



FIBRE LIMITED

S.G
FIBRE LIMITED
ANNUAL REPORT
2016



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(MEMBER OF S.G. GROUP)
2016

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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, Shakra-e-Quaideen,
Karachi,

REGISTERED OFFICE

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



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 48th Annual General Meeting of the members of M/s S.G. Fibre Limited will be held on Friday October 28, 2016 at 9:30 AM at Company Registered Office at B-40, S.I.T.E., Karachi to transact the following business:

1. To confirm the minutes of 47th Annual General Meeting held on October 22, 2015.
2. To receive, consider and adopt audited annual accounts of the company for the year ended June 30, 2016 together with the Directors' and Auditors' report thereon.
3. To appoint auditors for the year 2016-17 and fix their remunerations.
4. To transact any other business with the permission of the Chair.

Karachi: October 07, 2016
Board

By Order of the

Sohail Ahmed
(Chief Executive)

Notes:

1. The shares Transfer Books of the Company will remain closed from October 21, 2016 to October 27, 2016 (both days inclusive) for the purpose of the Annual General Meeting.
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. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature shall be submitted along with proxy from the Company. 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 change in their mailing address, if any, immediately to the Share Registrar of the Company M/S Technology Trade (Private) Limited, Dagia House, 241-C, PECHS, Shahrah-e-Quaiden, Karachi.
4. Members, who have deposited their shares with the Central Depository Company of Pakistan Ltd. (CDC), are requested to bring their original Computerized National Identity Cards along with their account numbers in CDC for verification at the time of the meeting.
5. 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. Fibre Limited (SGF) is pleased to present the 48th Annual Report and Audited Financial Statements of the Company together with Auditor's Report for the year ended 30th June 2016.

The Auditors have issued a qualified report. The directors would like to comment on the qualifications as under:

- i) The Company owes Re.165.343 million, as mentioned in note 14, 15 and 16 to the financial statements, to the associated Company S. G. Power Ltd. The operations of the Company have been shut-down for the last many years temporarily due to unfavourable market conditions. Payables to S.G. Power Ltd. are well secured because SGF have fixed assets of Rs.585 million at revalued amount. 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. 165.343 million is due from the Company and would be settled on priority basis once the operations recommence. As per SECP order we were required to charge mark-up on outstanding balance of receivables that should not be less than the borrowing cost of the Company. Mark-up of Rs.10.654 million was provided as per the said directive. Since the Company has not borrowed any funds from any bank or financial institution, the mark-up accrued has been adequately charged for earlier period and it has not been provided in the current financial year.
- ii) The Company has suffered loss of Rs.23.655 million (before tax) and loss of Rs.14.600 million after tax for the year and the accumulated losses as at June 30, 2016 stand at Rs.760.013 million. The management will be undertaking new lines of businesses which the shareholders have approved in the EOGM held on June 06, 2016. The funds requirement will be met from the sale of machinery and additional funds will be mobilized through other means. Keeping in view the new lines of businesses to be undertaken, the management believes that there is no doubt over the Company's ability to become a going concern in due course of time. Hence, the financial statements do not need any adjustment.
- iii) Due to closure of the factory operations for the last many years and adverse financial health of the Company, it has no option but to value the directors' loans at historical costs. As such it has not been found possible to comply with requirements of IAS-39.
- iv) The related parties transaction, records and ledger are available with the Company. However, there have been some difficulties in tracing the old record due to non-availability of staff.
- v) The management is of the view that the sales tax and income tax refunds could be settled. However, the management is considering about writing off the same in due course of time if the present status continued.
- vi) The factory has remained closed for the last many years and there are no short-term and long-term employees in employment. Compliance with IAS-19 pertaining to accounting and disclosures could not be applied.

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 conditions.



However, the Company has been able to dispose off some additional old machinery and gained profit of Rs.6.186 million. It was necessary to dispose of the old plant and machinery as the market value is falling each year and the directors have decided to enter into new lines of businesses which have been approved by the shareholders in EOGM held on June 06, 2016. Moreover, the Company has rented out a small portion of its premises to generate adequate income for managing day to day expenses of the Company. Rental income of Rs.14.857 million has been earned during the year.

Following are the financial results for the year ended June 30, 2016:

	Rupees
Sales	----
Cost of Sales	(4,374,418)
Gross Loss	(4,374,418)
Admin & Selling Expenses	(38,523,429)
Other Income/Loss	(19,242,892)
Financial charges	(17,995)
Loss before taxation	(23,672,950)
Loss after taxation	(14,600,240)

FUTURE OUTLOOK

The management is hopeful that the new lines of businesses, as approved by the shareholders in EOGM held on June 06, 2016, will usher new era for the future of the Company and revival fruits will be shared by all the shareholders in the coming years.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

- The financial Statements for the year ended June 30, 2016 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 judgement.
- There are no significant doubts upon the Company's ability to continue as a going concern after it enters into new lines of businesses.
- 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, Chief Executive and their spouses 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 five years in summarized form is annexed.
- Compliance of Code of Corporate Governance is annexed.
- Certain non-compliances mentioned in the Auditors' Review Report are due to the fact that the Company is closed for many years. These shortcomings will be addressed as soon as the Company recommences business.



The Board held six meeting during the year. The attendance by each Director was as follows:

<u>Name of Director</u>	<u>No. of meeting attended</u>
Mst. Zubaida Khatoon	4
Mrs. Ghazala Ahmed	4
Mrs. Tania Asim	3
Mr. Sohail Ahmed	4
Mr. Asim Ahmed	2
Mr. Hidayat Ali Shar	1
Mr. M. Khurram Khawaja	1

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

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, 2017.

AUDIT COMMITTEE

The meeting of Audit Committee were held during the year ended June 30, 2016 as required by Code of Corporate Governance for review of Quarterly/Half Yearly, Annual Account and the related matters. The meeting was also attended by the External Auditors as and when required. The composition of the Committee is as follows:-

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.

SHARE HOLDINGS PATTERN

The Pattern of Shareholding as on June 30, 2016 is annexed.

On behalf of the
Board of Directors

Sohail Ahmed
(Chief Executive)

Karachi October 06, 2016



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)



S.G. FIBRE LIMITED

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Hidayat Ali Shar Mr. Khurram Khawaja
Executive Directors	Mr. Sohail Ahmed
Non-Executive Directors	Mst. Zubaida Khatoon Mrs. Ghazala Ahmed Mrs. Tania Asim Mr. Asim Ahmed

The independent directors meet the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company:

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board during the year.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. 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 CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. 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 meetings were appropriately recorded and circulated.

9. The board did not arrange any orientation course / training program for its directors during the year. Same will be conducted in the next financial year.



S.G. FIBRE LIMITED

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO 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 CCG.
15. The board has formed an Audit Committee. It comprises 4 members; of whom 3 are non-executive directors and one is company secretary. The chairman of the Audit Committee is a non-executive director.
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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises of 3 members, of whom 2 are non-executive directors.
18. The board has set up an effective internal audit function
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 on code of ethics as adopted by the ICAP.
20. 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.
21. 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).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi October 06, 2016

Chief Executive Officer



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **S.G. Fibre Limited (the Company)** for the year ended June 30, 2016, to comply with the Code contained in regulation No. 5.19 of the Rule Book of Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's 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 are not required to consider whether the Board of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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.

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

Note reference	Description
3	Resident directors of the company are registered as tax payers are not verified.
6	A complete record of particulars of significant policies along with the dates on which they were approved or amended is not being maintained.
15	The chairman of the Audit Committee is not Independent Director.
16	Audit Committee meetings were not properly held during the year as required by the Code of Corporate Governance.
17	The board has not formed HR and Remuneration Committee as required by the Code.
18	The board has not setup an effective internal audit function

Based on our review, except for the above instances of non-compliance, 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 as applicable to the Company for the year ended June 30, 2016.

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in the note reference where it is stated in the Statement of Compliance.

Note reference	Description
9	The Board has not made arrangements to carry out orientation courses on Code of Corporate Governance for its directors. Furthermore, the directors (excluding exempted directors) have not acquired the mandatory certificate of directors training program from the institute specified by the SECP.



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **S. G. FIBRE LIMITED** as at June 30, 2016 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) and (iv) 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) and (iv) 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. 165.343 million as at June 30, 2016 as mentioned in note 15, 16 and 17 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. 14.6 million during the year and the accumulated loss as at June 30, 2016 stood at Rs. 760.013 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. The interest free long term loan from directors amounting to Rs. 197.494 million (2015: Rs. 217.994 million) is 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, the amount of which has not been determined by the company.



- iv. In the absence of complete details we are unable to identify all related parties transactions in these financial statements.
- v. Sales tax and income tax refundable of Rs. 21.07 million (2015: Rs. 21.07 million) and Rs. 9.903 million (2015: Rs. 9.903 million) respectively is doubtful of recovery being pertaining to very old periods.
- vi. As disclosed in note 12.1 to the financial statements, the Company has not complied with the requirements of IAS 19 - Employee Benefits as the related liabilities were not revalued during the year.
- (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 except for the change as stated in note with which we concur;
- (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 confirm 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 and do not give a true and fair view of the state of the company's affairs as at June 30, 2016 and of the loss, changes in equity and its 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 06, 2016

MUNIFF ZIAUDDIN & CO
CHARTERED ACCOUNTANTS
(SOHAIL SALEEM)



**S.G. FIBRE LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016**

	NOTE	2016 RUPEES	2015 RUPEES
NON-CURRENT ASSETS			
Property, plant and equipment	4	584,934,845	624,925,325
Long term deposits	5	95,714	95,714
CURRENT ASSETS			
Stores and spares	6	-	-
Stock - in - trade	7	-	-
Loans, advances, prepayments and other receivables	8	38,891,612	38,995,525
Cash and bank balances	9	8,090,740	715,262
		46,982,353	39,710,788
		<u>632,012,913</u>	<u>664,731,828</u>
SHARE CAPITAL AND RESERVES			
Authorized share capital 15,000,000 Ordinary Shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid-up capital	10	150,000,000	150,000,000
Share premium		337,400,000	337,400,000
Accumulated loss		(760,013,467)	(759,652,591)
		(272,613,467)	(272,252,591)
Surplus on revaluation of fixed assets	11	463,093,374	477,332,738
		190,479,907	205,080,147
NON-CURRENT LIABILITIES			
Deferred liabilities	12	57,819,808	67,012,218
Long term loan	13	-	-
Loan from directors	14	197,494,064	217,994,064
		255,313,871	285,006,282
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	15	104,023,094	92,449,359
Interest on short term and long term loan	16	10,654,243	10,654,243
Current portion of long term loan	17	71,422,097	71,422,097
Overdue amount of long term loan	18	-	-
Provision for taxation		119,700	119,700
		186,219,134	174,645,399
CONTINGENCIES AND COMMITMENTS	19	-	-
		<u>632,012,913</u>	<u>664,731,828</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, 2016

	NOTE	2016 RUPEES	2015 RUPEES
Sales	20	-	-
Cost of sales	21	<u>(4,374,418)</u>	<u>(5,689,640)</u>
Gross loss		(4,374,418)	(5,689,640)
Administrative and selling expenses	22	<u>(38,523,429)</u>	<u>(37,312,184)</u>
Operating loss		(42,897,847)	(43,001,824)
Other income / loss	23	19,242,892	76,178,201
Impairment loss		<u>-</u>	<u>(146,774,649)</u>
		(23,654,955)	(113,598,272)
Financial charges	24	(17,995)	-
Loss before taxation		(23,672,950)	(113,598,272)
Provision for taxation			
- Current		(119,700)	(119,700)
- Deferred		9,192,410	-
Loss after taxation		(14,600,240)	(113,717,972)
Other comprehensive income			
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation-net of deferred tax		14,239,364	-
Total comprehensive income		(360,876)	(113,717,972)
Loss per share - basic and diluted	25	(0.97)	(7.58)

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, 2016

	2016 RUPEES	2015 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before taxation	(23,672,950)	(113,598,272)
Adjustment for:		
-Depreciation	28,151,414	31,675,790
-Loss/(Gain) on sale of fixed assets	(6,185,934)	210,652,429
-Impairment loss on plant & machinery	-	146,774,649
-Loss on sale of stores & spares	-	16,878,083
-Finance charges	17,995	-
	<u>21,983,475</u>	<u>405,980,950</u>
	(1,689,475)	292,382,678
(Increase) / decrease in current assets		
Stores and spares	-	-
Stock - in - trade	-	180,400
Loans, advances, prepayments and other receivables	(139,300)	134,162
	<u>(139,300)</u>	<u>314,562</u>
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	11,697,248	(541,984)
Finance charges paid	(17,995)	-
Net cash generated from operating activities	<u>9,850,478</u>	<u>292,155,256</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Sale proceeds from disposal of fixed assets	18,025,000	41,705,000
Sales proceeds of stores & spares	-	6,000,000
Net cash used in investing activities	18,025,000	47,705,000
CASH FLOW FROM FINANCING ACTIVITIES		
Loans from directors	(20,500,000)	(38,000,000)
Long term loan	-	(302,316,902)
Net cash from financing activities	<u>(20,500,000)</u>	<u>(340,316,902)</u>
Net increase / (decrease) in cash and cash equivalent	7,375,478	(456,646)
Cash and cash equivalent at the beginning of the year	715,262	1,171,908
Cash and cash equivalent at the end of the year	<u>8,090,740</u>	<u>715,263</u>

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, 2016

	Issued, subscribed and paid-up capital	Capital reserve	Accumulated loss	Total
	-----Rupees-----			
Balance as at June 30, 2014	150,000,000	337,400,000	(645,934,619)	(158,534,619)
Loss for the year ended June 30, 2015	-	-	(113,717,972)	(113,717,972)
Other Comprehensive Income				
- Transfer from surplus on revaluation of fixed assets on account of incremental depreciation-net of deferred tax	-	-	-	-
Balance as at June 30, 2015	150,000,000	337,400,000	(759,652,591)	(272,252,591)
Loss for the year ended June 30, 2016	-	-	(14,600,240)	(14,600,240)
Other Comprehensive Income				
- Transfer from surplus on revaluation of fixed assets on account of incremental depreciation-net of deferred tax	-	-	14,239,364	14,239,364
Balance as at June 30, 2016	150,000,000	337,400,000	(760,013,467)	(272,613,467)

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

Chief Executive

Director



S.G. FIBRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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. 14.6 million (2015: 113.718 million) during the year and accumulated loss as at June 30, 2016 stood at Rs. 760.113 million (2015: 759.653 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 company has rented out its premises to meet its administrative cost and to reduce its losses.

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 estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

2.5 Functional and presentation currency

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



NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED

Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 Share-based Payment (Amendments)	January 1, 2018
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Amendments)	January 1, 2016
IFRS 10 Consolidated Financial Statements (Amendments)	January 1, 2016
IFRS 11 Joint Arrangements (Amendments)	January 1, 2016
IFRS 12 Disclosure of Interests in Other Entities (Amendments)	January 1, 2016
IFRS 14 Regulatory Deferral Accounts	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	January 1, 2019
IAS 1 Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 7 Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12 Income Taxes (Amendments)	January 1, 2017
IAS 16 Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19 Employee Benefits (Amendments)	January 1, 2016
IAS 27 Separate Financial Statements (Amendments)	January 1, 2016
IAS 28 Investments in Associates and Joint Ventures (Amendments)	January 1, 2016
IAS 38 Intangible Assets (Amendments)	January 1, 2016

The company expects that the adoption of the above amendments and interpretations will not affect its

In addition to the above amendments and interpretations, improvements to the following accounting standards have also been issued by IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2015.

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 13 Fair value measurement	January 1, 2015

Securities and Exchange Commission of Pakistan vide circular no.14 of 2016 "Implementation of Mandatory Disclosure for Listed Companies for All Shares Islamic Index Screening" issued on 21 April 2016 directed all listed companies under section 506B of the Companies Ordinance, 1984 (XLVII of 1984) read with section 505 thereof and Section 40B of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) to disclose all Islamic related transactions and balances in their annual and half yearly financial statements. Accordingly, additional disclosures have been presented as per circular no.14.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Tangible assets

Fixed assets are stated at revalued amount less accumulated depreciation.

Depreciation is charged to income applying the reducing balance method.

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.

Property, plant and equipment, as detailed in note - 11, have been revalued. Surplus arisen on revaluation of these assets has been credited to surplus on revaluation of property, plant and equipment account in accordance with the requirements of section 235 of the Companies Ordinance, 1984 and shall be held on the balance sheet till realization. Revaluation is carried-out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of these assets (net of deferred taxation) is transferred directly to equity.

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 date. Net realizable value is determined 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 its 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 taxes, 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, 2015	Addition / (disposal)	Revaluation Surplus / (Deficit)	As at June 30, 2016		As on July 01, 2015	For the year / (adjustment for disposal)	As at June 30, 2016	As at June 30, 2016
	-----Rupees-----					-----Rupees-----			Rupees
Owned assets:									
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	23,137,123	196,578,565	208,234,103
Plant and machinery	50,785,688	(26,340,000)	-	24,445,688	5%	29,591,955	4,110,698 (14,500,934)	19,201,720	5,243,968
Factory equipment	21,324,720	-	-	21,324,720	10%	17,836,986	348,773	18,185,760	3,138,960
Office equipment	21,547,604	-	-	21,547,604	10%	18,032,578	351,503	18,384,081	3,163,523
Motor vehicles	13,035,155	-	-	13,035,155	20%	12,541,103	98,810	12,639,913	395,242
Furniture and fixtures	3,513,918	-	-	3,513,918	10%	3,013,138	50,078	3,063,216	450,702
Trolleys and fork lifters	4,242,562	-	-	4,242,562	10%	3,806,401	43,616	3,850,017	392,545
OTIS lifts	1,196,982	-	-	1,196,982	10%	1,088,855	10,813	1,099,667	97,315
Total owned assets	884,277,782			857,937,782		259,352,457	28,151,414	273,002,937	584,934,845
Disposal / deletion		(26,340,000)	-				(14,500,934)		

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

	2016 RUPEES	2015 RUPEES
Cost of sales	4,110,698	4,950,160
Administrative and selling expenses	24,040,716	26,725,630
	<u>28,151,414</u>	<u>31,675,789</u>

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

Particulars	Cost	Revaluation Surplus / (Deficit)	Accumulating Depreciation	Book Value	Sales Price	Gain/ (Loss) on Disposal	Mode of Disposal	Purchaser
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
	<u>26,340,000</u>		<u>14,500,934</u>	<u>11,839,066</u>	<u>18,025,000</u>	<u>6,185,934</u>		

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.

4.4

Particulars	Cost				Rate %	Depreciation			Written-down value
	As on July 01, 2014	Addition / (disposal)	Revaluation Surplus / (Deficit)	As at June 30, 2015		As on July 01, 2014	For the year / (adjustment for disposal)	As at June 30, 2015	As at June 30, 2015
	-----Rupees-----					-----Rupees-----			Rupees
Owned assets:									
Leasehold land	64,893,485	-	298,925,000	363,818,485	-	-	-	-	363,818,485
Building on leasehold land	170,494,925	-	234,317,743	404,812,668	10%	147,733,528	25,707,914	173,441,442	231,371,226
Plant and machinery	1,153,160,337	(955,600,000)	-	50,785,688	5%	727,884,367	4,950,160	29,591,955	21,193,732
			(146,774,649)				(703,242,571)		
Factory equipment	21,324,720	-	-	21,324,720	10%	17,449,460	387,526	17,836,986	3,487,734
Office equipment	21,547,604	-	-	21,547,604	10%	17,642,020	390,558	18,032,578	3,515,026
Motor vehicles	13,035,155	-	-	13,035,155	20%	12,417,590	123,513	12,541,103	494,052
Furniture and fixtures	3,513,918	-	-	3,513,918	10%	2,957,496	55,642	3,013,138	500,780
Trolleys and fork lifters	4,242,562	-	-	4,242,562	10%	3,757,938	48,462	3,806,401	436,161
OTIS lifts	1,196,982	-	-	1,196,982	10%	1,076,840	12,014	1,088,855	108,127
Total owned assets	1,453,409,688		533,242,743	884,277,782		930,919,239	31,675,790	259,352,457	624,925,325
Disposal / deletion		(955,600,000)	(146,774,649)				(703,242,571)		



	NOTE	2016 RUPEES	2015 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
Spares		-	24,433,388
		-	<u>25,420,092</u>
Less: Provision against damaged & obsolete items		-	(2,542,009)
Disposal		-	(22,878,083)
		-	<u>-</u>
7 STOCK - IN - TRADE			
Raw materials		-	200,444
Finished goods		-	-
		-	<u>200,444</u>
Less: Provision against damaged stock		-	(20,044)
Disposal		-	(180,400)
		-	<u>-</u>
8 LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good:			
Income tax refundable		9,903,094	9,903,094
Advance income tax		-	103,913
		<u>9,903,094</u>	<u>10,007,007</u>
Prepayments:			
Other receivables:			
Margin - letter of credit		150,000	150,000
Sales tax claims receivable		21,070,506	21,070,506
		<u>21,220,506</u>	<u>21,220,506</u>
Others	8.1	9,571,471	9,571,471
Less: provision for irrecoverable rent		(1,800,000)	(1,800,000)
Less: provision for doubtful debts		(3,459)	(3,459)
		<u>7,768,012</u>	<u>7,768,012</u>
		<u>28,988,518</u>	<u>28,988,518</u>
		<u>38,891,612</u>	<u>38,995,525</u>
8.1	This includes receivables from S.G. Power Limited on account of rent and utilities amounting to Rs 8.550 million. However as disclosed in note 15,16, and 17 a sum of Rs.165.343 million is payable to S.G Power Limited.		
9 CASH AND BANK BALANCES			
Cash in hand		9,563	3,017
Cash with banks - current account		8,081,177	712,245
		<u>8,090,740</u>	<u>715,262</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>
11 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net			
Opening balance			
Balance at the beginning of the year		533,242,743	-
Surplus arisen on revaluation carried out during the year:		-	533,242,743
		<u>533,242,743</u>	<u>533,242,743</u>
Less: Transferred to unappropriated profit on account of:			
- incremental depreciation for the year		(23,431,774)	-
		<u>509,810,969</u>	<u>533,242,743</u>
Related deferred tax of:			
-balance at beginning of the year		55,910,005	-
-surplus arising during the year		-	55,910,005
-incremental depreciation for the year		(7,498,168)	-
-Effect of change in tax rate		(1,694,243)	-
-balance at year end		<u>46,717,595</u>	<u>55,910,005</u>
Balance at end of the year		<u>463,093,374</u>	<u>477,332,738</u>



11.1 During the financial year ended June 30, 2015 the company revalued its leasehold land and buildings on leasehold land to replace the carrying amounts of these assets with their market values / depreciated market values. The revaluation was carried-out on on June 30, 2015 by an independent valuers namely M/s. Amir Evaluators & Consultants. The appraisal surplus arisen on these revaluations aggregates to Rs. 533,242 million. The appraisal surplus arisen on this revaluation was credited to "Surplus on Revaluation Account" to comply with the requirements of Section 235 of the Companies Ordinance 1984.

	NOTE	2016 RUPEES	2015 RUPEES
12 DEFERRED LIABILITIES			
Deferred tax liability attributable to revaluation surplus	11	46,717,595	55,910,005
Provision for gratuity	12.1	5,363,785	5,363,785
Deferred Karachi Electric Supply Corporation bill	12.2	5,738,428	5,738,428
		<u>57,819,808</u>	<u>67,012,218</u>

12.1 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, 2015	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, 2016	<u>5,363,785</u>	<u>5,363,785</u>

There is no employee in the company as at year end and no actuarial valuation was carried out.

12.2 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.

12.3 Deductible Temporary Differences

Fixed Assets	51,247,921	62,181,376
Deferred tax assets on gratuity	(1,877,325)	(1,877,325)
	<u>49,370,596</u>	<u>60,304,051</u>
Less: Unused tax losses	(242,764,306)	(221,596,398)
	<u>(193,393,710)</u>	<u>(161,292,347)</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.

13 LONG TERM LOAN

Fiber Venture Capital Limited	-	302,316,902
Less: Current portion of long term loan	13.1	(60,463,381)
Less: Overdue amount of long term loan	-	(241,853,521)
		<u>-</u>

13.1 Foreign currency loan from Fibre Venture Capital Limited was 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. During the year ended June 30, 2015 the lender, Fibre Venture Capital Limited, has waived off the loan due to current financial position of the company.

14 LOAN FORM DIRECTORS

This represents interest free loan from sponsoring directors. Repayment terms have not yet been decided by the Company.

15 CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	14,715,072	2,798,072
Security deposit payable	3,849,195	1,652,700
Others	2,191,687	1,591,687
	<u>20,755,954</u>	<u>6,042,459</u>
Due to associated undertaking	15.1	83,267,140
		<u>86,406,900</u>
		<u>104,023,094</u>

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

16 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
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17 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
Less: Reversal of current portion of long term loan due to loan waiver	13.1	(60,463,381)
	<u>71,422,097</u>	<u>71,422,097</u>

18 OVERDUE AMOUNT LONG TERM LOAN

Overdue amount of long term loan	-	241,853,521
Less: Reversal of overdue amount due to loan waiver	13.1	(241,853,521)
		<u>-</u>



19 CONTINGENCIES AND COMMITMENTS

(i) Legal claim filed against the Company from suppliers were not acknowledged as debts amounting to Rs.0.418 million (2015: 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 Customs Appellate Tribunal, Bench, Karachi.

One appeal filed 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 Custome and Sales tax 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.

(iv) Certain employees have filed law suits against the Company for recovery of their dues.

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.

	NOTE	2016 RUPEES	2015 RUPEES
20 SALES			
Local		-	-
Export		-	-
Less: Sales Tax		-	-
		-	-
21 COST OF SALES			
Electricity, gas, steam and water		263,720	739,480
Depreciation expense		4,110,698	4,950,160
		<u>4,374,418</u>	<u>5,689,640</u>
22 ADMINISTRATIVE AND SELLING EXPENSES			
Directors' remuneration and amenities		1,857,000	1,500,000
Salaries, allowances and benefits		4,059,948	4,220,078
Entertainment		22,500	50,820
Advertisement expense		81,690	25,840
Generator fuel		19,960	12,115
Generator repairment		84,740	319,540
Mutual Security Services		2,850	1,430
Repairs and maintenance		1,197,563	1,567,347
Rent, rates and taxes		1,346,000	790,721
Depreciation expense	4	24,040,716	26,725,630
Legal and professional		1,965,383	359,280
Auditor's remuneration	22.1	600,000	647,600
Utilities		37,216	3,050
Printing & stationery		62,112	85,316
Conveyance		411,000	700
Postage and shipping		12,212	12,380
Telephone and fax		9,775	58,600
Travelling expenses		-	5,500
Commission expense		630,264	141,237
Dismantle expense		2,027,500	785,000
Others		55,000	-
		<u>38,523,429</u>	<u>37,312,184</u>



	NOTE	2016 RUPEES	2015 RUPEES
22.1 Auditor's remuneration			
Audit fee		150,000	150,000
Tax consultancy services		175,000	397,600
Review fee		100,000	100,000
		<u>425,000</u>	<u>647,600</u>
23 OTHER INCOME / LOSS			
Rental income		14,856,957	3,372,211
Waiver of long term loan		-	302,316,902
Loss on sale of stock & materials		-	(17,058,483)
Gain/(Loss) on sale of fixed assets		6,185,935	(210,652,430)
		<u>21,042,892</u>	<u>77,978,201</u>
Less: Irrecoverable rental income from associated undertaking		(1,800,000)	(1,800,000)
		<u>19,242,892</u>	<u>76,178,201</u>
24 FINANCIAL CHARGES			
Bank charges and commission		17,995	-
		<u>17,995</u>	<u>-</u>
25 EARNINGS PER SHARE			
25.1 Basic earnings per share			
Loss after taxation - rupees		(14,600,240)	(113,717,972)
Weighted average number of shares		15,000,000	15,000,000
Loss per share - rupees		<u>(0.97)</u>	<u>(7.58)</u>
25.2 Diluted earnings per share			
There is no dilution effect on the basic earnings per share of the company as there are no such commitments.			
26 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS			
Transactions with related parties are as follows:			
S.G. Power Limited:			
Rental income		1,800,000	1,800,000
		<u>1,800,000</u>	<u>1,800,000</u>
27 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.			
28 REMUNERATION OF DIRECTORS AND EXECUTIVES			
		Chief Executive	Directors
		2016	2015
		2016	2015
		Executives	2015
Remuneration		1,200,000	1,000,000
House Rent		-	-
Retirement Benefits		-	-
Utilities		-	-
		<u>1,200,000</u>	<u>1,000,000</u>
		600,000	500,000
		-	-
		-	-
		-	-
		<u>1,200,000</u>	<u>1,000,000</u>
Number of persons		1	1
		2	2
		-	-
		-	-
29 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.			
30 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 include, but not limited to, market risk, credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance. Risk measured and managed by the company are explained in notes 31.1 to 31.4			
30.1 Credit risk			
Credit risk represents the risk of loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The carrying amount of financial assets represents the maximum credit exposure and the detail are as follows:			
Loans, advances, prepayments and other receivables		38,891,612	38,995,525
Cash and bank balances		8,090,740	715,262
		<u>46,982,352</u>	<u>39,710,787</u>



30.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk only.

30.2.1 Currency risk

The Company is exposed to currency risk on long term loan that are denominated in a currency other than the respective functional currency of the Company, primarily U.S. Dollar. The Company's exposure to foreign currency risk is as follows:

	2016 RUPEES	2015 RUPEES
Long term loan and current maturity	-	-
Balance sheet exposure	-	-

The following significant exchange rates applied during the year:

	2016	2015	2016	2015
	Average rates		At balance sheet rates	
US Dollar to PKR	102.9	101	104.80	102.50

30.2.2 Interest rate risk

Interest rate risk represents the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument is NIL.

30.3 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.

	2016 Rupees		
	Carrying amount	Upto one year	After one year
Long term loan	-	-	-
Loan from directors	197,494,064	-	197,494,064
Creditors, accrued and other liabilities	104,023,094	104,023,094	-
Current portion of long term loan	71,422,097	71,422,097	-
Interest on short term and long term loan	10,654,243	-	10,654,243.00
Overdue amount of long term loan	-	-	-
	383,593,498	175,445,191	208,148,307
	2015 Rupees		
	Carrying amount	Upto one year	After one year
Long term loan	-	-	-
Loan from directors	217,994,064	-	217,994,064
Creditors, accrued and other liabilities	92,449,359	120,926,760	-
Current portion of long term loan	71,422,097	71,422,097	-
Interest on short term and long term loan	10,654,243	-	10,654,243
Overdue amount of long term loan	-	-	-
	392,519,763	192,348,857	228,648,307

30.4 Fair value of financial assets and liabilities

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

31 NUMBER OF EMPLOYEES

	2016	2015
Number of employees at the year-end	20	20
Average number of employees	20	20

32 DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 06, 2016 by the Board of Directors of the Company.

33 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director



NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

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, 2016

DETAILS OF CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2016

	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, 2016

	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 48th Annual General Meeting of the Company to be held on Friday the October 28 2016 9:30a.m and at
Any adjournment thereof;

In witness my/our hand seal this _____ day of _____ 2016

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**



FIBRE LIMITED

S.G FIBRE LIMITED

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