

(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 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.

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, 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 21st October, 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.

#### Commitments

There are no commitments existing as on December 31, 2014. (June 30, 2014: Nil)

#### 16 TRANSACTIONS WITH RELATED PARTIES

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 this condensed interim financial information are given below.

	March 31 2017	June 30, 2016
	Rupees	
<b>S.G. Power Limited - Associated undertaking</b>		
Rental Income	1,500,000	1,500,000
Less: Irrecoverable rental income from associated undertaking	(1,500,000)	(1,500,000)
	<u>                    </u>	<u>                    </u>
The status of outstanding balances with associated undertaking S.G Power Limited is as under:		
Long term loan payable to S.G. Power Limited	71,422,097	71,422,097
Current portion of long term loan.		
	<u>71,422,097</u>	<u>71,422,097</u>

#### 17 DATE OF AUTHORIZATION

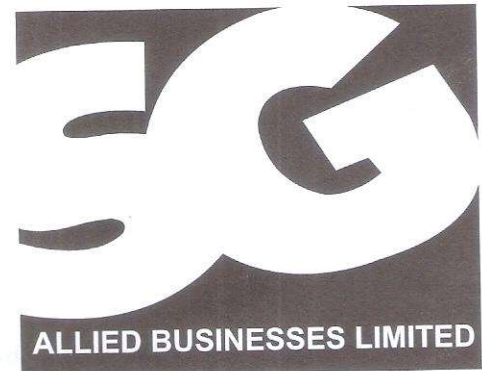
This condensed interim financial information was authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

#### 18 GENERAL

Figures have been rounded off to the nearest rupee.

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR



# QUARTERLY REPORT MARCH 31, 2018

If undelivered please return to:  
**SG ALLIED BUSINESSES LIMITED**  
{FORMERLY S.G. FIBRE LIMITED}  
B-40, SITE, MANGHOPUR ROAD  
KARACHI.

**BOOK POST**  
**PRINTED MATTER**

# COMPANY / INFORMATION

## S.G.Allied Businesses Ltd DIRECTORS' REPORT

The Board of Directors of S.G.Allied Business Limited (formerly S.G. Fibre Limited) is pleased to present the 49<sup>th</sup> Annual Report and Audited Financial Statements of the Company together with Auditor's Report for the year ended 30<sup>th</sup> June 2017.

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

- i) The Company owes Re.170.50 million, as mentioned in note 13, 14 and 15 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 as S G A B L have fixed assets of Rs469 million at written down value. Hence, there is nothing to apprehend about the Company's inability to settle its liabilities. The Company has provided confirmation to its associated undertaking that the amount of Rs. 170.50 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) 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.
- iii) 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.

## Board of Directors

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

## AUDIT COMMITTEE

Mr. Sohail Ahmed	Chief Executive
Mr. Asim Ahmed	Director
Mrs. Ghazala Shahid	Director

## HR AND REMUNERATION COMMITTEE

Mr. Asim Ahmed	Director
Mrs. Ghazala Shahid	Director
Mrs. Tania Asim	Director

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Hasan

## COMPANY SECRETARY

Mr. Adnan Ahmed

## AUDITORS

Muniff Ziauddin & Co.  
Chartered Accountants

## LEGAL ADVISOR

M.J. Panny Associate  
Mohsin Tayab & Co.

## BANKERS

Summit Bank Limited

## 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.

## FUTURE OUTLOOK

Subsequent to the balance sheet date, 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 has 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.

## 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, 2017 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.
- 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 remained 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	
Mrs. Ghazala Ahmed	
Mrs. Tania Asim	



Mr. Sohail Ahmed  
 Mr. Asim Ahmed  
 Mr. Hidayat Ali Shar  
 Mr. M. Khurram Khawaja

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, 2018.

**AUDIT COMMITTEE**

The meeting of Audit Committee was held during the year ended June 30, 2017 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, 2017 is annexed.

On behalf of the  
 Board of Directors

Sohail Ahmed  
 Chief Executive

Karachi February 26, 2018

**SG ALLIED BUSINESSES LIMITED**  
 (FORMERLY S.G. FIBRE LIMITED)  
 CONDENSED INTERIM BALANCE SHEET  
 AS AT MARCH 31, 2018

	Notes	Un-audited March 31, 2018	Un-audited March 31, 2017
----- Rupees -----			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	472,468,346	479,918,884
Investment property		83,210,348	89,957,133
Long term deposits		95,714	95,714
<b>CURRENT ASSETS</b>			
Loans, advances, prepayments and other receivables	8	8,268,012	7,918,012
Cash and bank balances	9	11,821,127	16,970,298
		20,089,139	24,888,310
		<u>575,863,546</u>	<u>594,860,040</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 15,000,000 Ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid-up capital		150,000,000	150,000,000
Share premium		337,400,000	337,400,000
Accumulated loss		(748,721,267)	(766,152,791)
		(261,321,267)	(278,752,791)
Surplus on revaluation of fixed assets		434,674,781	450,002,167
		173,353,514	171,248,375
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities		48,829,213	49,822,478
Loan from directors	11	183,484,074	196,568,894
		232,313,287	246,391,372
<b>CURRENT LIABILITIES</b>			
Creditors, accrued and other liabilities	12	85,209,802	89,408,072
Interest on short term and long term loan	13	10,654,243	10,654,243
Current portion of long term loan	14	71,422,097	71,422,097
Provision for taxation		2,910,603	5,794,771
		170,196,745	177,279,183
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14	-	-
		<u>575,863,546</u>	<u>594,860,040</u>

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

**SG ALLIED BUSINESSES LIMITED**  
 (FORMERLY S.G. FIBRE LIMITED)  
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
 FOR THE PERIOD ENDED MARCH 31, 2018

	Notes	July to March 2018	January to March 31, 2018	July to March 2017	January to March 31, 2017
Sales	20	1,804,128	509,511	-	-
Cost of sales	21	(706,894)	4,887,037	(17,984,657)	(18,994,046)
Gross loss		897,234	5,396,548	(17,984,657)	(18,994,046)
Administrative and selling expenses	22	(16,804,546)	(3,304,129)	(10,729,010)	(10,729,010)
Operating loss		(15,907,412)	2,092,419	(28,713,667)	(17,289,062)
(Loss) / Profit on sale of Assets		-	-	23,658,818	23,658,818
Other income	23	22,257,776	3,224,730	15,338,630	4,988,079
		6,350,364	5,317,149	10,283,781	17,407,234
Financial charges	24	-	-	-	-
Loss before taxation		6,350,364	5,317,149	10,283,781	17,407,234
<b>Taxation</b>					
Current		(2,910,603)	-	-	-
Prior year		1,516,218	-	-	-
Deferred		3,471,480	-	-	-
Loss after taxation		6,427,458	5,317,149	10,283,781	17,407,234
Other comprehensive income		-	-	-	-
Total comprehensive income		<u>6,427,458</u>	<u>5,317,149</u>	<u>10,283,781</u>	<u>17,407,234</u>
Loss per share - basic and diluted		0.56	0.35	0.69	1.36

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

SG ALLIED BUSINESSES LIMITED  
(FORMERLY S.G. FIBRE LIMITED)  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2018

	Issued subscribed and paid up capital	Capital reserve	Accumulated loss	Total
----- Rupees -----				
Balance as at July 01, 2016	150,000,000	337,400,000	(760,013,467)	(272,613,467)
Loss for the period ended March 31, 2017	-	-	10,283,781	10,283,781
<b>Balance as at March 31, 2017</b>	<b>150,000,000</b>	<b>337,400,000</b>	<b>(749,729,686)</b>	<b>(262,329,686)</b>
Balance as at July 01, 2017	150,000,000	337,400,000	(757,148,725)	(269,748,725)
Loss for the period ended March 31, 2018	-	-	8,427,458	8,427,458
<b>Balance as at March 31, 2018</b>	<b>150,000,000</b>	<b>337,400,000</b>	<b>(748,721,267)</b>	<b>(261,321,267)</b>

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

SG ALLIED BUSINESSES LIMITED  
(FORMERLY S.G. FIBRE LIMITED)  
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2018

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 made a gain of Rs. 6.417 million, (however, in the corresponding period of March 31, 2016 company has suffered a loss of Rs. 15.472 million) during third quarter ended and accumulated loss as at March 31, 2017 stood at Rs. 753.596 million and 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 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. Earlier the management had decided to resume its operation in two phases, in first phase to run the twisting machines and produce commodity yarns, in second phase to start the line-7 and producing both commodity and specialty yarns. On December 22, 2011 the Company decided in its board of directors' meeting that the company would pay off its

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

This condensed interim financial information is un-audited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. This condensed interim financial information is presented in condensed form in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting". This does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2016. Comparative figures of the balance sheet are extracted from the audited annual financial statements for the year ended June 30, 2016 whereas comparative profit and loss account, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial information for the period ended March 31, 2017.

ACCOUNTING POLICIES

The accounting policies and method of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the year ended June 30, 2016.

3.1 Standards, amendments to published approved accounting standards and interpretations effective from July 01, 2017.

There are certain new standards, amendments and International Financial Reporting Interpretation Committee (IFRIC) Interpretations that become effective during the period and mandatory for accounting period on or after July 01, 2016 but are considering not be relevant or have significant effect on the company's operations are, therefore, not disclosed in this condensed interim financial information.

3.2 Standards, amendments to published approved accounting standards and interpretations as adopted in Pakistan, that are not yet effective.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods on or after July 01, 2016 but are considered not be relevant or do not have any significant effect on company's operations and are, therefore, not detailed in this condensed interim financial information.

4. ESTIMATES

The Preparation of condensed interim financial information require management to make judgments, estimates and assumption that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key resources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2016.

SG ALLIED BUSINESSES LIMITED  
(FORMERLY S.G. FIBRE LIMITED)  
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2018

	March 31 2018	June 30, 2017
----- Rupees -----		
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>		
Operating Fixed Assets	461,605,302	469,453,571
Capital Work-in Progress	10,863,044	10,465,313
	<b>472,468,346</b>	<b>479,918,884</b>
<b>5.1 Operating Fixed Assets</b>		
Opening written down value	469,453,570	584,934,945
Revaluation surplus / (deficit)	-	-
Addition/(Deletion)/Transfer	-	(224,614,081)
Depreciation	(7,848,268)	109,132,806
Closing written down value	<b>461,605,302</b>	<b>469,453,571</b>
<b>7 INVESTMENT PROPERTY</b>		
<b>Reconciliation of carrying amount</b>		
<b>COST</b>		
As on 1 July	194,310,081	-
Reclassification from property, plant and equipment	-	194,310,081
As at 31 December	<b>194,310,081</b>	<b>194,310,081</b>
<b>DEPRECIATION</b>		
As on 1 July	104,352,948	-
Reclassification from property, plant and equipment	-	104,352,948
Depreciation for the period	6,746,785	-
As at 31 December	<b>111,099,733</b>	<b>104,352,948</b>
<b>Written down value as at June 30, 2017</b>	<b>83,210,348</b>	<b>89,957,133</b>
<b>Rate of depreciation</b>	<b>10%</b>	<b>10%</b>
<b>8 LOANS, ADVANCES, PREPAYMENTS &amp; OTHER RECEIVABLES</b>		
Income tax refundable	9,903,094	9,903,094
Less: provision against income tax refundable	(9,903,094)	(9,903,094)
Advance income tax	-	-
Margin - Letter of credit	150,000	150,000
Sales tax claim receivable	21,070,506	21,070,506
Less: Provision against sales tax claims receivable	(21,070,506)	(21,070,506)
Other receivables	9,571,471	9,571,471
Less: provision for irrecoverable rent	(1,450,000)	(1,800,000)
Less: provision for doubtful debts	(3,459)	(3,459)
	<b>8,118,012</b>	<b>7,768,012</b>
	<b>8,268,012</b>	<b>7,918,012</b>
	<b>March 31 2018</b>	<b>June 30, 2017</b>
----- Rupees -----		
<b>9 CASH AND BANK BALANCES</b>		
Cash in hand	60,838	30,838
Cash with banks	11,760,289	16,939,450
	<b>11,821,127</b>	<b>16,970,288</b>
<b>10 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net</b>		
Opening balance	488,722,372	509,810,969
Surplus arisen on revaluation carried out during the year:		
	<b>488,722,372</b>	<b>509,810,969</b>
<b>Less: Transferred to unappropriated profit on account of:</b>		
- incremental depreciation for the year	(6,746,785)	(21,088,597)
- incremental depreciation of plant & machinery	(6,746,785)	(21,088,597)
	<b>481,975,587</b>	<b>488,722,372</b>
Related deferred tax of:		
- balance at beginning of the year	38,720,205	46,717,595
- surplus arising during the year	-	-
- incremental depreciation for the year	(2,091,503)	(6,537,465)
- effect of change in tax rate	(729,962)	(1,459,925)
- balance at year end	<b>35,898,739</b>	<b>38,720,205</b>
Balance at end of the year	<b>446,076,848</b>	<b>450,002,167</b>
<b>11 LOAN FROM DIRECTOR</b>		
Loan from directors	11.1 183,484,074	197,494,064
11.1 This represents interest free loan from sponsoring directors. Repayment terms have not yet been decided by the company.		
<b>12 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
Trade creditors	1,423,072	14,715,072
Security deposit payable	7,004,515	3,849,195
Others	1,379,087	2,191,687
	9,806,674	20,755,954
Due to associated undertaking	12.1 75,403,128	83,267,146
	<b>85,209,802</b>	<b>104,023,094</b>
12.1 These are unsecured and the late payment surcharge has been waived by the associated undertaking S.G. Power Limited.		
<b>13 INTEREST ON SHORT AND LONG TERM LOANS</b>	10,854,243	10,854,243
This represent accrued interest on loans payable to S.G Power Limited.		
<b>14 CURRENT PORTION OF LONG TERM LOAN</b>		
Current portion of long term loan-Fibre Venture Capital Limited	-	-
Less: Reversal of Current portion of long term loan due to loan waiver	-	-
Current portion of long term loan payable to S.G Power Limited	<b>71,422,097</b>	<b>71,422,097</b>
	<b>71,422,097</b>	<b>71,422,097</b>
<b>15 CONTINGENCIES AND COMMITMENTS</b>		
<b>Contingencies</b>		
(i) Legal claim filed against the Company from suppliers were not acknowledged as debts amounting to Rs. 0.418 million (June 30, 2014: Rs. 0.418 million)		