

DIRECTORS' REPORT

The Board of Directors of SG Allied Businesses Limited is pleased to present the Third Quarterly Financial Statements of the Company for the period ended March 31, 2022.

Financial Results

Al-Hamdo Lillah the performance of the company during the third quarter under review has been on track of growth. The company has reported the profit in current period March 31, 2022 as business activities of SG Allied Business Limited is growing, management is hopeful for increased sale of the company in future.

During the period, under review, the Company has earned a Profit of Rs. 181.203 thousand whereas, for the corresponding period the gain was Rs. 7.034 million. The accumulated loss as on March 31, 2022 stood at Rs. 766.399 million.

FUTURE OUTLOOK

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. Company is in the process of further expending the Mushroom farming facility in near future by adding more growing Rooms.

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: March 28, 2022.
Directors

On behalf of the Board of



Sohail Ahmed
Chief Executive

SG ALLIED BUSINESSES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

	Notes	Un-audited March 31, 2022	Un-audited March 31, 2021
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,123,989,112	1,061,606,637
Investment property		66,649,789	66,649,789
Long term deposits		95,714	95,714
CURRENT ASSETS			
Loans, advances, prepayments and other receivables	7	9,571,471	8,055,966
Advance for packing material		2,022,583	3,719,074
Inventory - vertical farm		2,695,013	1,243,000
Cash and bank balances	8	29,117,609	15,054,431
		43,406,675	28,072,470
		<u>1,234,141,290</u>	<u>1,156,424,610</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		150,000,000	150,000,000
Surplus on revaluation of fixed assets		815,336,854	815,336,854
Share premium		337,400,000	337,400,000
Accumulated loss		(766,399,476)	(751,839,552)
		536,337,378	550,897,302
NON CURRENT LIABILITIES			
Deferred liabilities		216,690,089	221,002,882
Loan from directors	10	237,777,300	149,977,300
		454,467,390	370,980,183
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	11	113,715,349	99,726,658
Interest on short term and long term loan	12	20,617,394	20,617,394
Current portion of long term loan	13	71,422,097	71,422,097
Current maturity of long term loan		17,196,504	17,196,504
Overdue amount of long term loan		20,105,208	20,105,208
Provision for taxation		279,971	5,479,265
		243,336,523	234,547,126
CONTINGENCIES AND COMMITMENTS		14	-
		<u>1,234,141,290</u>	<u>1,156,424,610</u>

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


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, 2022

	Notes	July to March 2022	January to March 31, 2022	July to March 2021	January to March 31, 2021
Sales/revenue		50,666,477	43,288,885	38,242,292	31,706,752
Cost of sales		(226,821)	(5,041,211)	(2,441,973)	(462,045)
Gross Profit		<u>50,439,656</u>	<u>38,247,674</u>	<u>35,800,319</u>	<u>31,244,707</u>
Administrative and selling expenses		<u>(50,619,747)</u>	<u>(10,507,889)</u>	<u>(47,963,728)</u>	<u>(14,360,762)</u>
Operating loss		<u>(180,091)</u>	<u>27,739,785</u>	<u>(12,163,409)</u>	<u>16,883,945</u>
Other income		<u>641,265</u>	<u>(31,791,132)</u>	<u>15,639,754</u>	<u>(16,792,643)</u>
		<u>461,174</u>	<u>(4,051,347)</u>	<u>3,476,345</u>	<u>91,302</u>
Financial charges					
Loss before taxation		<u>461,174</u>	<u>(4,051,347)</u>	<u>3,476,345</u>	<u>91,302</u>
Taxation		<u>(279,971)</u>			
Current			-		-
Prior year					
Deferred					
Gain after taxation		<u>181,203</u>	<u>(4,051,347)</u>	<u>3,476,345</u>	<u>91,302</u>
Other comprehensive income			-		-
Surplus on revaluation of fixed assets		-	-	3,557,953	3,557,953
Total comprehensive income		<u><u>181,203</u></u>	<u><u>(4,051,347)</u></u>	<u><u>7,034,298</u></u>	<u><u>3,649,255</u></u>
Earning per share - basic and diluted		0.01	(0.27)	0.47	0.24

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


 CHIEF EXECUTIVE


 DIRECTOR

CHIEF FINANCIAL OFFICER

SG ALLIED BUSINESSES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2021

	Issued subscribed and paid up capital	Surplus on revaluation of fixed assets	Capital reserve	Accumulated loss	Total
----- R u p e e s -----					
Balance as at July 01, 2020	150,000,000	818,894,807	337,400,000	(758,873,850)	547,420,957
Gain for the period ended March 31, 2021	-			7,034,298	7,034,298
Transfer from revaluation reserve		(3,557,953)			
Balance as at March 31, 2021	150,000,000	815,336,854	337,400,000	(751,839,552)	550,897,302
Balance as at July 01, 2021	150,000,000	969,970,459	337,400,000	(766,580,680)	690,789,779
Gain for the period ended March 31, 2022	-			181,203	181,203
Transfer from revaluation reserve		(3,557,953)			
Balance as at March 31, 2022	150,000,000	966,412,506	337,400,000	(766,399,476)	687,413,030

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


 CHIEF EXECUTIVE


 DIRECTOR

SG ALLIED BUSINESSES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Un-audited March 31, 2022	Un-audited March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Income/(Loss) before taxation	181,203	7,034,298
Adjustment for:		
-Depreciation	10,388,980	10,690,833
-Gain on sale of fixed assets	-	-
-Other income	-	(3,557,953)
-Finance charges	-	-
	<u>10,388,980</u>	<u>7,132,880</u>
	10,570,184	14,167,178
(Increase) / decrease in current assets		
Loans, advances, prepayments and other receivables	(1,515,505)	(280,921)
Advance for packing material	1,696,491	(3,719,074)
Inventory - vertical farm	(1,452,013)	(1,243,000)
	<u>(1,271,027)</u>	<u>(5,242,995)</u>
	(1,271,027)	(5,242,995)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	3,844,020	(3,106,216)
Finance charges paid	-	-
Tax paid	(5,199,294)	-
	<u>(5,199,294)</u>	<u>-</u>
	(5,199,294)	-
Net cash generated from operating activities	7,943,884	5,817,968
CASH FLOW FROM INVESTING ACTIVITIES		
Addition of Fixed assets	(249,746)	(93,248)
Capital work in progress	(84,018,894)	(14,354,891)
	<u>(84,268,640)</u>	<u>(14,448,139)</u>
Net cash used in investing activities	(84,268,640)	(14,448,139)
CASH FLOW FROM FINANCING ACTIVITIES		
Deferred Liabilities	-	-
Loans from directors	90,064,811	10,352,850
Net cash used in financing activities	<u>90,064,811</u>	<u>10,352,850</u>
	90,064,811	10,352,850
Net (decrease) / increase in cash and cash equivalent	<u>13,740,055</u>	<u>1,722,679</u>
	13,740,055	1,722,679
Cash and cash equivalent at the beginning of the year	15,377,553	13,331,752
Cash and cash equivalent at the end of the year	<u><u>29,117,609</u></u>	<u><u>15,054,431</u></u>

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



Chief Executive



Director

Chief Financial Officer

S.G. ALLED BUSINESSES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2022

1. STATUS OF THE COMPANY

1.1 SG Allied Businesses Limited (the Company) was incorporated as a public limited company in the year 1968, under repealed Companies Ordinance, 1984 (now Companies Act, 2017). Currently, the shares of the Company are listed on Pakistan Stock Exchange Limited. The registered office and production facility of the company are situated at B-40, S.I.T.E., Karachi. The principal activity of the Company is manufacturing of polyester filament yarn.

1.2 GOING CONCERN

The Company has made a profit of Rs. 0.181 million (Gain on March 2021: 7.034 million) during the period and the accumulated loss as at March 31, 2022 stood at Rs. 766.399 million (June 30, 2021: 751.839 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. 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 in 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 OF FINANCIAL STATEMENTS

2.1 Statement of compliance

These interim Financial Statements of the Company for the nine months ended March 31, 2022 has been prepared in accordance with requirements of the International Accounting Standard 34 – Interim Financial Reporting and Provisions of and directives issued under the Company Act, 2017. In case where requirements differ, the provisions of or directives issued under the Company Act, 2017 have been followed. The interim financial statements do not include all the information required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2021.

2.2 These interim financial statements are presented in Pak Rupees which is also the Company's functional currency and figures presented in these interim financial statements has been rounded off to the nearest thousand rupees.

These interim Financial Statements are un-audited and all relevant compliance with Companies Act, 2017 has been made accordingly. The comparative interim Statement of Financial Position presented has been extracted from annual financial statements for the year ended June 30, 2021; the comparative interim statement of profit or loss, interim statement of other comprehensive income, interim statement of cash flows and interim statement of changes in equity of the Company have been extracted from the interim financial statements for the nine months ended March 31, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these interim financial statements and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2021. Certain new IFRSs and amendments to existing IFRSs are effective for the periods beginning on or after July, 01 2021, which do not have any impact on the Company's financial reporting and therefore have not been detailed in these interim financial statements.

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The accounting policies and the methods of computation adopted in the preparation of these interim financial statements and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2019. Certain new IFRSs and amendments to existing IFRSs are effective for the periods beginning on or after July, 01 2019, which do not have any impact on the Company's financial reporting and therefore have not been detailed in these interim financial statements.

4 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the represented financial statements as at and for the year ended June 30, 2021.

SG ALLIED BUSINESSES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2022

	March 31 2022	March 31 2021
	----- Rupees -----	
5 PROPERTY, PLANT AND EQUIPMENT		
Operating Fixed Assets	5.1 1,039,970,218	1,047,251,746
Capital Work-in Progress	5.2 84,018,894	14,354,891
	<u>1,123,989,112</u>	<u>1,061,606,637</u>
5.1 Operating Fixed Assets		
Opening written down value	1,047,251,746	1,053,091,149
Reclassification to investment property	-	-
Addition/(Deletion/Transfer)	93,248	93,248
Depreciation	(5,630,798)	(5,932,650)
Closing written down value	<u>1,041,714,197</u>	<u>1,047,251,746</u>
5.2 Capital Work-in Progress		
Opening balance	-	-
Capital expenditure incurred during the year	79,949,814	14,354,891
Closing balance	<u>79,949,814</u>	<u>14,354,891</u>
6 INVESTMENT PROPERTY		
Reconciliation of carrying amount		
COST	194,310,081	194,310,081
DEPRECIATION		
Opening	(122,902,109)	(122,902,109)
Depreciation for the period	(4,758,183)	(4,758,183)
Closing	<u>(127,660,291.85)</u>	<u>(127,660,291.85)</u>
Written down value	<u>66,649,789</u>	<u>66,649,789</u>
Rate of depreciation	<u>2%</u>	<u>2%</u>
7 LOANS, ADVANCES, PREPAYMENTS & OTHER RECEIVABLES		
Income tax refundable	9,903,094	13,903,094
Less: provision against income tax refundable	<u>(9,903,094)</u>	<u>(9,903,094)</u>
Advance income tax	885,000	1,307,954
Margin - Letter of credit	150,000	150,000
Loan to Staff	630,000	630,000
Sales tax claim receivable	21,070,506	21,070,506
Less: Provision against sales tax claims receivable	<u>(21,070,506)</u>	<u>(21,070,506)</u>
	<u>780,000</u>	<u>780,000</u>
Other receivables	9,571,471	9,571,471
Less:provision for irrecoverable rent	(3,600,000)	(3,600,000)
Less:provision for doubtful debts	(3,459)	(3,459)
	<u>5,968,012</u>	<u>5,968,012</u>
	<u>7,633,012</u>	<u>8,055,966</u>

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includ

8 CASH AND BANK BALANCES

Cash in hand	2,959	254,155
Cash with banks	29,114,650	14,800,276
	<u>29,117,609</u>	<u>15,054,431</u>

9 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

Opening balance	1,031,276,841	1,031,276,841
Surplus arisen on revaluation carried out during the year:		
	<u>1,031,276,841</u>	<u>1,031,276,841</u>
Less: Transferred to unappropriated profit on account of:		
- incremental depreciation for the year	(6,039,318)	(6,039,318)
- inc realized on disposal of plant & machinery	(6,039,318)	(6,039,318)
	<u>1,025,237,523</u>	<u>1,025,237,523</u>
Related deferred tax of:		
- balance at beginning of the year	212,382,034	212,382,034
- surplus arising during the year	-	-
- incremental depreciation for the year	(1,751,402)	(1,751,402)
- effect of change in tax rate	(729,962)	(729,962)
- balance at year end	209,900,669	209,900,669
Balance at end of the year	<u>815,336,854</u>	<u>815,336,854</u>

During the financial year ended June 30, 2015 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 on June 30, 2015 by an independent valuers namely M/s. Amir Evaluators & Consultants. The appraisal surplus arisen on these revaluations aggregates to Rs. 533.242 million.

March 31
2022

March 31
2021

10 LOAN FROM DIRECTOR

Loan from directors	10.1	<u>237,777,300</u>	<u>149,977,300</u>
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10.1 This represents interest free loan from sponsoring directors. Repayment terms have not yet been decided by the company.

11 CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors		1,244,066	1,244,066
Earnest money		189,006	189,006
Security deposit payable		34,696,002	18,457,773
Electricity bill payable		-	3,781,136
Others		3,048,917	1,517,319
		39,177,991	25,189,300
Due to associated undertaking	11.1	<u>74,537,358</u>	<u>74,537,358</u>
		<u>113,715,349</u>	<u>99,726,658</u>

11.1 These
are

12 INTEREST ON SHORT AND LONG TERM LOANS

		<u>20,617,394</u>	<u>20,617,394</u>
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13 CURRENT PORTION OF LONG TERM LOAN

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	71,422,097	71,422,097
	<u>71,422,097</u>	<u>71,422,097</u>

14 CONTINGENCIES AND COMMITMENTS

Contingencies

- (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)
- (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)

15 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.

Loan repaid to S.G. Power Limited	Associated Com	<u>4,424,085</u>	<u>642,949</u>
Purchase of electricity from S.G. Power Limited	Associated Com	<u>300,000</u>	<u>11,444,285</u>
Rental income from S.G. Power Limited	Associated Company		
Directors' remuneration	Key manager	<u>3,865,745</u>	<u>2,205,000</u>

The status of outstanding balances with associated undertaking S.G Power Limited is as under

Due to directors	Key management	<u>237,777,300</u>	<u>149,977,300</u>
S.G. Power Limited	Associated Compa	<u>74,537,358</u>	<u>74,537,358</u>

16 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on April 28, 2022 by the Board of Directors of the Company.

17 GENERAL

Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


DIRECTOR

CHIEF FINANCIAL OFFICER