SG ALLIED BUSINESSES LIMITED

QUARTERLY REPORT
SEPTEMBER 30, 2017

BOOK POST
PRINTED MATTER

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

COMPANY /INFORMATION

Board of Directors

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

AUDIT COMMITTEE

Mr. Sohail Ahmed	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, Shahra-e-Quaideen
Karachi

REGISTERED OFFICE

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

S.G.Allied Businesses Ltd
DIRECTORS' REPORT

The Board of Directors of SG Allied Business Limited {*formerly S.G. Fibre Limited*} is pleased to present the 49th Annual Report and Audited Financial Statements of the Company together with Auditor's Report for the year ended 30th 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 that 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.

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:

Name of Director	No. of meeting attended
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

ACKNOWLEGEMENT

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 October 03, 2017

SG ALLIED BUSINESSES LIMITED (FORMERLY, S.G. FIBRE LIMITED)
BALANCE SHEET
AS AT SEPTEMBER 30, 2017

	NOTES	September 2017 Rupees	September 2016 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	477,548,396	579,462,605
Investment property	5	87,708,205	-
Long term deposits	6	95,714	95,714
CURRENT ASSETS			
Stores and spares		-	-
Stock - in - trade		-	-
Loans, advances, prepayments and other receivables	7	7,918,012	40,691,612
Cash and bank balances	8	14,463,405	5,238,884
		22,381,417	45,930,496
		587,733,732	625,488,815
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	9	150,000,000	150,000,000
Share premium		337,400,000	337,400,000
Accumulated loss		(767,110,591)	(765,072,406)
		(279,710,591)	(277,672,406)
Surplus on revaluation of fixed assets		450,002,167	463,093,374
		170,291,576	185,420,968
NON-CURRENT LIABILITIES			
Deferred liabilities	10	49,822,418	57,819,808
Loan from directors	11	193,354,874	197,494,064
		243,177,292	255,313,872
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	12	86,483,754	102,557,936
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
Overdue amount of long term loan	15	-	-
Provision for Taxation		5,704,771	119,700
		174,264,865	184,753,976
CONTINGENCIES AND COMMITMENTS	16	-	-
		587,733,732	625,488,815

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

Chief Executive | **Director**

SG ALLIED BUSINESSES LIMITED (FORMERLY, S.G. FIBRE LIMITED)
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	NOTES	2017 RUPEES	2016 RUPEES
Sales	18	**241,122**	
Cost of sales	19	**(356,850)**	(5,515,870)
Gross loss		**(115,728)**	(5,515,870)
Administrative and selling expenses	20	**(9,870,779)**	(3,223,760)
Operating loss		**(9,986,507)**	(8,739,630)
Other income	21	**6,616,388**	3,680,691
		(3,370,119)	(5,058,939)
Financial charges	22		
Provision for doubtful debts			
		-	-
Loss before taxation		**(3,370,119)**	(5,058,939)
Provision for taxation			
-Current		**2,412,319**	
-Deferred			
Loss after taxation		**(957,800)**	(5,058,939)
Loss per share - basic and diluted	23	**(0.06)**	(0.34)

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

Chief Executive **Director**

SG ALLIED BUSINESSES LIMITED (FORMERLY, S.G. FIBRE LIMITED)
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	Issued, subscribed and paid-up capital	Capital reserve	Accumulated loss	Total
	|----------Rupees----------|			
Balance as at July 1, 2016	150,000,000	337,400,000	(760,013,467)	(272,252,591)
Loss for the quarter ended September 30, 2016			(5,058,939)	(5,058,939)
Balance as at Sep 30, 2016	**150,000,000**	**337,400,000**	**(765,072,406)**	**(277,311,530)**
Balance as at July 1, 2017	**150,000,000**	**337,400,000**	**(766,152,791)**	**(278,752,791)**
Loss for the quarter ended September 30, 2016			**(957,800)**	**(957,800)**
Balance as at Sep 30, 2017	**150,000,000**	**337,400,000**	**(767,110,591)**	**(279,710,591)**

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

Chief Executive **Director**

SG ALLIED BUSINESSES LIMITED (FORMERLY, S.G. FIBRE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30TH, 2017

1. STATUS OF THE COMPANY

1.1 The Company was incorporated in Pakistan as a public limited company and its shares are listed at Pakistan Stock Exchange. The principal activity of the Company was manufacturing of polyester filament yarn, subsequent to the year end, the Company has diversifed into new business activities. 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. 0.978 million during the 1st quarterr (5.058 million in 2016) and accumulated loss as at Sept. 30, 2016 stood at Rs.767.111 million (765.072 million in 2015). hese 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 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. 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.

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. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP) companies the financial year of which closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, 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 Act, 2017. Wherever, the requirements of the Companies Act, 2017 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Act, 2017 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:

Standard, Interpretation or Amendment		Effective date (accounting periods beginning on or after)
IFRS 1	First time adoption of International Financial Reporting Standards (Amendments)	January 1, 2018
IFRS 2	Share-based Payment (Amendments)	January 1, 2018
IFRS 9	Financial instruments (Amendments)	January 1, 2018
IFRS 12	Disclosure of interest in other entities (Amendments)	January 1, 2017
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12	Income Taxes (Amendments)	January 1, 2017
IAS 28	Investments in Associates and Joint Ventures	January 1, 2018
IAS 40	Investment Property (Amendments)	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance	January 1, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

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, 2017.

- 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 12	Disclosure of Interests in Other Entities (Amendments)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments bringing bearer	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments regarding the	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Tangible assets

Fixed assets are stated at revalued amount less accumulated depreciation, except leasehold land which is stated 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.

	NOTES	2017 RUPEES	2016 RUPEES
5. INVESTMENT PROPERTY			
Reconciliation of carrying amount			
COST			
As on 1 July		194,310,081	-
Reclassification from property, plant and equipment		-	-
As at 30 September		194,310,081	-
DEPRECIATION			
As on 1 July		104,352,948	-
Charge for the period		2,248,928	
Reclassification from property, plant and equipment		-	-
As at 30 September		106,601,876	-
Written down value as at September 30, 2017		87,708,205	-
Rate of depreciation		10%	10%
6. LONG TERM DEPOSITS			
Security deposits		95,714	95,714
		95,714	95,714
7. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Loans:			
Advances - considered good:			
Income tax refundable		9,903,094	9,903,094
Less: provision against sales tax claim receivable		(9,903,094)	-
		-	9,903,094
Prepayments:			
Other receivables:			
Margin - letter of gurantee		150,000	150,000
Sales tax claims receivable		21,070,506	21,070,506
Less: provision against sales tax claim receivable		(21,070,506)	-
		150,000	21,220,506
Others	7.1	9,571,471	9,571,471
Provision for irrecoverable rent		(1,800,000)	
Less: provision for doubtful debts		(3,459)	(3,459)
		7,768,012	9,568,012
		7,918,012	30,788,518
		7,918,012	40,691,612

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

8. CASH AND BANK BALANCES			
Cash in hand		30,838	3,748
Cash with banks - current account		14,432,567	5,235,136
		14,463,405	5,238,884

	NOTES	2017 RUPEES	2016 RUPEES
9. 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
10. DEFERRED LIABILITIES			
Deferred tax liability attributable to revaluation surplus		38,720,205	46,717,595
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
		49,822,418	57,819,808

9.1 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

9.2 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 to excessbilling. 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.

9.3 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.

11. LOAN FORM DIRECTORS

This represents interest free loan from sponsoring directors. Repayment terms have not yet been decided by the Company.

12. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors		1,244,066	14,715,072
Earnest money		189,006	
Security deposit payable		6,503,615	3,407,695
Others		2,243,939	1,465,311
		10,180,626	19,588,078
Due to associated undertaking	14.1	76,303,128	82,969,858
		86,483,754	102,557,936

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

13. 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

14. 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	-	-
	-	-
	71,422,097	71,422,097

OVERDUE AMOUNT LONG TERM LOAN

Overdue amount of long term loan		-	241,853,521
Less: Reversal of overdue amount due to loan waiver	13.1	-	(241,853,521)
		-	-

15. 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	2017 RUPEES	2016 RUPEES
16. SALES AND SERVICES			
Sales		-	-
Service income from cold storage		241,122	-
		241,122	-
17. COST OF SALES			
Electricity, gas, steam and water		341,040	63,392
Depreciation expense		15,810	5,452,478
		356,850	11,913,578
18. ADMINISTRATIVE AND SELLING EXPENSES			
Directors' remuneration and amenities		450,000	450,000
Salaries, allowances and benefits		1,922,591	1,358,183
Building maintenance		647,000	316,400
Generator Fuel/Repair		-	167,000
Rent, rates and taxes		601,480	15,500
Depreciation expense	4	4,849,208	19,762
Proffessional Fee		592,500	807,215
Conveyance		36,000	-
Postage and Shipping		-	440
Telephone and Fax		34,000	7,500
Printing & Stationary		19,000	760
Utility		15,000	12,000
Commission		351,000	69,000
Audit Fee		353,000	
		9,870,779	1,919,549
19. OTHER INCOME			
Rental income		6,616,388	3,680,691
		6,616,388	3,680,691
20. FINANCIAL CHARGES			
Bank charges and commission		-	-
21. EARNINGS PER SHARE			
23.1 Basic earnings per share			
Loss after taxation - rupees		(957,800)	(5,058,939)
Weighted average number of shares		15,000,000	15,000,000
Loss per share - rupees		(0.06)	(0.34)

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.

22. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The related parties comprise of the associated companies and key management personnel. Detail of transactions / balances with related parties during the year are as follows:

TRANSACTIONS:	RELATIONSHIP WITH THE COMPANY		
Repayment of loan to directors	Key management personnel	3,214,190	-
Purchase of electricity from S.G. Power Limited	Associated Company	300,000	-
Rental income from S.G. Power Limited	Associated Company	450,000	450,000
Directors' remuneration	Key management personnel	450,000	450,000
BALANCES:			
Due to directors	Key management personnel	193,354,874	197,494,064
S.G. Power Limited	Associated Company	76,303,128	82,969,858

23. 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.

24. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 31 OCT 2017 by the Board of Directors of the Company.

25. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director