



FIBRE LIMITED

S.G
FIBRE LIMITED
ANNUAL REPORT
2016



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(MEMBER OF S.G. GROUP)
2016

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COMPANY / INFORMATION

Board of Directors

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

AUDIT COMMITTEE

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

BANKERS

Summit Bank Limited

AUDITORS

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

SHARES REGISTRAR

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

REGISTERED OFFICE

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



NOTICE OF ANNUAL GENERAL MEETING

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

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

Karachi: October 07, 2016
Board

By Order of the

Sohail Ahmed
(Chief Executive)

Notes:

1. The shares Transfer Books of the Company will remain closed from October 21, 2016 to October 27, 2016 (both days inclusive) for the purpose of the Annual General Meeting.
2. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature shall be submitted along with proxy from the Company. Proxies in order to be effective must reach at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. Members are requested to notify change in their mailing address, if any, immediately to the Share Registrar of the Company M/S Technology Trade (Private) Limited, Dagia House, 241-C, PECHS, Shahrah-e-Quaiden, Karachi.
4. Members, who have deposited their shares with the Central Depository Company of Pakistan Ltd. (CDC), are requested to bring their original Computerized National Identity Cards along with their account numbers in CDC for verification at the time of the meeting.
5. CDC account holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.



DIRECTORS' REPORT

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

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

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

FINANCIAL RESULTS.

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



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

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

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

FUTURE OUTLOOK

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

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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



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

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

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

AUDITORS

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

AUDIT COMMITTEE

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

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

ACKNOWLEDGEMENT

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

SHARE HOLDINGS PATTERN

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

On behalf of the
Board of Directors

Sohail Ahmed
(Chief Executive)

Karachi October 06, 2016



VISION STATEMENT

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

MISSION STATEMENT

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

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

CORPORATE OBJECTIVES & DEVELOPMENT STRATEGY

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

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

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE ON TRANSFER PRICING

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

On behalf of the Board of Directors

Sohail Ahmed
(Chief Executive)

