

DIRECTOR'S REPORT

The Board of Directors of SG Allied Businesses Limited is pleased to present the Second Quarterly Financial Statements of the Company for the period ended March 31, 2023.

FINANCIAL RESULTS

The performance of the company during the third quarter under review has been on track of growth. The Company has reported the gross profit of Rs. 8.126 million, whereas, net loss reported Rs. 9.205 million in current period March 31, 2023 as business activities of SG Allied Businesses Limited is growing, management is hopeful of increased sale of the company in future.

During the period, under review, the Company has suffered a loss of Rs. 9,205,130, while companies' total income and other income combined is Rs. 69,212,359 this quarter as compared to Rs. 51,307,742 in the previous quarter whereas, for the corresponding period the Profit was Rs.181, 203. The accumulated loss as on March 31, 2023 stood at Rs. 776.736 million.

FUTURE OUTLOOK

Alhamdo Lillah Financial results show an increasing trend of sales from vertical farm, Mushroom Production and overall revenue. Company has launched mushroom project a successful trial was performed in the production of White Button Mushroom full production has started. 6 additional hydroponic rooms started production in December and In Sha Allah will result in additional revenue.

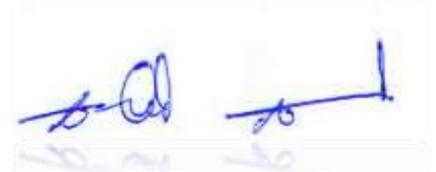
Company also got KE connection on 5th November which will also increase company profitability. One cold store was stopped because of gas outages, power generation was done with expensive diesel and now that company has KE supply, we have more cold storage capacity.

ACKNOWLEDGEMENT.

The directors of your Company offer their sincere gratitude to the shareholders for their support and assistance. The directors also thank employees of the Company for their dedication and hard work and hope to get the same cooperation from them in future.

Karachi April 28, 2023

On behalf of the Board
of Directors



Sohail Ahmed
Chief Executive

SG ALLIED BUSINESSES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

	Note	Un-audited March 31, 2023 <i>Rupees</i>	Audited June 30, 2022 <i>Rupees</i>
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,140,417,949	1,143,607,253
Investment property	5	67,894,415	68,580,217
Long term deposits		95,714	95,714
CURRENT ASSETS			
Inventories		1,154,407	1,225,305
Loans, advances, prepayments and other receivables	6	24,526,258	7,202,834
Cash and bank balances	7	8,484,888	13,091,286
		<u>34,165,554</u>	<u>21,519,425</u>
		<u>1,242,573,631</u>	<u>1,233,802,609</u>
SHARE CAPITAL AND RESERVES			
Authorized share capital 15,000,000 Ordinary shares of Rs. 10 each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital		<u>150,000,000</u>	<u>150,000,000</u>
Share premium		<u>337,400,000</u>	<u>337,400,000</u>
		<u>487,400,000</u>	<u>487,400,000</u>
Capital Reserves			
Surplus on revaluation of fixed assets	8	961,513,817	964,497,676
Revenue Reserves			
Accumulated loss		<u>(776,736,506)</u>	<u>(770,515,235)</u>
		<u>672,177,311</u>	<u>681,382,441</u>
Loan from directors	9	282,101,106	261,574,406
NON CURRENT LIABILITIES			
Deferred liabilities		61,557,785	62,675,466
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	10	124,387,359	125,779,737
Interest on short term and long term loan	11	20,617,394	20,617,394
Loan from associated undertaking	12	71,422,097	71,422,097
Loan from directors		9,500,000	9,500,000
Provision for taxation		810,579	851,069
		<u>226,737,428</u>	<u>228,170,297</u>
CONTINGENCIES AND COMMITMENTS			
	13	<u>1,242,573,631</u>	<u>1,233,802,609</u>

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

SG ALLIED BUSINESSES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Note	Nine Months ended		Quarter ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Sales		13,657,195	50,666,477	8,562,901	43,288,885
Cost of sales		(5,530,615)	(226,821)	(3,687,732)	(5,041,211)
Gross profit		8,126,580	50,439,656	4,875,169	38,247,674
Administrative and selling expenses		(72,774,529)	(50,619,747)	(37,956,403)	(10,507,889)
Operating loss		(64,647,950)	(180,091)	(33,081,233)	27,739,785
Other income	14	55,555,164	641,265	24,734,949	(31,791,132)
		(9,092,786)	461,174	(8,346,284)	(4,051,347)
Financial charges		(17,016)	-	(37,097)	-
Loss before taxation		(9,109,802)	461,174	(8,383,381)	(4,051,347)
Taxation			(279,971)		-
Current		(810,579)	-	(810,579)	-
Prior year		-	-	-	-
Deferred		715,251	-	715,251	-
		(95,328)	-	(95,328)	-
Loss after taxation		(9,205,130)	181,203	(8,478,709)	(4,051,347)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(9,205,130)	181,203	(8,478,709)	(4,051,347)
Loss per share - basic and diluted	15	(0.61)	0.01	(0.57)	(0.27)

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

SG ALLIED BUSINESSES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Un-audited Marh 31, 2023	Un-audited March 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(9,109,802)	181,203
Adjustment for:		
Depreciation	6,219,880	10,388,980
CWIP write off		-
	<u>6,219,880</u>	<u>10,388,980</u>
	(2,889,922)	10,570,183
(Increase) / decrease in current assets		
Loans, advances, prepayments and other receivables	70,898	(1,515,505)
Advance for packing material		1,696,491
Inventory- Vertical farm	(13,670,528)	(1,452,013)
	(13,599,630)	(1,271,027)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(1,392,378)	3,844,020
Cash out flow from operations	(17,881,930)	13,143,176
Income tax paid	(4,503,965)	(5,199,294)
Net cash outflow from operating activities	(22,385,895)	7,943,882
CASH FLOW FROM INVESTING ACTIVITIES		
Addition of Fixed assets		(249,746)
Capital expenditure	(2,683,857)	(84,018,894)
Net cash outflows from investing activities	(2,683,857)	(84,268,640)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan paid during the period	(48,672,231)	-
Loan received during the period	69,198,931	90,064,811
Net cash inflows from financing activities	20,526,700	90,064,811
Net increase in cash and cash equivalents during the period	(4,543,052)	13,740,053
Cash and cash equivalents at the beginning of the period	13,027,940	15,377,553
Cash and cash equivalents at the end of the period	8,484,888	29,117,606

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

SG ALLIED BUSINESSES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Share Capital	Capital Reserves		Revenue Reserve	Total
	Issued subscribed and paid up capital	Share Premium	Revaluation Surplus	Accumulated loss	
----- R u p e e s -----					
Balance as at July 01, 2021	150,000,000	969,970,459	337,400,000	(766,580,680)	690,789,779
Comprehensive income for the period					
Gain for the Period ended March 31, 2022	-	-	-	(4,051,347)	(4,051,347)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period ended March 31, 2021	-	-	-	(4,051,347)	(4,051,347)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	-	-
Balance as at March 31, 2021	150,000,000	969,970,459	337,400,000	(770,632,027)	686,738,432
Balance as at July 01, 2022	150,000,000	337,400,000	964,497,676	(770,515,235)	681,382,441
Comprehensive income for the period					
Gain for the Period ended March 31, 2023	-	-	-	(9,205,130)	(9,205,130)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period ended March 31, 2023	-	-	-	(9,205,130)	(9,205,130)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	(2,983,859)	2,983,859	-
Balance as at March 31, 2023	150,000,000	337,400,000	961,513,817	(776,736,506)	672,177,311

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

SG ALLIED BUSINESSES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2022

1. LEGAL STATUS AND OPERATIONS

- 1.1** S.G Allied Businesses Limited (the company) is a public limited company incorporated in the year 1957 under the repealed Companies Act, 1913 (repealed with the enactment of the Companies Ordinance, 1984, and thereafter, with the enactment of the the Companies Act, 2017). The shares of the company are listed on Pakistan Stock Exchange Limited.

The principal activities of the company are warehouse, cold Storage and vertical Farming.

Geographical location and addresses of major business units including mills/plants of the Company are as under:

Karachi	Purpose
B-40, S.I.T.E., Karachi.□	The registered office and rental purpose for cold storage and vertical farming.

1.2 GOING CONCERN

The accumulated loss of the Company has reached to Rs. 776.483 million as at December 31, 2022 (2022: 770.515 million). Moreover, the reported current liabilities have exceeded to current assets of the Company by Rs. 196.644 million (2022: 206.651 million). These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. In the recent years the company has diversified its line of businesses from the production of polyester filament yarn to other line of businesses, as the filament yarn industry is still in crises. Further, the management of the Company has taken initiatives for the revival of the Company and developed new diversified business strategy, henceforth, the Company has extended its business activities after getting itself restyled as SG Allied Businesses Limited on 24th August, 2017. Primarily, the Company started the activities of cold storage facility and dealing in various agriculture produces. Moreover, the Directors will provide the finance to the Company as and when needed.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2021.

2.3 New standards, amendments to approved accounting standards and new interpretations

2.3.1 Amendments to approved accounting standards which are effective during the year ending June 30, 2023

There are certain amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

2.3.2 New standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2022.

There is a new standard and certain amendments to approved accounting standards that will be mandatory for accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or expected to have any significant effect on the Company's financial reporting.

2.4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2022.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from judgements, estimates and assumptions

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied in the annual audited financial statements of the company for the year ended June 30, 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2022.

	March 31, 2023	June 30, 2022
Note	----- Rupees -----	
4 PROPERTY, PLANT AND EQUIPMENT		
Operating Fixed Assets	4.1 1,034,993,319	1,037,843,540
Capital Work-in Progress	4.2 105,424,630	105,763,713
	1,140,417,949	1,143,607,253
4.1 Operating Fixed Assets		
Opening written down value	1,037,843,540	1,045,351,270
Addition/(Deletion)/Transfer	2,683,857	
Depreciation	(5,534,078)	(7,507,730)
Closing written down value	1,034,993,319	1,037,843,540
4.2 Capital Work-in Progress		
Opening balance	105,763,713	105,763,713
Capital expenditure write off during the period	(339,083)	
Closing balance	105,424,630	105,763,713
5 INVESTMENT PROPERTY		
Opening		
COST	194,310,081	194,310,081
Less: Accumulated depreciation and impairment	(125,729,864)	(124,330,268)
Carrying amount as at 1 July	68,580,217	69,979,813
Additions through new purchases	-	-
Depreciation charge for the year	(685,802)	(1,399,596)
Transfer (to)/from property, plant and equipment	-	-
Carrying amount as at 31 March	67,894,415	68,580,217
Rate of depreciation (%)	2%	2%
5.1 Reconciliation of carrying amount		
COST		
As on 1 July	194,310,081	194,310,081
Reclassification from property, plant and equipment	-	-
As at 31, December	194,310,081	194,310,081
DEPRECIATION		
As on 1 July	(125,729,864)	(124,330,268)
Reclassification from property, plant and equipment	-	-
For the period	(685,802)	(1,399,596)
As at 31, December	(126,415,666)	(125,729,864)
Written down value as at December 31	67,894,415	68,580,217
Rate of depreciation	2%	2%
5.2	This represents building owned by the company. The fair value of the investment property is Rs. 125.729 million. Forced sale value of the investment property assessed at Rs. 97.89 million.	
6 LOANS, ADVANCES, PREPAYMENTS & OTHER RECEIVABLES		
Loans and advances		
Loan to Staff	339,700	300,000
Account receivables-cold storage	1,056,746	-
Account receivables-ware house	2,643,150	-
Account receivables-vertical farm	1,582,490	-
Advance income tax	9,334,030	5,681,134
Income tax refundable	9,903,864	9,903,094
Less: provision against income tax refundable	(9,903,094)	(9,903,094)
	14,956,885	5,981,134
Prepayments and other receivables		
Margin - Letter of credit	150,000	150,000
Sales tax claim receivable	23,497,659	21,070,506
Less: Provision against sales tax claims receivable	(21,070,506)	(21,070,506)
	2,577,153	150,000
Other receivables	15,491,991	9,571,471
Less:provision for irrecoverable rent	(8,496,312)	(8,496,312)
Less:provision for doubtful debts	(3,459)	(3,459)
	6,992,220	1,071,700
	24,526,258	7,202,834
7 CASH AND BANK BALANCES		
Cash on hand	17,240	8,185
Cash with banks - current account	8,467,648	13,083,101
	8,484,888	13,091,286

	March 31, 2023	June 30, 2022
8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	Note	----- Rupees -----
Opening balance	1,017,674,346	1,025,382,492
Surplus arisen on revaluation carried out during the period/year	-	-
- freehold land	-	-
- building on freehold land	-	-
- plant and machinery including generators	-	-
	<u>1,017,674,346</u>	<u>1,025,382,492</u>
Less: Transferred to unappropriated profit on account of:		
- incremental depreciation for the period	<u>(4,202,618)</u>	<u>(7,708,146)</u>
- realized on disposal of plant & machinery	<u>-</u>	<u>-</u>
	<u>1,013,471,728</u>	<u>1,017,674,346</u>
Related deferred tax of:		
- balance at beginning of the period/year	<u>53,176,671</u>	<u>55,412,033</u>
- surplus arising during the period/year	-	-
- incremental depreciation for the period/year	<u>(1,218,759)</u>	<u>(2,235,362)</u>
- effect of change in tax rate	-	-
- balance at year end	<u>51,957,912</u>	<u>53,176,671</u>
Balance at end of the period/year	<u>961,513,816</u>	<u>964,497,675</u>

During the financial year ended June 30, 2020 the Company revalued its leasehold land and buildings on leasehold land to replace the carrying amounts of these assets with their market values / depreciated market values. The revaluation was carried-out on June 30, 2020 by an independent qualified valuers namely M/s. Amir Evaluators & Consultants. The appraisal surplus arisen on these revaluations aggregates to Rs. 587.156 million.

Previously, the revaluation of its leasehold land and buildings on leasehold land was carried out on June 26, 2015 by the same valuers namely M/s. Amir Evaluators & Consultants. The appraisal surplus arisen on these revaluations aggregates to Rs. 533.242 million.

The surplus on revaluation of fixed assets is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

9 LOAN FROM DIRECTORS			
Opening balance		261,574,406	173,724,406
Loan received during the year	9.1	69,198,931	91,700,000
Repayment of loan during the year		<u>(48,672,231)</u>	<u>(3,850,000)</u>
Closing Balance		<u>282,101,106</u>	<u>261,574,406</u>

9.1 This represents interest free loan from sponsoring directors which is repayable at the discretion of the company.

10 CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors		<u>1,660,566</u>	1,244,066
Accrued liabilities		<u>3,370,879</u>	
Audit Fees		<u>145,800</u>	
Earnest money		<u>189,006</u>	189,006
Security deposit payable		<u>25,789,471</u>	33,455,015
Electricity bill Payable		<u>5,908,214</u>	5,908,214
Income Tax Payable		<u>5,674,599</u>	
Provision for sale tax liability	10.1	<u>908,906</u>	908,906
Others	10.2	<u>6,202,560</u>	9,537,172
		<u>49,850,001</u>	51,242,379
Due to associated undertaking	10.3	<u>74,537,358</u>	74,537,358
		<u>124,387,359</u>	<u>125,779,737</u>

10.1 This represent provision for sale tax liability on income from cold storage.

10.2 This represents advance received from scrap buyers.

10.3 These are unsecured and the late payment surcharge has been waived by the associated undertaking S.G. Power Limited.

11 INTEREST ON SHORT AND LONG TERM LOANS

Accrued financial charges on loan from directors		<u>9,963,151</u>	9,963,151
Accrued interest on long term loan to S.G. Power Limited		<u>10,654,243</u>	10,654,243
		<u>20,617,394</u>	<u>20,617,394</u>

11.1 Earlier the year ended 30 June 2019, the Board of Directors had decided in their meeting to charge the interest on outstanding balance of loan from directors from the beginning of the financial year. Therefore, an interest amounting to Rs. 9,963,151 was charged for three quarters. However, considering the financial position of the company, the directors forfeited the interest thereafter.

12 LOAN FROM ASSOCIATED COMPANY

SG Power Limited	12.1	<u>71,422,097</u>	71,422,097
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12.1 This represents loan from S.G Power Limited (the associated undertaking) which is repayable on demand.

	March 31, 2023	March 31, 2022
	----- Rupees -----	
14 OTHER INCOME		
Rental income	<u>51,189,098</u>	<u>-</u>
	<u>51,189,098</u>	

	For the Half Year Ended		For the Quarter Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- Rupees in '000 -----			
Loss after taxation	<u>(9,205,130)</u>	<u>181,203</u>	<u>(8,478,709)</u>	<u>(4,051,347)</u>
Weighted average number of ordinary shares outstanding during the period	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
Loss per share - basic & dilutive	<u>(0.61)</u>	<u>0.01</u>	<u>(0.57)</u>	<u>(0.27)</u>

There are no dilutive potential ordinary shares outstanding as at December 31, 2022 and 2021.

16 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The related parties comprise of associated companies, staff retirement funds, directors and key management personnel. Transaction with related parties are carried out on an arm's length basis and the related price is determined in accordance with the Comparable Uncontrolled Price Method. Significant transactions with associated undertakings and related parties other than those which have been specifically disclosed elsewhere in these condensed interim financial statements are given below.

	2022	2021
Staff retirement benefit-gratuity	7,686,092	7,686,092
Deferred Karachi Electric Supply Corporation bill	-	-
Deferred taxation	<u>54,989,374</u>	<u>53,176,671</u>
	<u>62,675,466</u>	<u>60,862,763</u>

	March 31, 2023	March 31, 2022
	----- Rupees -----	
TRANSACTIONS:		
RELATIONSHIP WITH THE COMPANY		
Repayment of loan from directors	<u>48,672,231</u>	
Loan received from director	<u>69,198,931</u>	
Purchase of electricity from S.G. Power Limited	<u>3,348,238</u>	
Directors' remuneration	<u>4,475,000</u>	
	<u>125,694,400</u>	
BALANCES:		
Loan from directors	<u>282,101,106</u>	261,574,406
S.G. Power Limited	<u>74,537,358</u>	<u>74,537,358</u>

17 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in these interim financial statements approximate their fair values.

Fair value hierarchy;

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2022 the Company has no financial instruments that falls into any of the above category.

18 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue in the Board of Directors' meeting held _____.

19 GENERAL

Figures have been rounded off to the nearest rupee, unless otherwise stated.

 _____ CHIEF EXECUTIVE	 _____ DIRECTOR	 _____ CHIEF FINANCIAL OFFICER
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4	PROPERTY AND EQUIPMENT	NOTE	2023	2022
	Operating fixed assets	4.1	1,034,993,317	1,037,843,540
	Capital work in progress	4.7	105,424,630	105,763,713
			<u>1,140,417,947</u>	<u>1,143,607,253</u>

4.1 Statement of operating fixed assets-2023

Particulars	Cost					Rate %	Depreciation				Written-down value
	As on July 01, 2022	Addition / Transfer/ (disposal)	Transferred to investment property	Revaluation Surplus / (Deficit)	As at Mar 31, 2023		As on July 01, 2022	For the year / (adjustment for disposal)	Transferred to investment property	As at Mar 31, 2023	As at Mar 31, 2023
-----Rupees-----			-----Rupees-----			-----Rupees-----			Rupees		
Owned assets:											
Leasehold land	899,200,000	-	-	-	899,200,000	-	-	-	-	899,200,000	
Building on leasehold land	262,277,924	-	-	-	262,277,924	5%	150,208,105	4,202,618	-	154,410,723	
Cold storage	21,151,852	-	-	-	21,151,852	5%	3,016,783	680,065	-	17,455,004	
Vertical farm	5,714,637	-	-	-	5,714,637	5%	815,050	183,735	-	4,715,852	
Plant and machinery	715,112	-	-	-	715,112	5%	532,974	6,830	-	175,308	
Factory equipment	10,270,720	-	-	-	10,270,720	10%	9,245,335	76,904	-	948,481	
Office equipment	19,393,604	-	-	-	19,393,604	10%	17,701,174	126,932	-	1,565,498	
Motor vehicles	13,035,155	-	-	-	13,035,155	20%	12,931,545	15,542	-	88,068	
Furniture and fixtures	3,107,164	-	-	-	3,107,164	10%	2,831,996	20,638	-	254,530	
Trollies and fork lifters	4,242,562	-	-	-	4,242,562	10%	4,033,947	15,646	-	192,969	
K-Electric Sub Station	-	2,683,857	-	-	2,683,857	10%	-	201,289	-	2,482,568	
OTIS lifts	1,196,982	-	-	-	1,196,982	10%	1,145,265	3,879	-	47,838	
Total owned assets	1,240,305,712	2,683,857	-	-	1,242,989,569		202,462,174	5,534,078	-	207,996,252	

4.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

	Location	Usage of Immovable Property	Total Area (Square feet)
a) Lease hold	B-40, SITE, Karachi	Rental purpose	4.669 acres
b) Building	B-40, SITE, Karachi	Rental purpose	4.669 acres

4.3 During the year ended June 30, 2017, the Company transferred a portion of building to the investment property as 48.35% of the total space which has been leased out on rent.

4.4 Forced sale value of revalued land and building

Asset class	Forced sale value
Lease hold land	719,360,000
Building	104,570,074
Total	823,930,074

4.5 The revaluation of land and building were performed by Mesers. Amir Evaluators & Consultants who are independent valuer not related to the company. M/S Amir Evaluators & Consultants have appropriate qualifications and experience in the fair value of properties in the relevant locations. The revaluation of land was determined based on market comparable approach that reflects recent transaction prices of similar properties. The revaluation of building was determined on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. The fair value of assets subject to revaluation model fall under level 2 of fair value hierarchy.

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

Cost of sales
Administrative and selling expenses

	2022 RUPEES	2022 RUPEES
	830,112	1,126,160
	4,703,966	6,381,571
	<u>5,534,078</u>	<u>7,507,730</u>

4.7 Capital work in progress

	2022			
	DURING THE YEAR			
	Opening Balance	Capital expenditure Incurred during the year	Transferred to operating Fixed assets	Closing balance
	-----Rupees-----			
CWIP - Cold storage	182,882	3,886,198	-	4,069,080
CWIP - Vertical farm+Mushroom	23,534,270	77,821,280	-	101,355,550
	<u>23,717,152</u>	<u>81,707,478</u>	<u>-</u>	<u>105,424,630</u>

4.8 Had there been no revaluation the related figures of leasehold land and buildings would have been as mentioned in note 12.2.

Particulars	Cost					Rate %	Depreciation				Written-down value
	As on July 01, 2021	Addition/ Transfer/ (disposal)	Transferred to investment property	Revaluation Surplus/ (Deficit)	As at June 30, 2022		As on July 01, 2021	For the year/ (adjustment for disposal)	Transferred to investment property	As at June 30, 2022	As at June 30, 2022
	-----Rupees-----						-----Rupees-----				Rupees
Owned assets:											
Leasehold land	899,200,000	-	-	-	899,200,000	-	-	-	-	-	899,200,000
Building on leasehold land	262,277,924	-	-	-	262,277,924	5%	144,309,693	5,898,412	-	150,208,105	112,069,819
Cold storage	21,151,852	-	-	-	21,151,852	5%	2,062,306	954,477	-	3,016,783	18,135,069
Vertical farm	5,714,637	-	-	-	5,714,637	5%	557,177	257,873	-	815,050	4,899,587
Plant and machinery	715,112	-	-	-	715,112	5%	523,388	9,586	-	532,974	182,138
Factory equipment	10,270,720	-	-	-	10,270,720	10%	9,131,403	113,932	-	9,245,335	1,025,385
Office equipment	19,393,604	-	-	-	19,393,604	10%	17,513,126	188,048	-	17,701,174	1,692,430
Motor vehicles	13,035,155	-	-	-	13,035,155	20%	12,905,642	25,903	-	12,931,545	103,610
Furniture and fixtures	3,107,164	-	-	-	3,107,164	10%	2,801,422	30,574	-	2,831,996	275,168
Trollies and fork lifters	4,242,562	-	-	-	4,242,562	10%	4,010,768	23,179	-	4,033,947	208,615
OTIS lifts	1,196,982	-	-	-	1,196,982	10%	1,139,519	5,746	-	1,145,265	51,717
Total owned assets	1,240,305,712	-	-	-	1,240,305,712		194,954,444	7,507,730	-	202,462,174	1,037,843,540

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

S.NO.	WRIT PETITION	FORUM	ISSUE INVOLVED	STATUS
1			Legal claim filed against the company from suppliers were not acknowledged as debts amounting to Rs.0.418million (2020:0.418million)	Pending
2	Suite no 10 of 2000 Suite no 1296 of 2003	Sindh High Court	<p>A dispute is persisting between the company and National Bank of Pakistan regarding the alleged "Buy Back Agreement" and declaration of dividend. Brief facts of the dispute are that underwriting of public floatation of the shares of the company was jointly undertaken by National Bank of Pakistan and Allied Bank of Pakistan. National Bank of Pakistan agreed to underwrite 3,851,200 shares of Rs 10 each at a premium of Rs. 48.50 per share. However the Bank insisted to impose a condition on the sponsors to enter into a "Buy Back Agreement" in respect of the share underwritten by them. Corporate Law Authority (Securities and Exchange Commission of Pakistan) desired with their letter dated September 18, 1995 to furnish an unqualified underwriting commitment without any "Buy Back Agreement" and the NBP vide its letter dated October 27, 1994 confirmed that this condition will be deleted. The Corporate Law Authority through its various letter emphasized for unconditional arrangement.</p> <p>National Bank of Pakistan vide its letter No. CCD: BE 096/48 dated March 01, 1995 confirmed that they have no objection to the publication of the prospectus of the company in the newspaper also mentioning in the said letter that Bank has not made any buy back agreement with the sponsors or any other person. The prospectus of the Company published in the newspaper also contained this fact that "their underwriter has not entered any buy back/ repurchase agreement with the sponsors or any other person". After public floatation, National Bank of Pakistan imposed the alleged condition of declaration of dividend at the rate of 15 to 16 percent and the undertaking from the sponsors to buy back the shares of the Company after 3 years within a period of one year was also obtained by the bank. The Company declared dividend for 1996,1997 and 1998 at 15 percent, 20 percent and 16 percent respectively. However, In this matter issues have been settled by the court and now the matter is at the stage of evidence of the parties. The management believes that, the company has a good arguable case and a decree is likely to be passed in its favour and as such there is no likelihood of unfavourable outcome or any potential loss on account of this litigation.</p> <p>Subsequent to filing of the above suit, National Bank of Pakistan also filed a Suit No. 1296 of 2003 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. In this suit, National Bank of Pakistan before the high court of Sindh for recovery of Rs. 288,466,438 and sale of 3,754,900 shares in the market at the risk of the defendants. This matter has been settled by the court and now the matter is at the stage of evidence of the parties. The company has reasonable defence in the matter and in our view, a favourable outcome is expected and there is less likelihood of any potential loss being suffered by the company on account of the above litigation. However, final outcome would depend on conclusion of the evidence led by respective parties in support of their case and the sponsors are confident that they will succeed in their case in view of their sound legal position.</p>	Pending
3	Special sales tax appeal No. 97 of 2004	Customs Appellate Tribunal, Bench, Karachi	<p>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 Customs Appellate Tribunal, Bench, Karachi.</p> <p>One appeal filled against the order of the Custom Appellate Tribunal before the High Court of Sind at Karachi for refund of sales tax along with additional tax that was deposited by the company under protest with Custom and Sales tax Appellate Tribunal. The matter is at the stage of hearing of cases. The management believes that, the company has a good arguable case and an there is no likelihood of unfavourable outcome of this litigation.</p>	Pending
4	Appeal under section 33	Appellate bench SECP Islamabad	Appeal u/s 33 of the SECP Act 1997, Directors-S.G. Allied Businesses Limited against the order dated March 19, 2021 of Additional Director, Adjudication Department-1, SECP, Islamabad, has been file before Appelate bench SECP and is pending adjudication. We are hopeful of favourablen decision in favour of the company.	Pending

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.

13.2 Commitments

There are no commitments as at December 31, 2022 (June 30, 2022: nil)