COMPANY INFORMATION



QUARTER ENDED SEPTEMBER 30, 2016

.G FIBRE LIMITED
-40, SITE, MANGHOPIR ROARACHI.

BOOK POST PRINTED MATTER

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. Hidavat 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.

DIRECTORS' REPORT

The Board of Directors of S.G. Fibre Limited (SGF) is pleased to present the 48th Annual Report and Audited Financial Statements of the Company together with Auditor's Report for the year ended 30th June 2016.

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

- The Company owes Re.165.343 million, as mentioned in note 14, 15 and 16 to the financial statements, to the associated Company S. G. Power Ltd. The operations of the Company have been shut-down for the last many years temporarily due to unfavourable market conditions. Payables to S.G. Power Ltd. are well secured because SGF have fixed assets of Rs.585 million at revalued amount. Hence, there is nothing to apprehend about the Company's inability to settle its liabilities. The Company has provided confirmation to its associated undertaking that the amount of Rs. 165.343 million is due from the Company and would be settled on priority basis once the operations recommence. As per SECP order we were required to charge mark-up on outstanding balance of receivables that should not be less that the borrowing cost of the Company. Mark-up of Rs.10.654 million was provided as per the said directive. Since the Company has not borrowed any funds from any bank or financial institution, the mark-up accrued has been adequately charged for earlier period and it has not been provided in the current financial year.
- The Company has suffered loss of Rs.23.655 million (before tax) and loss of Rs.14.600 million after tax for the year and the accumulated losses as at June 30, 2016 stand at Rs.760.013 million. The management will be undertaking new lines of businesses which the shareholders have approved in the EOGM held on June 06, 2016. The funds requirement will be met from the sale of machinery and additional funds will be mobilized through other means. Keeping in view the new lines of businesses to be undertaken, the management believes that there is no doubt over the Company's ability to become a going concern in due course of time. Hence, the financial statements do not need any adjustment.
- Due to closure of the factory operations for the last many years and adverse financial health of the Company, it has no option but to value the directors' loans at historical costs. As such it has not been found possible to comply with requirements of IAS-39.
- The related parties transaction, records and ledger are available with the Company. However, there have been some difficulties in tracing the old record due to nonavailability of staff.
- The management is of the view that the sales tax and income tax refunds could be settled. However, the management is considering about writing off the same in due course of time if the present status continued.
- The factory has remained closed for the last many years and there are no short-term and long-term employees in employment. Compliance with IAS-19 pertaining to accounting and disclosures could not be applied.

FINANCIAL RESULTS.

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

However, the Company has been able to dispose off some additional old machinery and gained profit of Rs.6.186 million. It was necessary to dispose of the old plant and machinery as the market value is falling each year and the directors have decided to enter into new lines of businesses which have been approved by the shareholders in EOGM held on June 06. 2016. Moreover, the Company has rented out a small portion of its premises to generate adequate income for managing day to day expenses of the Company. Rental income of Rs.14.857 million has been earned during the year. Following are the financial results for the year ended June 30, 2016:

Sales	****
	(4,374,418)
	(4,374,418)
Admin & Selling Expenses	38,523,4291
Other Income/Loss (19,242,892)
Financial charges	(17,995)
Loss before taxation	23,672,950)
Loss after taxation (14,600,240)

FUTURE OUTLOOK

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

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

- The financial Statements for the year ended June 30, 2016 prepared by the management present fairly its state of affairs, the results of its operation, cash flow and change in
- Proper books of accounts of the Company have been maintained.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- There are no significant doubts upon the Company's ability to continue as a going concern after it enters into new lines of businesses.
- The Company's system of internal control is sound in design and has been effectively implemented and continuously monitored. There has been no material departure from the best practice of Code of Corporate
- Governance as detailed in the listing regulations. The Directors, Chief Executive and their spouses and minor children did not carry out
- any transaction in the shares of the Company during the year. Key operating financial data for the last five years in summarized form is annexed.
- Compliance of Code of Corporate Governance is annexed.
- Certain non-compliances mentioned in the Auditors' Review Report are due to the fact that the Company is closed for many years. These shortcomings will be addressed as soon as the Company recommences business.

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

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

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

AUDITORS

The present Auditors M/S Muniff Ziauddin & Co., Chartered Accountants, retires and being eligible, offers themselves for re-appointment. Audit Committee recommended for their reappointment for the year ending June 30, 2017.

AUDIT COMMITTEE

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

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

ACKNOWLEGEMENT

The Directors of your Company offer their sincere gratitude to the shareholders, institutions for their support and assistance.

SHARE HOLDINGS PATTERN

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

On behalf of the Board of Directors

Sohail Ahmed (Chief Executive)

September

September

625,488,815

661,128,520

Karachi October 06, 2016

S.G. FIBRE LIMITED)
BALANCE SHEET	
AS AT SEPTEMBER	30, 2016

		2016	2015
	NOTES	Rupees	Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	579,462,605	618,650,225
Long term deposits	5	95,714	95,714
CURRENT ASSETS			
Stores and spares	6		10.702
Stock - in - trade	7		0.00 (0.34)
Loans, advances, prepayments and other receivables	8	40,691,612	40,691,612
Cash and bank balances	9	5,238,884	1,690,969
		45,930,496	42,382,581
	_	625,488,815	661,128,521
SHARE CAPITAL AND RESERVES			1917

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		(765,072,406)	(765,732,976)
		(277,672,406)	(278,332,976)
Surplus on revaluation of fixed assets		463,093,374	477,332,738
		185,420,968	198,999,762

NON-CURRENT LIABILITIES

Deferred liabilities	11	57.819,808	.67,012,218
Long term loan	12	0	0
Loan from directors	13	197,494,064	206,994,064
		255,313,872	274,006,282
CURRENT LIABILITIES			

Creditors, accrued and other liabilities	.14	102,557,936	106,046,136
Interes on short term and long term loan	15	10,654,243	10,654,243
Current portion of long term loan	16	71,422,097	71,422,097
Overdue amount of long term loan	16	0	0
Provision for Taxation	000	119,700	0
	- (.5	184,753,976	188,122,476
CONTINCENCIES AND COMMITMENTS	47		

The annexed notes form an integral part of these financial statements

Chief Executive Director S.G. FIBRE LIMITED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	NOTES	2016 RUPEES	2015 RUPEES
Sales	18		
Cost of sales	19	(5,515,870)	(6,397,708)
Gross loss		(5,515,870)	(6,397,708)
Administrative and selling expenses	20 _	(3,223,760)	(1,919,549)
Operating loss		(8,739,630)	(8,317,257)
Other income	21	3,680,691	2.236,872
		(5,058,939)	(6,080,385)
Financial charges	22		
Provision for doubtful debts			
	F		
Loss before taxation		(5,058,939)	(6,080,385)
Provision for taxation			
-Current			
-Deferred			
Loss after taxation	AMI	(5,058,939)	(6.080,385)
Loss per share - basic and diluted	23	(0.34)	(0.41)

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 PERIOD ENDED SEPTEMBER 30, 2016

Issued, subscribed and paid-up capital	Capital reserve	Accumulated loss	Total
	Ri	pees	
150,000,000	337,400,000	(759,652,591)	(272,252,591)
er		(5.058,939)	(5,058,939)
300,000,000	674,800,000	(764,711,530)	(444,760,419)
150,000,000	337,400,000	(760,013.467)	(272,252,591)
ır		(5.058.939)	(5.058,939)
450,000,000	1,012,200,000	(765,072,406)	(722,071,949)
	subscribed and paid-up capital [subscribed and Capital reserve paid-up capital	subscribed and Capital reserve Accumulated loss

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 SEPTEMBER 30TH, 2016

STATUS OF THE COMPANY

The Company was incorporated in Pakistan as a public limited company and its shares are listed at Karachi St Exchange. The principal activity of the Company is manufacturing of polyester filament yarn. The registered of and production facility of the company are situated at E-40, S.1.T.E. Karachi.

Going concern

Going concern
The company has suffered loss of Rs. 5.058 million during the 1st quarter (6.080 million in 2015) and accumulated loss as at Sept. 30, 2016 stood at Rs. 765.072 million (765.732 million in 2015). Filament Yarn industry in Pakistan is in omnous situation due to adverse fiscal measures and unfavorable market conditions resulting in high cost 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 premisis to meet its administrative cost and to reduce it losses.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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 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 Companies Ordinance of Standards (EFRS) 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.

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.

Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumption that affect the application of policies and the reported emounts of assets, liabilities, income and expenses.

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 esti are recognized in the period in which the estimate is revised if the revision affect only that period, or in the pe he revision and future period if the revision addicts both current and future periods.

Functional and presentation currency

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

Recent accounting developments

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

The following revised standards, amendments and interpretations with respect to approved accounting standard as applicable in Pakistan would be effective from the dates mentioned below against the respective standards c

Standards	or interpretation	Effective date (accounting period beginning on or at
IAS -27	Separate financial statements (Ameridments)	January 1, 2015
IFRS 10	Consolidated financial statements (Amendments):	January 1, 2015
IFRS 11	Joint Arrangements	January 1, 2015
IFRS 12	Disclosure of interests in other entities (Amendments)	January 1, 2015
IFRS 13	Fair value measurement	
men .		

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 disc

In addition to the above have also been issued by after July 01, 2014. above amendments and interpretations, improvements to the following accounting standards ued by IASB, Such improvements are generally effective for accounting periods beginning on or

Standards, amendments and interpretations adopted during the year:

During the year, the following new / revised standards, amendments and interpretations of accounting standards become effective: IASB Effective date (annual periods

Deg	ginning on or after
IFRS 8 Operating Segments	July 01, 2014
IAS 16 Property, plant and equipment - (Amendment)	July 01, 2014
	July 01, 2014
IAS 38 Related Party Disclosure	July 01, 2014
IAS 40 Investment Property	July 01, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Property, plant and equipment have been revalued. Surplus arisen on revaluation of these assets has been credited to surplus on revaluation or 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 tilt requirements of section 235 of the Companies Ordinance. 1984 and shall be red on the balance sheet tilt requirements of section with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the value of the section of the

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 belance method.

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 mide to relevant fixed assets category as and when assets are available for use.

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

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 lost comprising invoice value bus 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

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.

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.

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

Assets under finance lease

The company accounts for fixed assets acquired under finant liability. These amounts are determined on the basis of the disoccharges in respect of leases entered into are allocated in a mothenge on the outstanding liability. Depreciation is charged to it the rate stated in respective note to the financial statements. Financial liabilities

financial liabilities are toans, 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 not recognition. After initial recognition financial liabilities held for Vading are carried at fair value and all other finant liabilities are measured at amortized cost.

Compensated absences

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

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

Deferred

eferred tax is provided using liability method providing for all temporary differences between the can mounts of assets and liabilities for financial reporting purposes and the amounts used for texation purposes, robust of deferred lax providing is based on the expected manner of realization or estimating of the consoluted of assets and liabilities using tax reless enacted at the balance sheet date. Deferred tax asset is recognly to the extent it is probable that future texable profit with de available and the credits can be utilized.

Staff retirement benefits

The Company operates are surfunded profully enhance covering all employees. Provision is made ann. The Company operates are surfunded by the company of the

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

Revenue recognition
Sales are recorded on dispatch of goods to customers. Other income is so
Foreign exchange translation Fransactions in foreign currencies are recorded at the rates prevailing on the sabilities in foreign currencies are translated into Pak Rupees at the rate of exch-tate except foreign exchange forward contracts which are removind at promising and the process.

All borrowing costs are capitalized up to the date of commissioning of the re proceeds of such borrowing. All other borrowing costs are charged to income.

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 sparse are sold at average cost bossis.

Provisions, contingent assets and contingent liab

Provisions, contingent assets and contingent tourisets the provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is protable that an outflow of resources embodying economic bronefits will be required to settle the obligation and a reliable estimate can be instanced to the provision of the proposition of the provision of the prov

Dividends and appropriation to general reserves are recognized in the financial statem these are approved

		OTES	2016 RUPEES	2015 RUPEES
5.	LONG TERM DEPOSITS			
	Security deposits	-	95,714	95,714
		-	95.714	95,714
6.	STORES AND SPARES			
	Stores			
	Spares			
	Less: Provision against damaged & obsolete items		The state of the s	-
	Disposal	-		
		min		
7.	STOCK - IN - TRADE			
	Raw materials			
	Finished goods			
	Less: Provision against damaged stock		(8)	
	Disposal			
		_		
В.	LOANS, ADVANCES, PREPAYMENTS AND			
	OTHER RECEIVABLES			
	Advances - considered good:			
	Income tax refundable		9,903,094	9,903.094
	Prepayments:			
	Other receivables:	100		
	Margin - letter of gurantee		150,000	150,000
	Sales tax claims receivable	L.	21,070,506	21.070,506
			21,220,506	21,220,506
	Others	8.1	9.571,471	9,571,471
	Less: provision for doubtful dobts		9,568,012	(3,459)
		_	30,788,518	30.788 518
			40,691,612	40.691.612
	8.1 This includes receivables from S.G. Power Limited million.	on account		The second secon
9.	CASH AND BANK BALANCES			
	Cash in hand		3,748	6,119
	Cash with banks - current account		5,235,136	1,682,850
		-	5,238,884	1,690,969
	SOURCE CURRENBER AND DAID HE CARITAL	_		
10.	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL 5.200,000 Ordinary shares of Rs. 10 each fully paid in 5.415,510 Ordinary shares of Rs. 10 each as fully paid		52,000,000	52,000,000
	shares 2,384,390 Ordinary shares of Rs. 10 each as fully paid		54,156,100	54,156,100
	shares 2.00.000 Ordinary shares of Rs. 10 each fully paid in cash		23,843,900	23,843,900
	(foreign placement)		20,000,000	20,000.000
	NOTES		2016	2015
	NOTES		RUPEES	RUPEES
0.5				
11.	DEFERRED LIABILITIES			55,910,005
	Deferred tax liability attributable to revaluation surp	11.1	46,717,595 5,363,785	55,910,005
	Provision for gratuity	13.1	5,363,785	5,363,785

Deferred tax liability attributable to revaluatio Provision for gratuity Deferred Karachi Electric Supply Corporation bill 5,738,428 57,819,808

11.1 The break-up of amount recognized as liability in the balan Reconciliation of the recognized liability with the last year figure Liability as on June 30, 2009 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 5 353 785 5.363.785 5.363.785 Benefits paid during the year Liability as on June 30, 2010

5,738,428 67,012,218

5,383,785

5,363,785

13.2 This represents the difference between the expected liability of NESC payment made by the Company for the period from Cott, 1988 to Nov, 1990 due to The gettion flied by the company was decided by the Electrical Inspector, Gover-Karabir region allowing a relief of 18.4, 1785, 376 to the Company but decision has before the Secretary Irrigation and Power, Government of Sindh by both the parapeal is still awaited and the company special schildren relief of 18.4, 7, 809, 1986. KESC bills to 90 due toexces r. Government

11.3 Taxable Temporary Differences	
Fixed Assets	
Deferred tax assets on gratuity	
Less: Tax Losses	action to the second of

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.

12.1 Foreign currency loan from Fibre Venture opayment was due from February 2012 and loan		
Less: Overdue amount of long term toen		 (241,853,521)
Less :Current portion of long term loan.	12.1	 (60,463,381)
Fibre Venture Capital Limited		302,316,902
LONG TERM LOAN		
the extent of such asset may not be available.		

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 Cepital Limited, waived off the loan due to current financial position of the company.

LOAN FORM DIRECTORS This represents interest free loa

an from sponsoring directors. Repayment terms have not yet been

14. CREDITORS, ACCRUED AND OTHER L

	NOTES	2016 RUPEES	2015 RUPEES
Trade creditors Security deposit payable		14,715,072 3,407,695	16,826,999 1,652,700
Others		1,465,311	1,379.087
Due to associated undertaking		19,588,078	19,858,786
	14.1	82,969,858	86,187,350
	-	102,557,936	106,046,136
14.1 Those are uneconord and the late			To the same of the

undertaking S.G. Power Limited.

INTEREST ON SHORT TERM AND LONG TERM LOA Accrued interest on long term loan payable to S.G.Por 15. 10,654,243 CURRENT PORTION OF LONG TERM LOANS Long term loan payable to S.G. Power Limited Current portion of long loan 16. 71,422,097 71,422,097 60,463,381 (60.463,381) 71,422,097 OVERDUE AMOUNT LONG TERM LOAN
Overdue amount of long term loan
Less: Reversal of overdue amount due to loan wa 241,853,521 (241,853,521)

CONTINGENCIES AND COMMITMENTS

(i) Legal claim filed against the Company from suppliers were not acknowledged as amounting to Rs.0.418 million (2013 Rs. 0.418 million)

amounting to Rs.0.418 million (2013 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 and Sank of Pakistan of

deleted. The Corporate Law Authority inrough its various letter emphasized for unconditional arrangement. National Bank of Pakistan vide its letter No. CCD: BE 098/48 dated March 01, 1995 confirmed that they have no objection to the publication of the prospectus of the company in the newspaperal mentioning makes the company in the newspaperal mentioning of the prospection of the prospectus of the company in the newspaperal with the sponsors any other person. The prospectual published in the newspaper also contained this fact it other underwriter has not entered any bury published in the newspaper also contained this fact it other person." After public floatation, National Bank of Pakistan prospectual pros

(a) The object for public floatation was to raise fundaminated 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 machinenes was imported, the completion of process of installation and commissioning, 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 susteined during the year 1999.

(b) Subsequent to filing of the above suit, National Bank of Pakistan also filed a Suit No. B-200 of 2000 dated October 21, 2000 in the High Court of Sindh against the company and the sponsors seeking enforcement of "Buy Back Agreement" and payment of resultant amount with profit at 18 percent per annum from the date of suit till the payment by the company and a direction that shares of the company be sold in the market and the net sale proceeds be applied towards the adjustment of the decretal amount.

The sponsors are confident that they will succeed their case in view of their sound legal position (c) Legal claims have been ledged by ex-employees of the company for recovery of their outstanding embluments on accound in their employment with the company.

(iii) Two appeals bearing no, K-137/2008 and K-138/2008 both dated March 18, 2008 passed by the Collector of Sales Tax and Federal Excise (Appeals) Karachi is pending before the Inland Appellate Tribunal, Bench, Karachi, One appeal bearing no, K-190/2010 dated March 24, 2010 filed against the Order in appeal no, 254/2010, dated February 02, 2010 passed by the Collector of Customs (Appeals) Karachi is pending before the Customs Appellate Tribunal, Bench-II, Karachi. The management is of view that the aforesid cases involve certain law points and there is every likelihood of having a favorable verdict in these matters.

2016 RUPEES

2015 RUPEES

18				22 - 27 - 27 - 27
	Local			
	Export			
19	COST OF SALES			
	Electricity, gas, steam and water		63.392	147,310
	Depreciation expense		5,452,478	6,250,398
		-	5,515,870	6,397,708
20.	ADMINISTRATIVE AND SELLING EXPENS			0.037,700
20.	Directors' remuneration and amenities	SES		
	Salaries, allowances and benefits		450,000	450,000
			1.358,183	1,140,068
	Building maintenance		316,400	and the same of th
	Generator Fuel/Repair		167,000	24 040
	Repairs and maintenance			197,950
	Rent, rates and taxes		15.500	5.000
	Depreciation expense	4	19.762	24.703
	Proffessional Fee		807,215	63,350
	Security	20.1		1,400
	Postage and Shipping		440	280
	Telephone and Fax		7.500	4.000
	Printing & Stationary		760	
	Utility		12,000	3,408
	Commission		69,000	
		-	3,223,760	5,350
		_	5,225,760	1,919,549
			2016	2015
		NOTES	RUPEES	RUPEES
21.	OTHER INCOME			
7	Rental income			
	Transaction of the Contraction o	-	3,680,691	2,236,872
		_	3,680,691	2,236,872
22.	FINANCIAL CHARGES			
	Bank charges and commission	-		
23.	EARNINGS PER SHARE	_		
	23.1 Basic earnings per share			
	Loss after taxation - rupees		(5,058,939)	
	Weighted average number of shares			(6,080,385)
	Loss per share - rupees	-	15,000,000	15,000,000
		_	(0.34)	(0.41)
	23.1 Diluted earnings per share There is no dilution effect on the basic persions a			

TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS Transaction with associated undertakings are as follows:

S.G. Power Limited: Payment of SUI gas bill Repayment of liability Rental income

RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT
The company had sustained losses during the financial year due to that no provision for incoling is required for the said year.

DATE OF AUTHORIZATION
These financial statements were authorized for issue on 31 OCT 2016 by the Directors of the Company.

GENERAL
Figures have been rounded off to the nearest rupee.