



CONTENTS

(MEMBER OF S.G. GROUP)
2015

COMPANY INFORMATION	2
NOTICE OF ANNUAL GENERAL MEETING	3
DIRECTOR'S REPORT	4
VISION / MISSION STATEMENT	7
CORPORATE OBJECTIVES & DEVELOPMENT STRATEGY	7
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	8
REVIEW REPORT OF CORPORATE GOVERNANCE	10
AUDITORS' REPORT TO THE MEMBERS	11
BALANCE SHEET	13
PROFIT & LOSS ACCOUNT	14
CASH FLOW STATEMENT	15
STATEMENT OF CHANGES IN EQUITY	16
NOTES TO THE ACCOUNTS	17
PATERN OF SHAREHOLDING	29
FORM OF PROXY	31



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 47th Annual General Meeting of the members of M/s S.G. Fibre Limited will be held on Thursday on October 22, 2015 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 46th Annual General Meeting held on October 30, 2014.
2. To receive, consider and adopt audited accounts of the company for the year ended June 30, 2015 together with the Directors' and Auditors' report thereon.
3. To appoint auditors for the year 2015-16 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

Karachi: October 01, 2015

By Order of the Board

Sohail Ahmed
(Chief Executive)

Notes:

1. The shares Transfer Books of the Company will remain closed from October 15, 2015 to October 21, 2015 (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.
6. 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.



S.G. FIBRE LIMITED

DIRECTORS' REPORT

The Board of Directors of S.G. Fibre Limited (SGF) is pleased to present the 47th Annual Report and Audited Financial Statements of the Company together with Auditor's Report for the year ended 30th June 2015.

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

- i) The Company owes Rs.168.483 million, as mentioned in note 15, 16 and 17 to the financial statements, to the associated Company S. G. Power Ltd. The operations of the Company have been shut-down for the last several years temporarily due to unfavorable market conditions. Payables to S.G. Power Ltd. are well secured because SGF have fixed assets of Rs.625 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.168.483 million is due from the Company and would be settled on priority basis once the business activities resume. 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. Since the Company has not borrowed any funds from any bank or financial institution, the accrued mark-up has been adequately charged.
- ii) The Company has suffered loss of Rs. 113.717 million during the year and the accumulated losses as at June 30, 2015 stand at Rs. 759.652 million. One of the options the management is considering is to restart the factory operations by investing in latest advance machinery. The funds requirement can be fulfilled by arranging new loans from financial institutions. Keeping in view the aforesaid trivia, the management believes that there is no doubt over the Company's ability to continue as a going concern in due course of time. Hence, the financial statements do not need any adjustment. At appropriate time a revival plan will be prepared and presented to Board of Directors and the shareholders for approval and implementation.
- iii) Due to closure of the factory operations for the last several years and adverse financial health of the Company, it has no option but to value the directors' loans at historical cost. As such it is not possible to comply with requirements of IAS-39.
- iv) The related parties transaction, records and ledger are available for checking and verification. There have been some difficulties in tracing the old record due to non-availability of staff.
- v) The management was 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 is closed for the last several 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 operations of the Company are shut down since December 2006 due to adverse market condition.

However, the Company has been able to dispose off its major portion of old plant and machinery. This has resulted in loss of Rs. 210.652 million. It was necessary to dispose off the old plant and machinery as the market value was falling each year and one of the options the management is considering for the revival of the Company is to acquire new plant and machinery.

Meanwhile, the Company has revalued the assets of the Company during the year which has resulted in a surplus of Rs. 533.242 million on land and building and a loss of Rs. 146.774 million on plant and machinery. The fair market value of the plant and machinery has been determined by the Valuer M/s Amir Evaluators & Consultants, who are on the approved panel of the Pakistan Banks Association. Moreover, the Company has let out a small portion of its premises on rent during the year to generate sufficient funds for managing day to day operations of the Company.

We are pleased to inform the shareholders that during the year under review, Fibre Venture Capital Limited has waived off the long term loan of Rs. 302 million due to the current financial position of the Company which has relieved the Company from the repayment of a huge liability. And there exists no borrowing / loan from any outsiders and as such there is no burden of finance cost or charge over assets.

Following are the financial results for the year ended June 30, 2015:	Rupees
Sales	----
Cost of sales	(5,689,640)
Gross loss	(5,689,640)
Admin & selling expenses	(37,312,184)
Other income / loss	76,178,201
Impairment loss	(146,774,649)
Financial charges	----
Loss before taxation	(113,598,272)
Taxation	(119,700)
Loss after taxation	(113,717,972)

FUTURE OUTLOOK

The management is hopeful that the economic and market conditions will improve in due course and our Company will surmount its crisis. The new textile incentives given by the Government are expected to be helpful in revival of textile and polyester yarn industries in due course. We hope and pray that our Company will be back in production in due course of time.

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, 2015 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 judgment.
- There are no significant doubts upon the Company's ability to continue as a going concern, but due to adverse economic and market conditions the operations remain shut-down temporarily.
- 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.

The Board has five 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	2

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, 2016.

AUDIT COMMITTEE

The meetings of Audit Committee were held during the year ended June 30, 2015 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, 2015 is annexed.

On behalf of the
Board of Directors

Sohail Ahmed
(Chief Executive)

Karachi October 1st, 2015



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 Karachi 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

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 conduct 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 01, 2015

Chief Executive Officer



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 (the Code) prepared by the Board of Directors of **S.G. Fibre Limited (the Company)** for the year ended June 30, 2015, to comply with the Code contained in regulation No. 5.19 of the Rule Book of Karachi Stock Exchange Limited where the company is listed.

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 & 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, 2015

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 certification 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, 2015 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 which 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. 168.48 million as at June 30, 2015 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. 113.718 million during the year and the accumulated loss as at June 30, 2015 stood at Rs. 759.653 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. 217.994 million (2014: Rs. 255.994 million) respectively 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. 20.057 million (2014: Rs. 20.057 million) and Rs. 9.903 million (2014: 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 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 and do not give a true and fair view of the state of the company's affairs as at June 30, 2015 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 01, 2015

MUNIFF ZIAUDDIN & CO
CHARTERED ACCOUNTANTS
(SOHAIL SALEEM)



**S.G. FIBRE LIMITED
BALANCE SHEET
AS AT JUNE 30, 2015**

	NOTES	2015 RUPEES	2014 RUPEES
NON-CURRENT ASSETS			
Property, plant and equipment	4	624,925,325	522,822,525
Long term deposits	5	95,714	95,714
CURRENT ASSETS			
Stores and spares	6	-	22,878,083
Stock - in - trade	7	-	180,400
Loans, advances, prepayments and other receivables	8	38,995,525	38,797,612
Cash and bank balances	9	715,262	1,171,908
		39,710,788	63,028,004
		664,731,828	585,946,243
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		(759,652,591)	(645,934,619)
		(272,252,591)	(158,534,619)
Surplus on revaluation of fixed assets	11	477,332,738	-
		205,080,147	(158,534,619)
NON-CURRENT LIABILITIES			
Deferred liabilities	12	67,012,218	11,102,213
Long term loan	13	-	60,463,379
Loan from directors	14	217,994,064	255,994,064
		285,006,282	327,559,656
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	15	92,449,359	92,991,343
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	131,885,478
Overdue amount of long term loan	18	-	181,390,142
Provision for taxation		119,700	-
		174,645,399	416,921,206
CONTINGENCIES AND COMMITMENTS			
		664,731,828	585,946,243

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, 2015**

	NOTES	2015 RUPEES	2014 RUPEES
Sales	19	-	-
Cost of sales	21	(5,689,640)	(18,993,523)
Gross loss		(5,689,640)	(18,993,523)
Administrative and selling expenses	22	(37,312,184)	(10,453,975)
Operating loss		(43,001,824)	(29,447,498)
Other income / loss	23	76,178,201	(3,339,661)
Impairment loss	24	(146,774,649)	-
		(113,598,272)	(32,787,159)
Financial charges	25	-	(17,523)
Provision for store & spare and stock		-	(2,562,053)
		-	(2,579,576)
Loss before taxation		(113,598,272)	(35,366,735)
Provision for taxation			
-Current		(119,700)	-
-Deferred		-	-
		(119,700.00)	-
Loss after taxation		(113,717,972)	(35,366,735)
Other comprehensive income		-	-
Total comprehensive income		(113,717,972)	(35,366,735)
Loss per share - basic and diluted	26	(7.58)	(2.36)

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, 2015

	2015 RUPEES	2014 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before taxation	(113,598,272)	(35,366,735)
Adjustment for:		
-Depreciation	31,675,790	22,442,565
-Loss/(Gain) on sale of fixed assets	210,652,429	5,139,661
-Impairment loss on plant & machinery	146,774,649	-
Loss on sale of stores & spares	16,878,083	-
-Provision for irrecoverable rent	-	-
-Provision for store & spare and stock	-	2,542,009
-Finance charges	-	17,523
	405,980,950	30,141,758
	292,382,678	(5,224,977)
(Increase) / decrease in current assets		
Stores and spares	-	-
Stock - in - trade	180,400	20,044
Loans, advances, prepayments and other receivables	134,162	(1,785,000)
	314,562	(1,764,956)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(541,984)	(3,960,406)
Finance charges paid	-	(17,523)
Net cash generated from operating activities	292,155,256	(10,967,862)
CASH FLOW FROM INVESTING ACTIVITIES		
Sale proceeds from disposal of fixed assets	41,705,000	16,900,000
Sales proceeds of stores & spares	6,000,000	-
Long term deposits	-	-
Net cash used in investing activities	47,705,000	16,900,000
CASH FLOW FROM FINANCING ACTIVITIES		
Loans from directors	(38,000,000)	(5,187,500)
Long term loan	(302,316,902)	-
Net cash from financing activities	(340,316,902)	(5,187,500)
Net increase / (decrease) in cash and cash equivalent	(456,646)	744,638
Cash and cash equivalent at the beginning of the year	1,171,908	427,270
Cash and cash equivalent at the end of the year	715,262	1,171,908

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, 2015

	Issued, subscribed and paid-up capital	Capital reserve	Accumulated loss	Total
		Rupees		
Balance as at June 30, 2013	150,000,000	337,400,000	(610,567,884)	(123,167,884)
Loss for the year ended June 30, 2014	-	-	(35,366,735)	(35,366,735)
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)
Balance as at June 30, 2015	150,000,000	337,400,000	(759,652,591)	(272,252,591)

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 PERIOD ENDED JUNE 30, 2015

1. STATUS OF THE COMPANY

1.1 The Company was incorporated in Pakistan as a public limited company and its shares are listed at Karachi Stock Exchange. The principal activity of the Company is manufacturing of polyester filament yarn. The registered office and production facility of the company are situated at B-40, S.I.T.E., Karachi.

1.2 Going concern

The company has suffered loss of Rs. 113.717 million (2014: 35.367 million) during the year and accumulated loss as at June 30, 2015 stood at Rs. 759.652 million (2014: 645.934 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

2.5 Functional and presentation currency

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

2.6. NEW AND REVISED STANDARDS AND INTERPRETATIONS

2.6.1 Initial application of standards, amendments or an interpretation to existing standards

The following new and revised Standards and Interpretations have also been adopted in these financial statements.

2.6.2 Accounting standards or an interpretations 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:

IAS 27 - Separate financial statements (Amendments)	effective from accounting period beginning on or after January 1, 2015
IFRS 10 Consolidated financial statements (Amendments)	effective from accounting period beginning on or after January 1, 2015
IFRS 11 - Joint Arrangements	effective from accounting period beginning on or after January 1, 2015
IFRS 12 - Disclosure of interests in other entities (Amendments)	effective from accounting period beginning on or after January 1, 2015
IFRS 13 - Fair value measurement	effective from accounting period beginning on or after January 1, 2015

The above standards, amendments and interpretations are either not relevant to Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures.

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, 2014.



Standard or Interpretation		IASB Effective date (annual periods beginning on or after)
IFRS 8	Operating Segments	July 01, 2014
IAS 16	Property, plant and equipment - (Amendment)	July 01, 2014
IAS 24	Intangible Assets - (Amendment)	July 01, 2014
IAS 38	Related Party Disclosure	July 01, 2014
IAS 40	Investment Property	July 01, 2014

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 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 1 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 averag

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, 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
Factory equipment	21,324,720	-	(146,774,649)	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 / revaluation		(955,600,000)	(146,774,649)				(703,242,571)		

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

Cost of sales

Administrative and selling expenses

	2015 RUPEES	2014 RUPEES
Cost of sales	4,950,160	18,566,415
Administrative and selling expenses	26,725,630	3,876,150
	31,675,790	22,442,564

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
Boiler	5,000,000	-	3,922,099	1,077,901	700,000	(377,901)	Negotiation	Mohammed Aslam Karachi
Lath, Drill, Cutter, Press Machines	4,400,000	-	3,455,589	944,411	500,000	(444,411)	Negotiation	Mohammed Aslam Karachi
Texturing Machine - (AIKI)	25,000,000	-	19,351,611	5,648,389	800,000	(4,848,389)	Negotiation	Mohammed Aslam Karachi
Draw Winder Machine	85,000,000	-	65,955,517	19,044,483	1,950,000	(17,094,483)	Negotiation	Mohammed Aslam Karachi
AHU Unit - Pipes and Ducks	180,000,000	-	139,670,506	40,329,494	3,250,000	(37,079,494)	Negotiation	Mohammed Aslam Karachi
RO Plant	70,000,000	-	54,382,206	15,617,794	650,000	(14,967,794)	Negotiation	Mohammed Aslam Karachi
Draw Winder Machine	80,000,000	-	62,151,092	17,848,908	780,000	(17,068,908)	Negotiation	Mohammed Aslam Karachi
AHU Unit - Pipes and Ducks	90,000,000	-	69,919,979	20,080,021	877,500	(19,202,521)	Negotiation	Mohammed Aslam Karachi
AHU Unit - Pipes and Ducks	120,000,000	-	93,452,574	26,547,426	2,242,500	(24,304,926)	Negotiation	Mohammed Aslam Karachi
Striping and Packing Machine	90,000,000	-	70,089,430	19,910,570	1,345,000	(18,565,570)	Negotiation	Iqbal - Karachi
Air Whistle Tank	1,200,000	-	934,526	265,474	260,000	(5,474)	Negotiation	Nisar - Karachi
Texturing Machine	40,000,000	-	22,908,414	17,091,586	4,275,000	(12,816,586)	Negotiation	Abdul Sattar
Spinning Machine	70,000,000	-	40,474,836	29,525,164	8,500,000	(21,025,164)	Negotiation	Mukhtar
Texturing Machine	70,000,000	-	42,073,046	27,926,954	9,300,000	(18,626,954)	Negotiation	Mukhtar
Texturing Machine	9,500,000	-	5,510,435	3,989,565	2,775,000	(1,214,565)	Negotiation	Abdul Sattar
Texturing Machine	15,500,000	-	8,990,710	6,509,290	3,500,000	(3,009,290)	Negotiation	Mohammed Aslam Karachi
	955,600,000		703,242,571	252,357,429	41,705,000	(210,652,429)		

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.

Particulars	Cost				Rate %	Depreciation			Written-down value
	As on July 01, 2013	Addition / (disposal)	Revaluation Surplus / (Deficit)	As at June 30, 2014		As on July 01, 2013	For the year / (adjustment for disposal)	As at June 30, 2014	As at June 30, 2014
	-----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%	145,204,484	2,529,044	147,733,528	22,761,397
Plant and machinery	1,247,613,217	(94,452,880)	-	1,153,160,337	5%	781,832,036	18,566,415 (72,514,084)	727,884,367	425,275,970
Factory equipment	21,324,720	-	-	21,324,720	10%	17,018,876	430,584	17,449,460	3,875,260
Office equipment	21,547,604	-	-	21,547,604	10%	17,208,066	433,954	17,642,020	3,905,584
Motor vehicles	14,348,155	(1,313,000)	-	13,035,155	20%	12,944,103	353,547 (1,212,134)	12,085,516	949,639
Furniture and fixtures	3,513,918	-	-	3,513,918	10%	2,895,671	61,825	2,957,496	556,422
Trolleys and fork lifters	4,242,562	-	-	4,242,562	10%	3,704,091	53,847	3,757,938	484,624
OTIS lifts	1,196,982	-	-	1,196,982	10%	1,063,491	13,349	1,076,840	120,142
Total owned assets	1,549,175,568			1,453,409,688		981,870,817	22,442,565	930,587,165	522,822,525
Disposal / deletion		(95,765,880)					(73,726,218)		

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

Cost of sales
Administrative and selling expenses

	2014 RUPEES	2013 RUPEES
Cost of sales	18,566,415	25,925,119
Administrative and selling expenses	3,876,150	4,267,551
	<u>22,442,565</u>	<u>30,192,669</u>



	NOTES	2015 RUPEES	2014 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	986,704
Spares		24,433,388	24,433,388
		<u>25,420,092</u>	<u>25,420,092</u>
Less: Provision against damaged & obsolete items		(2,542,009)	(2,542,009)
Disposal		(22,878,083)	-
		<u>-</u>	<u>22,878,083</u>
7. STOCK - IN - TRADE			
Raw materials		200,444	200,444
Finished goods		-	-
		<u>200,444</u>	<u>200,444</u>
Less: Provision against damaged stock		(20,044)	(20,044)
Disposal		(180,400)	-
		<u>-</u>	<u>180,400</u>
8. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Loans:			
Loan to employees		-	20,000
Less: provision for doubtful debts		-	-
		-	<u>20,000</u>
Advances - considered good:			
Income tax refundable		9,903,094	9,903,094
Advance income tax		103,913	-
		<u>10,007,007</u>	<u>9,903,094</u>
Prepayments:			
Other receivables:			
Margin - letter of credit		150,000	150,000
Sales tax claims receivable		21,070,506	20,056,506
		<u>21,220,506</u>	<u>20,206,506</u>
Others	8.1	9,571,471	8,671,471
Less: provision for irrecoverable rent		(1,800,000)	-
Less: provision for doubtful debts		(3,459)	(3,459)
		<u>7,768,012</u>	<u>8,668,012</u>
		<u>28,988,518</u>	<u>28,874,518</u>
		<u>38,995,525</u>	<u>38,797,612</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.168.48 million is payable to S.G Power Limited.			
9. CASH AND BANK BALANCES			
Cash in hand		3,017	2,735
Cash with banks - current account		712,245	1,169,173
		<u>715,262</u>	<u>1,171,908</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

During the year the company has carried out revaluation to replace the carrying amount of the asset with their market value. Details of the same are stated below:

Effective Date of Revaluation	Name of Independent Valuer	Class of Property, Plant And Equipment Revalued	Surplus Arising Due To Revaluation
June 26, 2015	M/s. Amir Evaluators & Consultants	Land and Building	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. The year-end balance has been arrived at as follows:

	NOTES	2015 RUPEES	2014 RUPEES
Opening balance		-	-
Surplus arisen on revaluation carried out during the year:		533,242,743	-
		533,242,743	-
Less: Transferred to unappropriated profit on account of:			
- incremental depreciation for the year		-	-
- incremental depreciation for the disposal of plant & machinery		-	-
		-	-
Related deferred tax of:			
- balance at beginning of the year		-	-
- surplus arising during the year		55,910,005	-
- incremental depreciation for the year		-	-
- balance at year end		55,910,005	-
Balance at end of the year		477,332,738	-

12. DEFERRED LIABILITIES

Deferred tax liability attributable to revaluation surplus	11	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
		67,012,218	11,102,213

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, 2014	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	-	-
	5,363,785	5,363,785
Benefits paid during the year	-	-
Liability as on June 30, 2015	5,363,785	5,363,785

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 Taxable Temporary Differences

Fixed Assets	62,181,376	164,760,100
Deferred tax assets on gratuity	(1,877,325)	(1,877,325)
	60,304,051	162,882,775
Less: Unused tax losses	(221,596,398)	(780,771,532)
	(161,292,347)	(617,888,757)

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.



	NOTES	2015 RUPEES	2014 RUPEES
13. LONG TERM LOAN			
Fiber Venture Capital Limited		302,316,902	302,316,902
Less: Current portion of long term loan	13.1	(60,463,381)	(60,463,381)
Less: Overdue amount of long term loan		(241,853,521)	(181,390,142)
		-	60,463,379
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		2,798,072	3,648,072
Security deposit payable		1,652,700	-
Others		1,591,687	1,441,087
		6,042,459	5,089,159
Due to associated undertaking	15.1	86,406,900	87,902,184
		92,449,359	92,991,343
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
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	60,463,381
Less: Reversal of current portion of long term loan due to loan waiver	13.1	(60,463,381)	-
		71,422,097	131,885,478
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)	-
		-	-
19. CONTINGENCIES AND COMMITMENTS			

(i) Legal claim filed against the Company from suppliers were not acknowledged as debts amounting to Rs.0.418 million (2014: Rs. 0.418 million)

(ii) A dispute is persisting between the company and National Bank of Pakistan regarding the alleged "Buy Back Agreement" and declaration of dividend. Brief facts of the dispute are that underwriting of public floatation of the shares of the company was jointly undertaken by National Bank of Pakistan and Allied Bank of Pakistan. National Bank of Pakistan agreed to underwrite 3,851,200 shares of Rs 10 each at a premium of Rs. 48.50 per share. However the Bank insisted to impose a condition on the sponsors to enter into a "Buy Back Agreement" in respect of the share underwritten by them. Corporate Law Authority (Securities and Exchange Commission of Pakistan) desired with their letter dated September 18, 1995 to furnish an unqualified underwriting commitment without any "Buy Back Agreement" and the NBP vide its letter dated October 27, 1994 confirmed that this condition will be deleted. The Corporate Law Authority through its various letter emphasized for unconditional arrangement.

National Bank of Pakistan vide its letter No. CCD: BE 096/48 dated March 01, 1995 confirmed that they have no objection to the publication of the prospectus of the company in the newspaper also mentioning in the said letter that Bank has not made any buy back agreement with the sponsors or any other person. The prospectus of the Company published in the newspaper also contained this fact that "their underwriter has not entered any buy back/ repurchase agreement with the sponsors or any other person". After public floatation, National Bank of Pakistan imposed the alleged condition of declaration of dividend at the rate of 15 to 16 percent and the undertaking from the sponsors to buy back the shares of the Company after 3 years within a period of one year was also obtained by the bank. The Company declared dividend for 1996,1997 and 1998 at 15 percent, 20 percent and 16 percent respectively. However, due to the following reason Company could not declare dividend for the year 1999:

(a) The object for public floatation was to raise funds for investment in new plants and machineries to produce high quality value added products for which a new Hot Channel Stretching plant along with other plants and machineries was imported. After completion of process of installation and commissioning, the sum of Rs.454.8 million being the cost of the plant, was capitalized which resulted in the charge of depreciation amounting to Rs.93.170 million which can be attributed as a major reason of loss of Rs.97.60 million sustained during the year 1999.



	NOTES	2015 RUPEES	2014 RUPEES
23. OTHER INCOME / LOSS			
Rental income		3,372,211	1,800,000
Waiver of long term loan		302,316,902	-
Loss on sale of stock & materials		(17,058,483)	-
Loss on sale of fixed assets		(210,652,430)	(5,139,661)
		<u>77,978,201</u>	<u>(3,339,661)</u>
Less: Irrecoverable rental income from associated undertaking		(1,800,000)	-
		<u>76,178,201</u>	<u>(3,339,661)</u>

24. IMPAIRMENT LOSS

During the year the company has carried out revaluation to replace the carrying amount of plant and machinery with their market value. Thereof impairment loss amounting to Rs. 144.774 million has arisen.

25. FINANCIAL CHARGES

Bank charges and commission		-	17,523
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26. EARNINGS PER SHARE

26.1 Basic earnings per share

Loss after taxation - rupees		(113,598,272)	(35,366,735)
Weighted average number of shares		15,000,000	15,000,000
Loss per share - rupees		<u>(7.57)</u>	<u>(2.36)</u>

26.1 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the company as there are no such commitments.

27. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Transactions with related parties are as follows:

S.G. Power Limited:

Rental income		1,800,000	1,800,000
Transfer of cash fund from S.G. Power Limited		-	300,000

With Directors:

Sale of vehicle to a director		-	500,000
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28. 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.

29. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
Remuneration	1,000,000	-	500,000	-	-	-
House Rent	-	-	-	-	-	-
Retirement Benefits	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
	<u>1,000,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Number of persons</i>	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>

30. 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.

31. 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

31.1 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:



	2015 RUPEES	2014 RUPEES
Loans, advances, prepayments and other receivables	38,995,525	38,797,612
Cash and bank balances	715,262	1,171,908
	<u>39,710,787</u>	<u>39,969,520</u>

31.2 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.

31.2.1 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:

	2015 RUPEES	2014 RUPEES
Long term loan and current maturity	-	120,926,760
Balance sheet exposure	-	120,926,760

The following significant exchange rates applied during the year:

	2015 Average rates	2014 Average rates	2015 At balance sheet rates	2014 At balance sheet rates
US Dollar to PKR	101	99.5	102.50	99.95

31.2.2 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.

31.3 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.

	2015 Rupees			
	Carrying amount	Upto one year	After one year	After one year
Long term loan	-	-	-	-
Loan from directors	-	-	-	-
Creditors, accrued and other liabilities	92,449,359	92,449,359	-	-
Current portion of long term loan	-	-	-	-
Interest on short term and long term loan	-	-	-	-
Overdue amount of long term loan	-	-	-	-
	<u>92,449,359</u>	<u>92,449,359</u>	<u>-</u>	<u>-</u>
	2014 Rupees			
	Carrying amount	Upto one year	After one year	After one year
Long term loan	630,460,884	-	630,460,884	302,316,902
Loan from directors	-	-	-	-
Creditors, accrued and other liabilities	120,926,760	120,926,760	-	-
Current portion of long term loan	2,426,491	2,426,491	-	-
Interest on short term and long term loan	-	-	-	-
Overdue amount of long term loan	120,926,761	120,926,761	-	-
	<u>874,740,896</u>	<u>244,280,012</u>	<u>630,460,884</u>	<u>302,316,902</u>



31.4 Fair value of financial assets and liabilities

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

32. NUMBER OF EMPLOYEES	2015	2014
Number of employees at the year-end	<u>20</u>	<u>20</u>
Average number of employees	<u>20</u>	<u>20</u>

33. DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 01, 2015 by the Board of Directors of the Company.

34. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director



NOTES TO THE FINANCIAL STATEMENTS
For the year ended june 30, 2015

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, 2015

DETAILS OF CATEGORIES OF SHAREHOLDERS AS AT JUNE30, 2015

	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, 2015

	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 47th Annual General Meeting of the Company to be held on Thursday the October 22 2015 9:30a.m and at
Any adjournment thereof;

In witness my/our hand seal this _____ day of _____ 2015

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**