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(MEMBER OF S.G. GROUP)
2014

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COMPANY / INFORMATION

Board of Directors

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

AUDIT COMMITTEE

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

BANKERS

Summit Bank Limited

AUDITORS

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

SHARES REGISTRAR

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

REGISTERED OFFICE

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



S.G. FIBRE LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 46th Annual General Meeting of the members of M/s S.G. Fibre Limited will be held on October 30, 2014 at 09.30 a.m. at B-40, S.I.T.E., Karachi to transact the following business:

- 1 To confirm the minutes of 45th Annual General Meeting held on October 31, 2013.
- 2 To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' report thereon.
- 3 To appoint auditors for the year 2014-15 and fix their remuneration.
- 4 To elect seven directors in accordance with the provision of the Companies Ordinance, 1984 for a period of three years. The term of present Directors has expired and they are eligible for re-election. The names of the retiring directors are as follows:

- | | |
|------------------------------|-------------------------|
| 1. Mst. Zubaida Khatoon | 2. Mr. Sohail Ahmed |
| 3. Mr. Asim Ahmed | 4. Mrs. Ghazala Ahmed |
| 5. Mrs. Tania Asim | 6. Mr. Hidayat Ali Shar |
| 7. Mr. M. Khurram
Khawaja | |

- 5 To transact any other business with the permission of the Chair.

By Order of the Board

Karachi: October 09, 2014

Sohail Ahmed
(Chief Executive)

Notes:

1. The shares Transfer Books of the Company will remain closed from October 24, 2014 to October 30, 2014 (both days inclusive) for the purpose of the Annual General Meeting.



2. Any member who seeks to contest election of the office of Directors including the retiring directors shall file with the Company at its Registered Office situated at B-40, S.I.T.E., Karachi, a notice of his/her intention to offer himself/herself for election along with a consent to act as director of the Company not later than 14 days before the date of the Annual General Meeting. The consent should accompany the relevant declarations as required under the Code of Corporate Governance. A detailed profile along with his/her office address as required under SECP's SRO 25(I)/2012 dated January 16, 2012.
3. 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.
4. Members are requested to notify any change in their addresses, if any, immediately to the Share Registrar of the Company M/S Technology Trade (Private) Limited, Dagia House, 241-C, Block-2, PECHS, Shahrah-e-Quaiden Karachi.
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.



S.G. FIBRE LIMITED

DIRECTORS' REPORT

The Board of Directors of S.G. Fibre Limited (SGF) is pleased to present the 46th Annual Report and Audited Financial Statements of the Company together with Auditor's Report for the year ended 30th June 2014.

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

- i) The Company owes Re.169.978 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 seven years temporarily due to unfavourable market conditions. Payables to S.G. Power Ltd. are well secured because SGF have fixed assets of Rs.523 million at book value. Hence, there is nothing to apprehend about the Company's inability to settle its liabilities. The Company has provided confirmation to its associated undertaking that the amount of Rs.169.978 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. Since the Company has not borrowed any funds from any bank or financial institution, the mark-up accrued has been adequately charged.
- ii) The Company has suffered depreciation loss of Rs.32.749 million during the year and the accumulated losses as at June 30, 2014 stand at Rs.645.941 million. The management has every desire to restart the factory but it is in need of funds to the extent of Rs.500 million for replacement of old of old machinery with latest advance machinery. The funds requirement can only be arranged by selling the old machinery and equipment and 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) The Company is not in a position to provide for the exchange losses of Rs.189.820 million due to adverse financial health and closure of the factory for a prolonged period of time.
- iv) Due to closure of the factory operations for the last seven years and adverse financial health of the Company, it has no option but to value the foreign currency long-term loan and directors' loans at historical costs. As such it is not possible to comply with requirements of IAS-39.



- v) 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.
- vi) The management is of the view that the sales tax and income tax refunds will definitely be settled in due course of time. Being Government refunds, these are not considered to be doubtful.
- vii) The factory is closed for the last seven 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 condition.

Following are the financial results for the year ended June 30, 2014:

	Rupees
Sales	----
Cost of Sales	(18,975,123)
Gross Loss	(18,975,123)
Admin & Selling Expenses	(10,478,975)
Financial Charges	(17,523)
Other Income	3,339,661
Loss before taxation	(35,373,335)
Loss after taxation	(35,373,335)

FUTURE OUTLOOK

The management is hopeful that the economic and market conditions will improve in due course and our Company will surmount its crisis and the production will recommence. 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, 2014 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, 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:

Name of Director

No. of meeting attended

Mst. Zubaida Khatoon
Mrs. Ghazala Ahmed
Mrs. Tania Asim
Mr. Sohail Ahmed
Mr. Asim Ahmed
Mr. Hidayat Ali Shar
Mr. M. Khurram Khawaja

Indicate number of meetings attended
by each directors

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, 2014.

AUDIT COMMITTEE

The meeting of Audit Committee were held during the year ended June 30, 2014 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, 2014 is annexed.

On behalf of the
Board of Directors

Sohail Ahmed
(Chief Executive)

Karachi October 30, 2014



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

1. The Board encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. The Board comprises seven directors including CEO. At present the Board included 06 non-executive directors and 01 independent non-executive director.
2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in 0 payment of any loan to a banking company, a DFI or an NBF1 and none of them being a member of a stock Exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies were immediately filled up in accordance with the requirement of Companies Ordinance, 1984 in the Board during the current year.
5. The Company has prepared a Statement of Ethics and Business Practice which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision statement and significant policies of the company while the Company is in the process of developing overall corporate strategy. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter The Board held five meeting during the year. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the A meetings were appropriately recorded and circulated.
9. The Director in the Board has adequate exposure of corporate matters and knowledge of laws and regulations applicable to Company and well versed of their duties and responsibilities.
10. The Board has approved appointment of Company Secretary and Chief Financial Officer including his remuneration and terms and conditions of employment, as determined by the CEO.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The CEO duly endorsed the financial statements of the Company before approval of the Board.
13. The directors, Chief Executive and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

On behalf of the Board of Directors

Karachi:

October 09, 2014.

Sohail Ahmed
(Chief Executive)



VISION STATEMENT

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

MISSION STATEMENT

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

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

CORPORATE OBJECTIVES & DEVELOPMENT STRATEGY

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

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

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE ON TRANSFER PRICING

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

On behalf of the Board of Directors

Sohail Ahmed
(Chief Executive)



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **S.G. Fibre Limited (the Company)** for the year ended June 30, 2014, to comply with Listing Regulation No. 35 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, 2014.

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. |
|---|---|

KARACHI:

MUNIFF ZIAUDDIN & CO
CHARTERED ACCOUNTANTS
(Salim Sadruddin)



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **S. G. FIBRE LIMITED** as at June 30, 2014 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 (v) 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 (v) 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. 169.978 million as at June 30, 2014 as mentioned in note 14, 15 and 16 to the financial statements to the associated company, S.G. Power Limited. Due to closure of operation the Company has not been able to repay the principal and mark-up thereon on regular basis, as per direction of SECP in this regard. Moreover, mark-up of Rs. 10.654 million provided by the management on the above amount as per direction of the SECP in earlier financial years could not be verified due to non-availability of proper working of the same. Further no mark-up has been provided in the current financial year against the above-mentioned outstanding liability.
- ii.** As mentioned in note 1.2 to the financial statements, the Company has suffered a loss of Rs. 35.367 million during the year and the accumulated loss as at June 30, 2014 stood at Rs. 645.935 million. This condition along with the discontinuance of business operations as mentioned above, indicate the existence of material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. These financial statements do not include any adjustment that might result, should the company not be able to continue as a going concern. Moreover, no disclosure has been made in the financial statements regarding the financing plans under consideration of the management for the revival of the company.
- iii.** Exchange loss of Rs. 189.820 million on foreign currency loan as shown in note 12 to the financial statements has not been provided in these financial statements.



- iv. The interest free foreign currency long term loan amounting to Rs. 60.463 million and interest free long term loan from directors amounting to Rs. 255.994 million (2013: Rs. 261.182 million) respectively are being shown at historical cost in contravention with the requirements of IAS-39 which require the same to be recorded at fair value or amortised cost as appropriate with an impact on income through profit and loss account, the amount of which has not been determined by the company.
- v. In the absence of complete details we are unable to identify all related parties transactions in these financial statements.
- vi. Sales tax and income tax refundable of Rs. 20.057 million (2013: Rs. 20.057 million) and Rs. 9.903 million (2013: Rs. 9.903 million) respectively is doubtful of recovery being pertaining to very old periods.
- vii. As disclosed in note 11.1 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 (vii) 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 (vii) 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, 2014 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.



**S.G. FIBRE LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014**

	NOTE	2014 RUPEES	2013 RUPEES
NON-CURRENT ASSETS			
Property, plant and equipment	4	522,822,525	567,304,752
Long term deposits	5	95,714	95,714
CURRENT ASSETS			
Stores and spares	6	22,878,083	25,420,092
Stock - in - trade	7	180,400	200,444
Loans, advances, prepayments and other receivables	8	38,797,612	37,012,612
Cash and bank balances	9	1,171,908	427,270
		63,028,004	63,060,418
		585,946,243	630,460,884
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		(645,934,619)	(610,567,884)
		(158,534,619)	(123,167,884)
NON-CURRENT LIABILITIES			
Deferred liabilities	11	11,102,213	11,102,213
Long term loan	12	60,463,379	120,926,760
Loan from directors	13	255,994,064	261,181,564
		327,559,656	393,210,537
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	14	92,991,343	96,951,749
Interest on short term and long term loan	15	10,654,243	10,654,243
Current portion of long term loan	16	131,885,478	131,885,478
Overdue amount of long term loan	12	181,390,142	120,926,761
		416,921,206	360,418,231
CONTINGENCIES AND COMMITMENTS			
	17	-	-
		585,946,243	630,460,884

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, 2014**

	NOTE	2014 RUPEES	2013 RUPEES
Sales	18		
Cost of sales	19	<u>(18,993,523)</u>	<u>(26,272,571)</u>
Gross loss		(18,993,523)	(26,272,571)
Administrative and selling expenses	20	<u>(10,453,975)</u>	<u>(8,715,154)</u>
Operating loss		(29,447,498)	(34,987,725)
Other income	21	<u>(3,339,661)</u>	<u>(22,821,116)</u>
		(32,787,159)	(57,808,840)
Financial charges	22	<u>(17,523)</u>	<u>(8,241)</u>
Provision for store & spare and stock		<u>(2,562,053)</u>	<u>-</u>
		(2,579,576)	(8,241)
Loss before taxation		(35,366,735)	(57,817,081)
Provision for taxation			
-Current		<u>-</u>	<u>-</u>
-Deferred		<u>-</u>	<u>-</u>
		-	-
Loss after taxation		(35,366,735)	(57,817,081)
Other comprehensive income			
Total comprehensive income		(35,366,735)	(57,817,081)
Loss per share - basic	23	(2.36)	(3.85)

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, 2014

	2014 RUPEES	2013 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before taxation	(35,366,735)	(57,817,081)
Adjustment for:		
-Depreciation	22,442,565	30,192,670
-Loss/(Gain) on sale of fixed assets	5,139,661	23,080,234
-Loss on revaluation on stores and spares	-	1,540,882
-Provision for store & spare and stock	2,542,009	
-Finance charges	17,523	8,241
	<u>30,141,758</u>	<u>54,822,027</u>
	(5,224,977)	(2,995,055)
(Increase) / decrease in current assets		
Stores and spares	-	-
Stock - in - trade	20,044	217,705
Trade debts	-	-
Loans, advances, prepayments and other receivables	(1,785,000)	(140,375)
	<u>(1,764,956)</u>	<u>77,330</u>
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(3,960,406)	2,626,260
Finance charges paid	(17,523)	(8,241)
Net cash generated from operating activities	<u>(10,967,862)</u>	<u>(299,706)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Sale proceeds from disposal of fixed assets	16,900,000	17,572,100
Long term deposits	-	-
Net cash used in investing activities	<u>16,900,000</u>	<u>17,572,100</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Loans from directors	(5,187,500)	(16,853,958)
Net cash from financing activities	<u>(5,187,500)</u>	<u>(16,853,958)</u>
Net increase in cash and cash equivalent	<u>744,638</u>	<u>418,435</u>
Cash and cash equivalent at the beginning of the year	<u>427,270</u>	<u>8,835</u>
Cash and cash equivalent at the end of the year	<u><u>1,171,908</u></u>	<u><u>427,270</u></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, 2014

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

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, 2014

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. 35.367 million (2013: 57.82 million) during the year and accumulated loss as at June 30, 2014 stood at Rs. 645.934 million (2013: 610.57 million). Filament Yarn Industry in Pakistan is in ominous situation due to adverse fiscal measures and unfavorable market conditions resulting in high cost of production and dumping of cheap product from China and other countries. Frequent increases in the cost of energy and hike in cost of financing is leading this industry towards crisis. Consequently the management of the company had decided to disengage temporarily the operations of the company as of December 2006 to safeguard the interest of stakeholders. The Filament Yarn Association is negotiating with the government to take initiatives to revive the industry and to avoid resulting unemployment. In the meanwhile the Management has decided to resume its operation in two phases, in first phase to run the twisting machines and produce commodity yarns, and in second phase to start the line-7 and producing both commodity and specialty yarns.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Accrual basis of accounting

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

2.4 Use of estimates and judgments

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

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

2.5 Functional and presentation currency

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



2.6. 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.

IAS 19 Employee Benefits - Amended standard resulting from the Post Employment Benefits and Termination Benefits projects, effective from accounting period beginning on or after 01 January 2013.

The following standards, amendments and interpretations are effective for the accounting period beginning on or after January 1, 2013. However these are not either not relevant to the Company's operation or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

IAS 1 Presentation of financial statements- Clarification of requirements for comparative information.

IAS 16 Property, Plant and Equipment- Classification of servicing equipment.

IAS 32 Financial Instruments: Presentation - Tax effects of distribution to holder of equity instrument, and transaction costs of an equity transactions.

IFRIC 20 Stripping cost in the Production Phase of a Surface Mine.

2.6.2 Adoptions of new and revised standards and interpretations

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, interpretation and amendments	Effective date (accounting periods beginning on or after)
IFRS 2 Share Based Payment [Amendments]	July 1, 2014
IFRS 3 Business Combination [Amendments]	July 1, 2014
IAS 19 Employee Benefit (Amendment to clarify requirement relating to contribution)	July 1, 2014
IAS 32 Financial Instruments: Recognition and Measurement (Amendment)	January 1, 2014
IAS 36 Impairment of Assets - (Amendment)	January 1, 2014
IAS 39 Financial Instruments. Ammendment provides guidance relating to discontinuation of hedge accounting	January 1, 2014
IFRIC 21 Levies. Provides guidance to recognize liability to pay levies.	January 1, 2014

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

The following new standards have been issued by the IASB and notified by the SECP for application in Pakistan but thier applicability start from the annual period beginning on or after January 01, 2015.

Standard, interpretation and amendments	Effective date (accounting periods beginning on or after)
IFRS 10 Consolidated Financial Statements	January 1, 2013
IFRS 11 Joint Arrangements	January 1, 2013
IFRS 12 Disclosure of Interest in Other Entities	January 1, 2013
IFRS 13 Fair Value Measurement	January 1, 2013



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Tangible assets

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

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

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

3.2 Intangible assets

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

3.3 Capital work-in-progress

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

3.4 Stores and spares

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

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

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

3.5 Stock-in-trade

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

3.6 Trade debts

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

3.7 Cash and cash equivalent

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

3.8 Impairment of assets

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

3.9 Assets under finance lease

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



3.10 Financial liabilities

Financial liabilities are classified according to the substances of the contractual agreement entered into. Significant financial liabilities are loans, short-term finances, running finance, deposits, creditors, accrued and other liabilities.

All financial liabilities are initially recognized at cost, which is the fair value of the consideration received at initial recognition. After initial recognition financial liabilities held for trading are carried at fair value and all other financial liabilities are measured at amortized cost.

3.11 Compensated absences

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

3.12 Taxation

Current

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

Deferred

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

3.13 Staff retirement benefits

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

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

3.14 Revenue recognition

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

3.15 Foreign exchange translation

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

3.16 Borrowing cost

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

3.17 Related party transactions and transfer pricing

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

3.18 Provisions, contingent assets and contingent liabilities

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

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

3.19 Dividends and appropriation to general reserve

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



4. PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost		Rate %	Depreciation		Written-down value As at June 30, 2014
	As on July 01, 2013	Addition / (disposal) As at June 30, 2014		As on July 01, 2013	For the year / (adjustment for disposal) As at June 30, 2014	
Owned assets:						
Leasehold land	64,893,485	64,893,485	-	-	-	64,893,485
Building on leasehold land	170,494,925	170,494,925	10%	2,529,044	147,733,528	22,761,397
Plant and machinery	1,247,613,217	1,153,160,337	5%	18,566,415 (72,514,084)	727,884,367	425,275,970
Factory equipment	21,324,720	21,324,720	10%	430,584	17,449,460	3,875,260
Office equipment	21,547,604	21,547,604	10%	433,954	17,642,020	3,905,584
Motor vehicles	14,348,155	13,035,155	20%	353,547 (1,212,134)	12,085,516	949,639
Furniture and fixtures	3,513,918	3,513,918	10%	61,825	2,957,496	556,422
Trolleys and fork lifters	4,242,562	4,242,562	10%	53,847	3,757,938	484,624
OTIS lifts	1,196,982	1,196,982	10%	13,349	1,076,840	120,142
Total owned assets	1,549,175,568	1,453,409,688		22,442,565	930,587,164	522,822,525
Disposal / deletion		(97,078,880)		(73,726,219)		

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

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

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

Particulars	Cost	Accumulating Depreciation	Book Value	Sales Price	Gain/ (Loss) on Disposal	Mode of Disposal	Purchaser
Suzuki Mehran (ADY 362)	368,000	332,075	35,925	50,000	14,075	Tender	Mohammed Aslam Karachi
Chillar Machine	32,113,492	24,791,412	7,322,080	7,250,000	(72,080)	Tender	Mohammed Aslam Karachi
Compressor Machine	28,306,423	23,243,893	5,062,530	2,850,000	(2,212,530)	Tender	Mohammed Aslam Karachi
Pannels	11,527,463	10,151,508	1,375,955	950,000	(425,955)	Tender	Mohammed Aslam Karachi
PMT	10,751,860	7,478,510	3,273,350	2,250,000	(1,023,350)	Tender	Mohammed Aslam Karachi
Beamer	1,200,800	695,918	504,882	800,000	295,118	Tender	Mohammed Aslam Karachi
Cables	552,842	412,279	140,563	250,000	109,437	Tender	Mohammed Aslam Karachi
Winder	10,000,000	5,740,564	4,259,436	2,000,000	(2,259,436)	Tender	Mohammed Aslam Karachi
	95,765,880	73,726,219	22,039,661	16,900,000	(5,139,661)		

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 except a motor vehicle having a book value of Rs. 64,940 sold for Rs. 500,000.

Particulars	Cost		Rate %	Depreciation		Written-down value
	As on July 01, 2012	Addition / (disposal)		As on July 01, 2012	For the year / (adjustment for disposal)	
	Rupees			Rupees		
Owned assets:						
Leasehold land	64,893,485	-	-	-	-	64,893,485
Building on leasehold land	170,494,925	-	10%	142,394,435	2,810,049	145,204,484
Plant and machinery	1,507,894,985	(260,281,768)	5%	975,548,515	25,925,119 (219,641,598)	781,832,036
Factory equipment	21,324,720	-	10%	16,540,449	478,427	17,018,876
Office equipment	21,547,604	-	10%	16,725,895	482,171	17,208,066
Motor vehicles	14,845,995	(497,840)	20%	13,076,232	353,547 (485,676)	12,944,103
Furniture and fixtures	3,513,918	-	10%	2,826,977	68,694	2,895,671
Trolleys and fork lifters	4,242,562	-	10%	3,644,261	59,830	3,704,091
OTIS lifts	1,196,982	-	10%	1,048,659	14,832	1,063,491
Total owned assets	1,809,955,176			1,171,805,422	30,192,670	981,870,817
Disposal / deletion		(260,779,608)			(220,127,274)	567,304,752



	NOTE	2014 RUPEES	2013 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 made during the year		(2,542,009)	-
		<u>22,878,083</u>	<u>25,420,092</u>
7. STOCK - IN - TRADE			
Raw materials		200,444	200,444
Finished goods		-	-
		<u>200,444</u>	<u>200,444</u>
Less: Provision made during the year		(20,044)	-
		<u>180,400</u>	<u>200,444</u>
8. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Loans:			
Loan to employees		20,000	35,000
Less: provision for doubtful debts		-	-
		<u>20,000</u>	<u>35,000</u>
Advances - considered good:			
Income tax refundable		9,903,094	9,903,094
Prepayments:			
Other receivables:			
Margin - letter of credit		150,000	150,000
Sales tax claims receivable		20,056,506	20,056,506
		<u>20,206,506</u>	<u>20,206,506</u>
Others	8.1	8,671,471	6,871,471
Less: provision for doubtful debts		(3,459)	(3,459)
		<u>8,668,012</u>	<u>6,868,012</u>
		<u>28,874,518</u>	<u>27,074,518</u>
		<u>38,797,612</u>	<u>37,012,612</u>
8.1 This includes receivables from S.G. Power Limited on account of rent and utilities amounting to Rs 8.550 million (2013 Rs. 6.750 million). However as disclosed in note 14,15,and 16 a sum of Rs.169.978 million is payable to S.G Power Limited.			
9. CASH AND BANK BALANCES			
Cash in hand		2,735	729
Cash with banks - current account		1,169,173	426,541
		<u>1,171,908</u>	<u>427,270</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>



	NOTE	2014 RUPEES	2013 RUPEES
11. DEFERRED LIABILITIES			
Provision for gratuity	11.1	5,363,785	5,363,785
Deferred Karachi Electric Supply Corporation bill	11.2	5,738,428	5,738,428
		<u>11,102,213</u>	<u>11,102,213</u>
11.1 The break-up of amount recognized as liability in the balance sheet is as follows:			
Reconciliation of the recognized liability with the last year figure is as follows:			
Liability as on June 30, 2013		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, 2014		<u>5,363,785</u>	<u>5,363,785</u>
11.2 This represents the difference between the expected liability of KESC bills to be finally settled and payment made by the Company for the period from Oct, 1988 to Nov,1990 due to excess billing. The petition filed by the company was decided by the Electrical Inspector, Government of Sindh Karachi region allowing a relief of Rs.4,785,376 to the Company but decision has been appealed before the Secretary Irrigation and Power, Government of Sindh by both the parties. Judgment on appeal is still awaited and the company expects a further relief of Rs. 7,690,996.			
11.3 Taxable Temporary Differences			
Accelerated tax depreciation allowance		164,650,515	163,436,766
Provision for gratuity		(1,877,325)	(1,877,325)
Provision for stores and spares		(2,542,009)	-
Provision for stock obsolescence		(20,044)	-
		<u>162,773,190</u>	<u>161,559,441</u>
Less: Unused tax losses		<u>(780,771,532)</u>	<u>(725,697,006)</u>
		<u>(617,998,342)</u>	<u>(564,137,565)</u>
Deferred tax asset has not been recognized as management is of the view that future earnings to the extent of such asset may not be available.			
12. LONG TERM LOAN			
Fibre Venture Capital Limited		302,316,902	302,316,902
Less: Current portion of long term loan	12.1	(60,463,381)	(60,463,381)
Less: Overdue amount of long term loan		(181,390,142)	(120,926,761)
		<u>60,463,379</u>	<u>120,926,760</u>
12.1 Foreign currency loan from Fibre Venture Capital Limited has been obtained on non-interest basis. Re-payment was due from February 2012 and loan was to be repaid in equal installments over a period of five years. However, due to financial constraints the repayment of the same could not be made.			
13. LOAN FORM DIRECTORS			
This represents interest free loan from sponsoring directors. Repayment terms have not yet been decided by the Company.			
14. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors		3,648,072	6,323,074
Others		1,441,087	2,426,491
		<u>5,089,159</u>	<u>8,749,565</u>
Due to associated undertaking	14.1	87,902,184	88,202,184
		<u>92,991,343</u>	<u>96,951,749</u>
14.1 These are unsecured and the late payment surcharge has been waived by the associated undertaking S.G. Power Limited.			
15. INTEREST ON SHORT TERM AND LONG TERM LOAN			
Accrued interest on long term loan payable to S.G.Power Limited		10,654,243	10,654,243
16. CURRENT PORTION OF LONG TERM LOANS			
Long term loan payable to S.G. Power Limited		71,422,097	71,422,097
Current portion of long term loan		60,463,381	60,463,381
		<u>131,885,478</u>	<u>131,885,478</u>



	NOTE	2014 RUPEES	2013 RUPEES
20. ADMINISTRATIVE AND SELLING EXPENSES			
Directors' remuneration and amenities		-	-
Salaries, allowances and benefits		3,771,760	2,406,055
Entertainment		15,576	21,949
Advertisement expense		63,238	56,542
Generator Fuel		22,078	29,260
Generator Repairment		8,990	15,821
Mutual Security Services		1,434	-
Repairs and maintenance		427,261	555,495
Rent, rates and taxes		141,940	592,800
Depreciation expense	4	3,876,150	4,267,551
Legal and professional		1,620,066	440,500
Auditor's remuneration	20.1	140,000	185,000
Utilities		68,119	11,494
Printing & Stationery		47,553	28,180
Conveyance		7,970	14,213
Postage and Shipping		14,260	11,628
Telephone and Fax		71,910	18,666
Travelling Expenses		75,000	60,000
Others		80,670	-
		<u>10,453,975</u>	<u>8,715,154</u>
20.1 Auditor's remuneration			
Audit fee		100,000	75,000
Tax consultancy services			70,000
Review fee		40,000	40,000
		<u>140,000</u>	<u>185,000</u>
21. OTHER INCOME			
Rental income		1,800,000	1,800,000
(Loss)/ Gain on sale of Stock & Materials		-	(1,540,882)
(Loss)/ Gain on sale of Fixed Assets		(5,139,661)	(23,080,234)
		<u>(3,339,661)</u>	<u>(22,821,116)</u>
22. FINANCIAL CHARGES			
Bank charges and commission		<u>17,523</u>	<u>8,241</u>
23. LOSS PER SHARE			
23.1 Basic loss per share			
Loss after taxation - rupees		(35,366,735)	(57,817,081)
Weighted average number of shares		<u>15,000,000</u>	<u>15,000,000</u>
Loss per share - rupees		<u>(2.36)</u>	<u>(3.85)</u>
23.1 Diluted earnings per share			
There is no dilution effect on the basic earnings per share of the company as there are no such commitments.			
24. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS			
Transactions with related parties are as follows:			
S.G. Power Limited:			
Rental income		1,800,000	1,800,000
Transfer of cash funds from S.G. Power Limited		<u>300,000</u>	<u>-</u>
		<u>2,100,000</u>	<u>1,800,000</u>
With Directors:			
Sale of vehicle to a director		<u>500,000</u>	<u>-</u>
25. RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT			
The company had sustained losses during the financial year due to that no provision for income tax is required for the year.			
26. CAPACITY AND PRODUCTION			
Capacity		10,500	10,500
Actual production		-	-
		<u>-</u>	<u>-</u>

* The capacity is based on 75 Deniers.



27. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
Remuneration	-	-	-	-	-	-
House Rent	-	-	-	-	-	-
Retirement Benefits	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
<i>Number of persons</i>	1	1	2	2	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

28. CAPITAL RISK MANAGEMENT

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

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives

The company's activities expose it to certain financial risks. Such financial risks emanate from various factors that 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 29.1 to 29.4

29.1 Credit risk

Credit risk represents the risk of loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The carrying amount of financial assets represents the maximum credit exposure and the detail are as follows:

	2014 RUPEES	2013 RUPEES
Loans, advances, prepayments and other receivables	38,797,612	37,012,612
Cash and bank balances	1,171,908	427,270
	39,969,520	37,439,882

29.2 Market risk

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

29.2.1 Currency risk

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

	2014 RUPEES	2013 RUPEES
Long term loan and current maturity	120,926,760	181,390,141
Balance sheet exposure	120,926,760	181,390,141

The following significant exchange rates applied during the year:

	2014 Average rates	2013	2014 At balance sheet rates	2013
US Dollar to PKR	99.5	98.4	99.95	99.67

29.2.2 Interest rate risk

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

29.3 Liquidity risk

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



	2014		
	-----Rupees-----		
	Carrying amount	Upto one year	After one year
Long term loan	630,460,884	-	630,460,884
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>

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

29.4 Fair value of financial assets and liabilities

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

30. NUMBER OF EMPLOYEES

Number of employees at the year-end

Average number of employees

	2014	2013
Number of employees at the year-end	<u>20</u>	<u>20</u>
Average number of employees	<u>20</u>	<u>20</u>

31. DATE OF AUTHORIZATION

These financial statements were authorized for issue on _____ by the Board of Directors of the Company.

32. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director



NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

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
<hr/>			
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
<hr/>			
Total	8	15,000,000	100.00



NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

DETAILS OF CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2014

	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, 2014

	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 46th Annual General Meeting of the Company to be held on Thursday the October 30 2014 9:30a.m and at
Any adjournment thereof;

In witness my/our hand seal this _____ day of _____ 2014

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**