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

	NOTES	September 2015 Rupees	September 2014 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	618,650,225	516,666,508
Long term deposits	5	95,714	95,714
CURRENT ASSETS			
Stores and spares	6	-	25,420,092
Stock - in - trade	7	-	200,444
Loans, advances, prepayments and other receivables	8	40,691,612	33,040,783
Cash and bank balances	9	1,690,969	5,637,304
		42,382,581	64,298,624
		661,128,521	581,060,845
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		(765,732,976)	(654,848,888)
		(278,332,976)	(167,448,888)
Surplus on revaluation of fixed assets		477,332,738	
		198,999,762	(167,448,888)
NON-CURRENT LIABILITIES			
Deferred liabilities	11	67,012,218	11,102,213
Long term loan	12	0	60,463,379
Loan from directors	13	206,994,064	255,994,064
		274,006,282	327,559,656
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	14	106,046,136	97,020,215
Interest on short term and long term loan	15	10,654,243	10,654,243
Current portion of long term loan	16	71,422,097	131,885,478
Overdue amount of long term loan	16	0	181,390,142
		188,122,476	420,950,078
CONTINGENCIES AND COMMITMENTS	17	-	-
		661,128,520	581,060,845

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, 2015

	NOTES	2015 RUPEES	2014 RUPEES
Sales	18		-
Cost of sales	19	**(6,397,708)**	**(6,245,215)**
Gross loss		**(6,397,708)**	**(6,245,215)**
Administrative and selling expenses	20	**(1,919,549)**	**(2,699,053)**
Operating loss		**(8,317,257)**	**(8,944,268)**
Other income	21	**2,236,872**	**-**
		(6,080,385)	**(8,944,268)**
Financial charges	22		
Provision for doubtful debts			
		-	**-**
Loss before taxation		**(6,080,385)**	**(8,944,268)**
Provision for taxation			
-Current			**-**
-Deferred			**-**
			-
Loss after taxation		**(6,080,385)**	**(8,944,269)**
Loss per share - basic and diluted	23	**(0.41)**	**(0.60)**

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

Chief Executive

S.G. FIBRE LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30TH, SEPTEMBER 2015

	2015 RUPEES	2014 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before taxation	(6,080,385)	(8,944,269)
Adjustment for:		
-Depreciation	6,275,101	6,156,017
Profit on sale of fixed assetsvision for doubtful debts		
-Provision for doubtful debts		-
-Finance charges		-
	6,275,101	6,156,017
	194,716	(2,788,252)
(Increase) / decrease in current assets		
Stores and spares	-	-
Stock - in - trade	-	-
Trade debts	-	-
Loans, advances, prepayments and other receivables	0	
	-	-
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	13,211,515	4,425,470
Finance charges paid		
Net cash generated from operating activities	13,406,231	3,156,479
CASH FLOW FROM INVESTING ACTIVITIES		
Sale proceeds form disposal of fixed assets		
Long term deposits		-
Net cash used in investing activities		
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans from directors	(11,000,000)	(2,687,500)
Net cash from financing activities	(11,000,000)	(2,687,500)
Net increase / (decrease) in cash and cash equivalent	2,406,231	4,465,396
Cash and cash equivalent at the beginning of the year	715,262	1,171,908
Cash and cash equivalent at the end of the year	1,690,969	5,637,304

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

Chief Executive

S.G. FIBRE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	Issued, subscribed and paid-up capital	Capital reserve	Accumulated loss	Total
	|------------------------Rupees------------------------|			
Balance as at July 1, 2014	**150,000,000**	**337,400,000**	**(645,904,619)**	**(158,504,619)**
Loss for the quarter ended September 30, 2014	-	-	(8,944,269)	(8,944,269)
Balance as at Sep 30, 2014	**150,000,000**	**337,400,000**	**(654,848,888)**	**(167,448,888)**
Balance as at July 1, 2015	150,000,000	337,400,000	(759,652,591)	(272,252,591)
Loss for the quarter ended September 30, 2015			(6,080,385)	(6,080,385)
Balance as at Sep 30, 2015	**300,000,000**	**674,800,000**	**(765,732,976)**	**(445,781,864)**

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, 2015

1. STATUS OF THE COMPANY

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

1.2 Going concern

The company has suffered loss of Rs. 6.080 million during the 1st quarterr (8.944 million in 2014) and accumulated loss as at Sept. 30, 2015 stood at Rs.765.732 million (654.848 million in 2014). Filament Yarn Industry in Pakistan is in ominous situation due to adverse fiscal measures and unfavorable market conditions resulting in high cost of production and dumping of cheap product from China and other countries. Frequent increases in the cost of energy and hike in cost of financing is leading this industry towards crisis. Consequently the management of the company had decided to disengage temporarily the operations of the company as of December 2006 to safeguard the interest of stakeholders. The Filament Yarn Association is negotiating with the government to take initiatives to revive the industry and to avoid resulting unemployment. In the meanwhile the company has rented out its premisis to meet its adminstrative cost and to reduce it losses.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Accrual basis of accounting

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumption that affect the application of policies and the reported amounts 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 estimates are recognized in the period in which the estimate is revised if the revision affect only that period, or in the period of the revision and future period if the revision addicts both current and future periods.

2.5 Functional and presentation currency

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

2.6 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 standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Standards or interpretation		**Effective date (accounting periods beginning on or after)**
IAS -27	Separate financial statements (Amendments)	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	

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

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

- Standards, amendments and interpretations adopted during the year:

During the year, the following new / revised standards, amendments and interpretations of accounting standards become effective:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Tangible assets

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

3.2 Intangible assets

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

3.3 Capital work-in-progress

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

3.4 Stores and spares

Stores and spares excluding items in transit are valued at lower of average cost or net realizable value. Provision is made for slow moving and obsolete items. Net realizable value signifies the estimated selling price in the ordinary course of businesses less estimated cost of completion and estimated cost necessary to make the

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

3.5 Stock-in-trade

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

3.6 Trade debts

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

3.7 Cash and cash equivalent

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

3.8 Impairment of assets

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

3.9 Assets under finance lease

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

3.10 Financial liabilities

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

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

3.11 Compensated absences

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

3.12 Taxation

Current

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

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 can be made of the amount of the obligation.

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 is 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 July 01, 2015	Addition / (disposal)	As at Sep 30, 2015		As at July 01, 2015	For the QTR / (adjustment for disposal	As at Sep 30, 2015	As at Sep 30, 2015
	|--------------Rupees--------------|				|--------------Rupees--------------|			Rupees
Owned assets:								
Leasehold land	363,818,485	-	363,818,485	-	-	-	-	363,818,485
Building on leasehold land	404,812,668	-	404,812,668	10%	173,441,442	5,784,281	179,225,723	225,586,945
Plant and machinery	50,785,688	-	50,785,688	5%	29,591,955	264,922	29,856,877	20,928,811
Factory equipment	21,324,720	-	21,324,720	10%	17,836,986	87,193	17,924,179	3,400,541
Office equipment	21,547,604	-	21,547,604	10%	18,032,578	87,876	18,120,454	3,427,150
Motor vehciles	13,035,155	-	13,035,155	20%	12,541,103	24,703	12,565,806	469,349
Furniture and fixtures	3,513,918	-	3,513,918	10%	3,013,138	12,520	3,025,658	488,261
Trollies and fork liters	4,242,562	-	4,242,562	10%	3,806,401	10,904	3,817,305	425,257
OTIS lifts	1,196,982	-	1,196,982	10%	1,088,855	2,703	1,091,558	105,424
Total owned assets	**884,277,782**		**884,277,782**		**259,352,458**	**6,275,101**	**265,627,559**	**618,650,225**
Disposal / deletion		**-**				**-**		

Depreciation charge for the Quarter has been allocated as follows:

	2015 RUPEES	2014 RUPEES
Cost of sales	6,250,398	6,108,535
Administrative and selling expense	24,703	47,482
	6,275,101	**6,156,017**

Disposal /deletion of Fixed Assets during the quarter with original cost and bool value

Particulars	cost	Accumulated Depreciation	Book Valoe	Sale Price	Gain on Disposal	Mode of Disposal
					-	

Particulars	Cost			Rate %	Depreciation			Written-down value
	As at July 01, 2014	Addition / (disposal)	As at Sep 30, 2014		As at July 01, 2014	For the QTR / (adjustment for disposal	As at Sep 30, 2014	As at Sep 30, 2014
	|--------------Rupees--------------|				|--------------Rupees--------------|			Rupees
Owned assets:								
Leasehold land	64,893,485	-	64,893,485	-	-	-	-	64,893,485
Building on leasehold land	170,494,925	-	170,494,925	10%	147,733,528	569,035	148,302,563	22,192,362
Plant and machinery	1,153,160,337	-	1,153,160,337	5%	727,884,367	5,315,950	733,200,317	419,960,020
Factory equipment	21,324,720	-	21,324,720	10%	17,449,460	96,882	17,546,342	3,778,379
Office equipment	21,547,604	-	21,547,604	10%	17,642,020	97,640	17,739,660	3,807,944
Motor vehciles	13,035,155	-	13,035,155	20%	12,085,516	47,482	12,132,998	902,157
Furniture and fixtures	3,513,918	-	3,513,918	10%	2,957,496	13,911	2,971,407	542,511
Trollies and fork liters	4,242,562	-	4,242,562	10%	3,757,938	12,116	3,770,054	472,508
OTIS lifts	1,196,982	-	1,196,982	10%	1,076,840	3,004	1,079,844	117,138
Total owned assets	**1,453,409,688**		**1,453,409,688**		**930,587,165**	**6,156,017**	**936,743,182**	**516,666,508**
Disposal / deletion		-				-		

Depreciation charge for the Quarter has been allocated as follows:	**2013 RUPEES**	**2014 RUPEES**
Cost of sales	6,108,535	6,702,916
Administrative and selling expense	47,482	22,953
	6,156,017	**6,725,868**

		NOTES	2015 RUPEES	2014 RUPEES
5.	**LONG TERM DEPOSITS**			
	Security deposits		**95,714**	**95,714**
			95,714	**95,714**
6.	**STORES AND SPARES**			
	Stores		**986,704**	**986,704**
	Spares		**24,433,388**	**24,433,388**
			25,420,092	**25,420,092**
	Less: Provision against damaged & obsolete items		**(2,542,009)**	**-**
	Disposal		**(22,878,083)**	**-**
			-	**25,420,092**
7.	**STOCK - IN - TRADE**			
	Raw materials		**200,444**	**200,444**
	Finished goods		**-**	**-**
			200,444	200,444
	Less: Provision against damaged stock		**(20,044)**	
	Disposal		**(180,400)**	
			-	**200,444**
8.	**LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**			
	Loans:			
	Loan to employees		**-**	**20,000**
	Less: provision for doubtful debts			
			-	**20,000**
	Advances - considered good:			
	Income tax refundable		**9,903,094**	**9,903,094**
	Prepayments:			**-**
	Other receivables:			
	Margin - letter of gurantee		**150,000**	**150,000**
	Sales tax claims receivable		**21,070,506**	**20,056,506**
			21,220,506	**20,206,506**
	Others	8.1	**9,571,471**	**2,914,642**
	Less: provision for doubtful debts		**(3,459)**	**(3,459)**
			9,568,012	**2,911,183**
			30,788,518	**23,117,689**
			40,691,612	**33,040,783**

8.1 This includes receivables from S.G. Power Limited on account of rent and utilities amounting to Rs 6.750 million.

			2015 RUPEES	2014 RUPEES
9.	**CASH AND BANK BALANCES**			
	Cash in hand		**8,119**	**(4,684)**
	Cash with banks - current account		**1,682,850**	**5,641,988**
			1,690,969	**5,637,304**
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**

NOTES		2015 RUPEES	2014 RUPEES
11. DEFERRED LIABILITIES			
Deferred tax liability attributable to revaluation surplus		**55,910,005**	
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**
		67,012,218	**11,102,213**

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, 2009	**5,363,785**	**5,363,785**
Provision for the year	**-**	**-**
Actuarial loss recognized during the year	**-**	**-**
Excess of book provision over transitional liability recognized	**-**	**-**
Charge for the year reported as salaries and benefits	**-**	**-**
	5,363,785	**5,363,785**
Benefits paid during the year	**-**	**-**
Liability as on June 30, 2010	**5,363,785**	**5,363,785**

11.2 This represents the difference between the expected liability of KESC bills to be finallysettled and payment made by the Company for the period from Oct, 1988 to Nov,1990 due toexcessbilling. 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

Fixed Assets		
Deferred tax assets on gratuity		
Less: Tax Losses		
	-	**-**

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		**(241,853,521)**	**(181,390,142)**
		-	**60,463,379**

12.1 Foreign currency loan from Fibre Venture Capital Limited was obtained on non-interest basis. Re-payment was due from February 2012 and loan was to be repaid in equal installments over a period of five years. However, due to financial constraints the repayment of the same could not be made. During the year ended June 30, 2015 the lender, Fibre Venture Capital Limited, waived off the loan due to current financial position of the company.

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

	NOTES	2015 RUPEES	2014 RUPEES
Trade creditors		**16,826,999**	**9,043,072**
Security deposit payable		**1,652,700**	**-**
Others		**1,379,087**	**74,959**
		19,858,786	**9,118,031**
Due to associated undertaking	14.1	**86,187,350**	**87,902,184**
		106,046,136	**97,020,215**

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 loan		**60,463,381**	**60,463,381**
		(60,463,381)	
		71,422,097	**131,885,478**
OVERDUE AMOUNT LONG TERM LOAN			
Overdue amount of long term loan		**241,853,521**	-
Less: Reversal of overdue amount due to loan waiv	13.1	**(241,853,521)**	-
		-	-

17. CONTINGENCIES AND COMMITMENTS

(i) Legal claim filed against the Company from suppliers were not acknowledged as debts 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. National Bank of Pakistan agreed to underwrite 3,851,200 shares of Rs 10 each at a premium of Rs. 48.50 per share. However the Bank insisted to impose a condition on the sponsors to enter into a "Buy Back Agreement" in respect of the share underwritten by them . Corporate Law Authority (Securities and Exchange Commision of Pakistan) desired with their letter dated September 18, 1995 to furnish an unqualified underwriting commitment without any "Buy Back Agreement"and the NBP vide its letter dated October 27,1994 confirmed that this condition will be deleted .The Corporate Law Authority through its various letter emphasized for unconditional arrangement.

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

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

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

The sponsors are confident that they will succeed in their case in view of their sound legal position.

(c) Legal claims have been lodged by ex-employees of the company for recovery of their outstanding emoluments on account of their employment with the company.

(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. 3254/2010, 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 aforesaid cases involve certain law points and there is every likelihood of having a favorable verdict in these matters.

		NOTES	2015 RUPEES	2014 RUPEES
18.	**SALES**			
	Local		-	-
	Export		-	-
			-	-
	Less: Sales Tax		-	-
			-	-
19.	**COST OF SALES**			
	Electricity, gas, steam and water		**147,310**	**136,680**
	Depreciation expense		**6,250,398**	**6,108,535**
			6,397,708	**6,245,215**
20.	**ADMINISTRATIVE AND SELLING EXPENSES**			
	Directors' remuneration and amenities		**450,000**	**150,000**
	Salaries, allowances and benefits		**1,140,068**	**1,966,411**

Entertainment		-	32,000
Building Maintenance		-	10,000
Generator Repair		24,040	60,300
Repairs and maintenance		197,950	284,183
Rent, rates and taxes		5,000	
Depreciation expense	4	24,703	47,482
Proffessional Fee		63,350	96,000
Fees, subscriptions, newspapers and periodicals		-	4,150
Security	20.1	1,400	-
Conveyance		-	2,200
Postage and Shipping		280	180
Telephone and Fax		4,000	15,000
Printing & Stationary		3,408	24,147
Utility		-	7,000
Commission		5,350	
		1,919,549	2,699,053

20.1 Auditor's remuneration

Audit fee		
Tax consultancy services		
Review fee		
Out of pocket expense		
	-	-

21. OTHER INCOME

Rental income	2,236,872	
Sale of waste and material net of cost	-	-
Gain on sale of fixed assets		
Other miscellaneous income	-	-
	2,236,872	-

22. FINANCIAL CHARGES

Bank charges and commission		

23. EARNINGS PER SHARE

23.1 Basic earnings per share

Loss after taxation - rupees	(6,080,385)	(8,944,269)
Weighted average number of shares	15,000,000	15,000,000
Loss per share - rupees	(0.41)	(0.60)

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

Transaction with associated undertakings are as follows:

S.G. Power Limited:

Payment of SUI gas bill
Repayment of liability
Rental income

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 said year.