Machine No 02	54,936,023	44,032,481	10,903,542	1,110,000	(9,793,542)	Tender	Mohammed Aslam Karachi
Compressor Machine No.06	1,492,244	1,189,378	302,867	915,600	612,733	Tender	Mohammed Aslam Karachi
D.W.Zinger Machine No.03	41,801,664	34,080,504	7,721,159	820,000	(6,901,159)	Tender	Mohammed Aslam Karachi
Chillar Machine No.03	11,584,103	9,299,512	2,284,592	961,500	(1,323,092)	Tender	Mohammed Aslam Karachi
Spinning Machine No. 3	124,328,124	107,330,006	16,998,118	5,200,000	(11,798,118)	Tender	Mukhtar Khan Karachi
Cooling Tower & Panel No.1	575,021	525,636	49,385	565,000	515,615	Tender	Mohammed Aslam Karachi
Spinning Machine No. 1	11,054,009	10,334,993	719,016	3,900,000	3,180,984	Tender	Mohammed Aslam Karachi
Twisting Machine No. 15	14,510,580	12,849,089	1,661,491	3,900,000	2,238,509	Tender	Mohammed Aslam Karachi
Total	260,779,608	220,127,274	40,652,334	17,572,100	(23,080,234)		

4.3 During the year 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.

PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost			Rate %	Depreciation			Written-down value
	As on July 01, 2011	Addition / (disposal)	As at June 30, 2012		As on July 01, 2011	For the year / (adjustment for disposal)	As at June 30, 2012	As at June 30, 2012
	-----Rupees-----				-----Rupees-----			Rupees
Owned assets:								
Leasehold land	64,893,485	-	64,893,485	-	-	-	-	64,893,485
Building on leasehold land	170,494,925	-	170,494,925	10%	139,272,158	3,122,277	142,394,435	28,100,490
Plant and machinery	1,513,986,105	(6,091,120)	1,507,894,985	5%	953,654,983	27,712,000 (5,818,468)	975,548,515	532,346,470
Factory equipment	21,324,720	-	21,324,720	10%	16,008,863	531,586	16,540,449	4,784,271
Office equipment	21,547,604	-	21,547,604	10%	16,190,150	535,745	16,725,895	4,821,709
Motor vehicles	15,167,995	(322,000)	14,845,995	20%	12,982,269	372,745 (278,782)	13,076,232	1,769,763
Furniture and fixtures	3,513,918	-	3,513,918	10%	2,750,650	76,327	2,826,977	686,941
Trollies and fork lifters	4,242,562	-	4,242,562	10%	3,577,783	66,478	3,644,261	598,301
OTIS lifts	1,196,982	-	1,196,982	10%	1,032,179	16,480	1,048,659	148,323
Total owned assets	1,816,368,296		1,809,955,176		1,145,469,035	32,433,638	1,171,805,422	638,149,754
Disposal / deletion		(6,413,120)				(6,097,250)		

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Depreciation charge for the year has been allocated as follows:

Cost of sales
Administrative and selling expenses

	2012 RUPEES	2011 RUPEES
Cost of sales	27,712,000	29,491,112
Administrative and selling expenses	4,721,638	5,378,535
	32,433,638	34,869,647

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

Particulars	Cost	Accumulating Depreciation	Book Value	Sales Price	Gain on Disposal	Mode of Disposal
Vehicles	322,000	278,782	43,218	75,000	31,782	Sold through negotiation
Texturing machine	4,602,761	4,399,348	203,414	615,086	411,672	
Boiler Standard Kassld West Germany	1,488,359	1,419,120	69,238	862,750	793,512	
	6,413,120	6,097,250	315,870	1,552,836	1,236,966	

During the year 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.



	NOTES	2013 RUPEES	2012 RUPEES
5. LONG TERM DEPOSITS			
Security deposits		95,714	95,714
		<u>95,714</u>	<u>95,714</u>
6. STORES AND SPARES			
Stores		986,704	986,703
Spares		24,433,388	24,433,388
		<u>25,420,092</u>	<u>25,420,091</u>
7. STOCK - IN - TRADE			
Raw materials		200,444	1,731,723
Finished goods		-	227,309
		<u>200,444</u>	<u>1,959,032</u>
8. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Loans:			
Loan to employees		35,000	-
Less: provision for doubtful debts		-	-
		<u>35,000</u>	<u>-</u>
Advances - considered good:			
Income tax refundable		9,903,094	9,176,218
		<u>-</u>	<u>-</u>
Prepayments:			
Other receivables:			
Margin - letter of credit		150,000	150,000
Sales tax claims receivable		20,056,506	20,783,389
		<u>20,206,506</u>	<u>20,933,389</u>
Others	8.1	6,871,471	6,766,096
Less: provision for doubtful debts		(3,459)	(3,459)
		<u>6,868,012</u>	<u>6,762,637</u>
		<u>27,074,518</u>	<u>27,696,026</u>
		<u>37,012,612</u>	<u>36,872,244</u>
8.1 This includes receivables from S.G. Power Limited on account of rent and utilities amounting to Rs 6.750 million. However as disclosed in note 14,15,and 16 a sum of Rs.170.278 million is payable to S.G Power Limited.			
9. CASH AND BANK BALANCES			
Cash in hand		729	175
Cash with banks - current account		426,541	8,660
		<u>427,270</u>	<u>8,835</u>
10. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
5,200,000 Ordinary shares of Rs. 10 each fully paid in cash		52,000,000	52,000,000
5,415,610 Ordinary shares of Rs. 10 each as fully paid bonus shares		54,156,100	54,156,100
2,384,390 Ordinary shares of Rs. 10 each as fully paid right shares		23,843,900	23,843,900
2,000,000 Ordinary shares of Rs. 10 each fully paid in cash (foreign placement)		20,000,000	20,000,000
		<u>150,000,000</u>	<u>150,000,000</u>



	NOTES	2013 RUPEES	2012 RUPEES
11. DEFERRED LIABILITIES			
Provision for gratuity	11.1	5,363,785	5,363,785
Deferred Karachi Electric Supply Corporation bill	11.2	5,738,428	5,738,428
		<u>11,102,213</u>	<u>11,102,213</u>
11.1 The break-up of amount recognized as liability in the balance sheet is as follows:			
Reconciliation of the recognized liability with the last year figure is as follows:			
Liability as on June 30, 2012		5,363,785	5,363,785
Provision for the year		-	-
Actuarial loss recognized during the year		-	-
Excess of book provision over transitional liability recognized		-	-
Charge for the year reported as salaries and benefits		-	-
		<u>5,363,785</u>	<u>5,363,785</u>
Benefits paid during the year		-	-
Liability as on June 30, 2013		<u>5,363,785</u>	<u>5,363,785</u>
11.2 This represents the difference between the expected liability of KESC bills to be finally settled and payment made by the Company for the period from Oct, 1988 to Nov, 1990 due to excess billing. The petition filed by the company was decided by the Electrical Inspector, Government of Sindh Karachi region allowing a relief of Rs.4,785,376 to the Company but decision has been appealed before the Secretary Irrigation and Power, Government of Sindh by both the parties. Judgment on appeal is still awaited and the company expects a further relief of Rs. 7,690,996.			
11.3 Taxable Temporary Differences			
Fixed Assets		163,436,766	159,294,683
Deferred tax assets on gratuity		(1,877,325)	(1,877,325)
		<u>161,559,441</u>	<u>157,417,358</u>
Less: Tax Losses		(725,697,006)	(653,750,743)
		<u>(564,137,566)</u>	<u>(496,333,385)</u>
Deferred tax asset has not been recognized as management is of the view that future earnings to the extent of such asset may not be available.			
12. LONG TERM LOAN			
Fibre Venture Capital Limited		302,316,902	302,316,902
Less: Current portion of long term loan	12.1	(60,463,381)	(120,926,761)
Less: Overdue amount of long term loan		(120,926,761)	
		<u>120,926,760</u>	<u>181,390,141</u>
12.1 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.			
13. LOAN FORM DIRECTORS			
This represents interest free loan from sponsoring directors. Repayment terms have not yet been decided by the Company.			
14. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors		6,323,074	1,293,072
Taxes payables		-	-
Others		2,426,491	2,896,173
		<u>8,749,565</u>	<u>4,189,245</u>
Due to associated undertaking	14.1	88,202,184	90,136,244
		<u>96,951,749</u>	<u>94,325,489</u>
14.1 These are unsecured and the late payment surcharge has been waived by the associated undertaking S.G. Power Limited.			
15. INTEREST ON SHORT TERM AND LONG TERM LOAN			
Accrued interest on long term loan payable to S.G. Power Limited		10,654,243	10,654,243
16. CURRENT PORTION OF LONG TERM LOANS			
Long term loan payable to S.G. Power Limited		71,422,097	71,422,097
Current portion of long term loan		60,463,381	120,926,761
		<u>131,885,478</u>	<u>192,348,858</u>



17. CONTINGENCIES AND COMMITMENTS

(i) Legal claim filed against the Company from suppliers were not acknowledged as debts amounting to Rs.0.418 million (2012: 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 October 21, 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 under the Payment of Wages Act, West Division, Karachi u/s 15 of the PW Act, 1936.

(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 Customes Appellate Tribunal, Bench, Karachi.

One appeal filled against the order of the Custom Appellate Tribunal before the High Court of Sind at Karachi for refund of sales tax along with additional tax that was deposited by the company under protest with Custom and Salestax appellate tribunal. In this metter summons have been reserved upon the respondents and as such the service held good. the metter is pending for regular hearing.

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.

	NOTES	2013 RUPEES	2012 RUPEES
18. SALES			
Local		-	-
Export		-	-
Less: Sales Tax		-	-
19. COST OF SALES			
Electricity, gas, steam and water		347,452	350,260
Depreciation expense		25,925,119	21,893,532
		26,272,571	22,243,792
Write off of Stores		-	10,894,325
Write off of stock-in-trade		-	1,959,031
			12,853,356
		26,272,571	35,097,148



	NOTES	2013 RUPEES	2012 RUPEES
20. ADMINISTRATIVE AND SELLING EXPENSES			
Directors' remuneration and amenities		2,406,055	1,861,940
Salaries, allowances and benefits		21,949	15,942
Entertainment		56,542	93,800
Advertisement expense		29,260	74,069
Generator Fuel		15,821	85,728
Generator Repairment		-	8,262
Mutual Security Services		555,495	21,665
Repairs and maintenance		592,800	323,977
Rent, rates and taxes		4,267,551	10,540,106
Depreciation expense		440,500	541,000
Legal and professional		-	-
Fees, subscriptions, newspapers and periodicals		185,000	185,000
Auditor's remuneration	20.1	11,494	-
Utilities		28,180	34,447
Printing & Stationery		14,213	13,664
Conveyance		11,628	3,020
Postage and Shipping		18,666	17,850
Telephone and Fax		60,000	-
Travelling Expenses		-	-
Others		-	3,000
Write off Loan to Staff		-	153,314
Write off prepayments		-	-
		<u>8,715,154</u>	<u>13,976,784</u>
20.1 Auditor's remuneration		75,000	75,000
Audit fee		70,000	70,000
Tax consultancy services		40,000	40,000
Review fee		-	-
		<u>185,000</u>	<u>185,000</u>
21. OTHER INCOME			
Rental income		1,800,000	1,800,000
(Loss)/ Gain on sale of Stock & Materials		(1,540,882)	1,669,904
(Loss)/ Gain on sale of Fixed Assets		(23,080,234)	31,782
		<u>(22,821,116)</u>	<u>3,501,686</u>
22. FINANCIAL CHARGES			
Bank charges and commission		8,241	1,438
23. EARNINGS PER SHARE			
23.1 Basic earnings per share			
Loss after taxation - rupees		(57,817,081)	(45,573,634)
Weighted average number of shares		15,000,000	15,000,000
Loss per share - rupees		<u>(3.85)</u>	<u>(3.04)</u>
23.1 Diluted earnings per share			
There is no dilution effect on the basic earnings per share of the company as there are no such commitments.			
24. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS			
Transaction with associated undertakings are as follows:			
S.G. Power Limited:			
Payment of SUI gas bill		-	-
Repayment of liability		-	-
Rental income		1,800,000	1,800,000
		<u>1,800,000</u>	<u>1,800,000</u>
25. RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT			
The company had sustained losses during the financial year due to that no provision for income tax is required for the year.			
26. CAPACITY AND PRODUCTION			
Capacity		10,500	10,500
Actual production		-	-
		<u>-</u>	<u>-</u>

* The capacity is based on 75 Deniers.



27. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2013	2012	2013	2012	2013	2012
Remuneration	-	-	-	-	-	-
House Rent	-	-	-	-	-	-
Retirement Benefits	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Number of persons	1	1	2	2	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

28. CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns to stakeholders through the optimization of the debt and equity balance.

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives

The company's activities expose it to certain financial risks. Such financial risks emanate from various factors that

29.1 Credit risk

Credit risk represents the risk of loss that would be recognized at the reporting date if counter parties failed to perform as

	2013 RUPEES	2012 RUPEES
Loans, advances, prepayments and other receivables	37,012,612	36,872,237
Cash and bank balances	427,270	8,835
	37,439,882	36,881,072

29.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will

29.2.1 Currency risk

The Company is exposed to currency risk on long term loan that are denominated in a currency other than the respective

	2013 RUPEES	2012 RUPEES
Long term loan and current maturity	181,390,141	302,316,902
Balance sheet exposure	181,390,141	302,316,902

The following significant exchange rates applied during the year:

	2013 Average rates	2012 Average rates	2013 At balance sheet rates	2012 At balance sheet rates
US Dollar to PKR	98.4	90.23	99.67	94.20

29.2.2 Interest rate risk

Interest rate risk represents the risk that the future cash flows of a financial instrument will fluctuate because of changes

29.3 Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Following are the carrying amount and maturities of the Company's financial liabilities.



	2013		
	-----Rupees-----		
	Carrying amount	Upto one year	After one year
Long term loan	120,926,760	-	120,926,760
Loan from directors	261,181,564	-	261,181,564
Creditors, accrued and other liabilities	96,951,749	96,951,749	-
Current portion of long term loan	131,885,478	131,885,478	-
Interest on short term and long term loan	10,654,243	10,654,243	-
Overdue amount of long term loan	120,926,761	120,926,761	-
	<u>742,526,555</u>	<u>360,418,231</u>	<u>382,108,324</u>

	2012		
	-----Rupees-----		
	Carrying amount	Upto one year	After one year
Long term loan	181,390,141	-	181,390,141
Loan from directors	278,035,522	-	278,035,522
Creditors, accrued and other liabilities	94,325,489	94,325,489	-
Current portion of long term loan	192,348,858	192,348,858	-
Interest on short term and long term loan	10,654,243	10,654,243	-
	<u>756,754,253</u>	<u>297,328,590</u>	<u>459,425,663</u>

29.4 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

- | | | |
|-------------------------------------|---|------|
| | 2013 | 2012 |
| 30. NUMBER OF EMPLOYEES | 20 | 20 |
| Number of employees at the year-end | | |
| 31. DATE OF AUTHORIZATION | These financial statements were authorized for issue on October 3, 2013 by the Board of Directors of the Company. | |
| 32. GENERAL | Figures have been rounded off to the nearest rupee. | |

Chief Executive

Director



NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

Number of Shareholders	Shareholdings		Total Shares held
	From	To	
1	101	500	500
1	785001	790000	788,800
2	1305001	1310000	2,613,000
3	2610001	2615000	7,842,800
1	3750001	3755000	3,754,900
8			15,000,000

Categories of Shareholder	Numbers	Shares held	Percentage
Directors, CEO, Their Spouses & Minor Children	5	9,150,150	61.00
Financial Institutions	2	4,543,700	30.29
Individuals	1	1,306,150	8.71
Total	8	15,000,000	100.00



NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

DETAILS OF CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2013

	No. of Shareholders	Shares held
Financial Institutions		
National Bank of Pakistan		3,754,900
Allied Bank of Pakistan		788,800
	2	4,543,700
DIRECTORS, CEO, THEIR SPOUSES & MINOR CHILDREN		
Mst. Zubaida Khatoon		2,614,000
Mr. Sohail Ahmed		2,614,400
Mr. Asim Ahmed		2,614,400
Mst. Ghazala Ahmed		1,306,850
Mrs. Tania Asim		500
	5	9,150,150
Individuals	1	1,306,150
GRAND TOTAL	8	15,000,000

Shareholders Holding 10% or More Voting Interest in the Company
As at June 30, 2013

	Shares Held	Percentage
Directors, CEO, Their Spouse & Minor Children		
Mst. Zubaida Khatoon	2,614,000	17.43
Mr. Sohail Ahmed	2,614,400	17.43
Mr. Asim Ahmed	2,614,400	17.43
Financial Institution		
National Bank of Pakistan	3,754,900	25.03



FORM OF PROXY

The Secretary
S.G. FIBRE Limited,
B-40, S.I.T.E.,
Karachi.

I/We _____ of _____ being a member of **S.G. FIBRE LIMITED**, and holder
Of _____ Ordinary shares hereby appoint _____ of
_____ as _____ me/our proxy to attend and vote for me/our behalf at
the 45th Annual General Meeting of the Company to be held on **Thursday the October 31 2013** 8:30a.m and at
Any adjournment thereof;

In witness my/our hand seal this _____ day of _____ 2013

Signed by _____

Please affix
Rs. 5/-
Revenue
Stamp

In the presence of _____ Signature of Member _____

Folio No. _____

IMPORTANT

1. This proxy form duly completed and signed, must be received at the Registered Office of the Company, B-40, S.I.T.E., Karachi, not less than 48 hours before the time of holding the meeting and must be duly signed and witnessed.
2. A Proxy need not be a member of the Company.
3. If a member appoint more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities::

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
2. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
3. The proxy shall produce his/her original passport at the time of the meeting.
4. In case of Government of Pakistan, State Bank of Pakistan, Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the compan



**AFFIX
CORRECT
POSTAGE**

**The Company Secretary
S.G. Fibre Limited
B-40, S.I.T.E.
Karachi**

Please affix
Rs. 5/-
Revenue
Stamp