ALLIED BUSINESSES LIMITED

QUARTERLY REPORT
SEPTEMBER 30, 2018

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SG ALLIED BUSINESSES 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.

SG ALLIED BUSINESSES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	NOTES	September 2018 Rupees	September 2017 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	467,905,590	477,548,396
Investment property	5	78,937,384	87,708,205
Long term deposits	6	95,714	95,714
CURRENT ASSETS			
Loans, advances, prepayments and other receivables	7	10,434,126	7,918,012
Cash and bank balances	8	23,292,013	14,463,405
		33,726,139	22,381,417
		580,664,826	587,733,732
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
Surplus on revaluation of fixed assets		418,497,344	450,002,167
Accumulated loss		(755,364,239)	(767,110,591)
		150,533,105	(279,710,591)
Surplus on revaluation of fixed assets			
		150,533,105	170,291,576
NON-CURRENT LIABILITIES			
Deferred liabilities	11	62,347,503	49,822,418
Loan from directors	12	168,098,470	193,354,874
		230,445,973	243,177,292
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	13	93,522,619	86,483,754
Interest on short term and long term loan	14	10,654,243	10,654,243
Current portion of long term loan	15	71,422,097	71,422,097
Current maturity of loan from directors		13,104,604	-
Provision for Taxation		10,982,185	5,704,771
		199,685,748	174,264,865
CONTINGENCIES AND COMMITMENTS	16	-	-
		580,664,826	587,733,732

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

Chief Executive

Director

SG ALLIED BUSINESSES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	NOTES	2018 RUPEES	2017 RUPEES
Sales	18	1,100,000	241,122
Cost of sales	19	(549,288)	(356,850)
Gross gain/(loss)		550,712	(115,728)
Administrative and selling expenses	20	(9,386,635)	(9,870,779)
Operating loss		(8,835,923)	(9,986,507)
Other income	21	12,061,201	6,616,388
		3,225,278	(3,370,119)
Financial charges	22		
Provision for doubtful debts			
		-	-
Gain/(loss) before taxation		3,225,278	(3,370,119)
Provision for taxation			
-Current			2,412,319
-Deferred			
Gain/(loss) after taxation		3,225,278	(957,800)
Gain/(loss) per share - basic and diluted	23	0.22	(0.06)

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

Chief Executive **Director**

SG ALLIED BUSINESSES 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, 2017	150,000,000	337,400,000	(766,152,791)	(278,752,791)
Loss for the quarter ended September 30, 2017			(957,800)	(957,800)
Balance as at Sep 30, 2017	150,000,000	337,400,000	(767,110,591)	(279,710,591)
Balance as at July 1, 2018	150,000,000	337,400,000	(758,589,517)	(278,752,791)
Gain for the quarter ended September 30, 2018			3,225,278	3,225,278
Balance as at Sep 30, 2018	150,000,000	337,400,000	(755,364,239)	(275,527,513)

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

Chief Executive **Director**

SG ALLIED BUSINESSES LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30TH, SEPTEMBER 2018

	2018 RUPEES	2017 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Net Gain/(loss) before taxation	3,225,278	(957,800)
Adjustment for:		
-Depreciation	4,378,570	6,275,101
Profit on sale of fixed assetsvision for doubtful debts		
-Provision for doubtful debts		
-Finance charges		
	4,378,570	6,275,101
	7,603,848	5,317,301
(Increase) / decrease in current assets		
Stores and spares	-	-
Stock - in - trade	-	-
Trade debts	-	-
Loans, advances, prepayments and other receivables	0	0
	-	-
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	33,375,609	21,728,120
Finance charges paid		
Net cash generated from operating activities	40,979,457	27,045,421
CASH FLOW FROM INVESTING ACTIVITIES		
Sale proceeds form disposal of fixed assets		
Long term deposits		
Net cash used in investing activities		
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans from directors	-	(24,639,190)
Net cash from financing activities	-	(24,639,190)
Net increase / (decrease) in cash and cash equivalent	40,979,457	2,406,231
Cash and cash equivalent at the beginning of the year	17,687,444	715,262
Cash and cash equivalent at the end of the year	23,292,013	1,690,969

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

Chief Executive **Director**

SG ALLIED BUSINESSES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 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 Pakistan Stock Exchange. The principal activity of the Company is 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.

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 The Company has made a loss before tax of Rs. 6.14 million (2017: 21.6 million) during the year and accumulated loss as at June 30, 2018 stood at Rs. 758.6 million (2017: 766.2 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 and discharge its liabilities in the normal course of business. Since last year, 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 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

3 Basis of Preparation

3.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) as notified under 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 from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property plant and equipment as fully explained in note 4.1(g) of these financial statements, change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Companies Act, 2017 have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (refer note 5.2), management assessment of sufficiency of tax provision in the financial statements (refer note 23.1), and change in threshold for identification of executives (refer note 26).

3.2 Accounting convention

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.

3.3 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.

3.4 Functional and presentation currency

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

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

3.5.1 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2018

The amendments to published standards and interpretations that were mandatory for the Company's financial year ended June 30, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

3.5.2 New standards, amendments to approved accounting standards and interpretations that are effective for the company's accounting periods beginning on or after July 1, 2018

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018. However, these amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further during the current year the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Customers' and IFRS 16 'Leases'. IFRS 9 and IFRS 15 are applicable for the Company's financial reporting period beginning on July 1, 2018 while IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Company's future financial statements are being assessed. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Operating Fixed Asset

a Operating fixed assets are stated at historical cost less accumulated depreciation except lease hold land, building, plant and machinery which is stated at revalued amount less the accumulated depreciation.

b Depreciation is charged to income applying diminishing balance method at the rates specified in note 8.

c Depreciation is charged on assets from the month of purchase or from the month of commercial production for additions in respect of additions made during the year while proportionate depreciation is charged on assets disposed off during the year till the month of disposal.

d Major renewals and replacement are capitalized.

e Assets residual values, if significant and their useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

f Profit or loss on disposal of fixed asset are reflected in the Profit and Loss account.

g The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. Accordingly, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of property plant and equipment. The above change in the accounting policy has been applied retrospectively and comparative information have been restated in accordance with the requirement of International Accounting Standard (IAS) – 16 "Property, plant and equipment" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Due to the above change in accounting policy, the Company has presented its statement of financial position as at the beginning of the earliest comparative period i.e., July 01, 2016, and related notes in accordance with requirement of IAS 1 – Presentation of Financial Statements (Revised) (IAS 1). Had the accounting policy not been changed, the surplus on revaluation of fixed assets would have been shown as a separate line item (below equity in the statement of financial position) amounting to PKR 450 million and PKR 463.09 million for the year ended 30 June 2017 and 2016 respectively.

4.2 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.

4.3 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.

4.4 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 sale.

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

4.5 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.

4.6 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 Compensated absences

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

4.12 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 taxs, 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.

4.13 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

4.14 Revenue recognition

Sales are recorded on dispatch of goods to customers. Other income is accounted for on accrual basis.

4.15 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.

4.16 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.

4.17 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 Act, 2017. Administrative expenses are apportioned on cost basis whereas store and spares are sold at average.

4.18 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

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 are remote.

4.19 Dividends and appropriation to general reserve

Dividends and appropriation to general reserves are recognized in the financial statements in the period in which these are approved.

4.20 Change In Accounting Policy Of Revaluation Surplus On Property, Plant And Equipment

The Companies Act, 2017 has introduced changes to the accounting and reporting standards applicable to the companies, which have been applied for the first time in these financial statements. The changes in the accounting and reporting standards have impacted the Company's accounting policies relating to the revaluation surplus on property, plant and equipment. Accordingly, the accounting policies of the revaluation surplus on property, plant and equipment have been changed and applied retrospectively in these financial statements to comply with the accounting and reporting standards applicable to the Company. The changes in accounting policies had a net impact of Rs. 463.09 Millions on total equity respectively, as at July 01, 2017. The resulted impact of change in accounting policy is further explained below:

On July 01, 2017 the Company changed its accounting policy for the revaluation surplus on property, plant and equipment, in accordance with requirements of the accounting and reporting standards as applicable in Pakistan under the Companies Act, 2017. Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance, 1984. Further, the revaluation surplus on property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance, 1984.

The Companies Act, 2017 has not retained the above mentioned specific accounting and presentation requirements of revaluation surplus on property, plant and equipment. Consequently, this impacted the Company's accounting policy for revaluation surplus on property, plant and equipment, and now the related accounting and presentation requirements set out in IAS-16 are being followed by the Company. The new accounting policy is explained under note 4.1(g), above. Further, the revaluation surplus on property, plant and equipment is now presented in the statement of financial position and statement of changes in equity as a capital reserve i.e. part of equity.

In these financial statements the above explained change in accounting policy has been accounted for retrospectively, with the restatement of the comparative information.

The effect of the change is recognition and presentation of Rs. 463.09 millions for revaluation surplus on property, plant and equipment as a capital reserve i.e. separate component of equity and derecognition of surplus on revaluation of property, plant and equipment of Rs. 463.09 millions, previously presented below equity in the statement of financial position, is summarised below;

4.21 Retrospective Impact of change in accounting policy

	NOTES	2018 RUPEES	2017 RUPEES
6. INVESTMENT PROPERTY			
Reconciliation of carrying amount			
COST			
As on 1 July		194,310,081	194,310,081
Reclassification from property, plant and equipment		-	-
As at 30 September		194,310,081	194,310,081
DEPRECIATION			
As on 1 July		113,348,661	104,352,948
Charge for the period		2,024,035	2,248,928
Reclassification from property, plant and equipment		-	-
As at 30 September		115,372,697	106,601,876
Written down value as at September 30, 2017		78,937,384	87,708,205
Rate of depreciation		10%	10%
7. LONG TERM DEPOSITS			
Security deposits		95,714	95,714
		95,714	95,714
8. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Loans:			
Advances - considered good:			
Rent Receivable		4,316,114	
Income tax refundable		9,903,094	9,903,094
Less: provision against sales tax claim receivable		(9,903,094)	(9,903,094)
		4,316,114	-
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)	(21,070,506)
		150,000	150,000
Others	8.1	9,571,471	9,571,471
Provision for irrecoverable rent		(3,600,000)	(1,800,000)
Less: provision for doubtful debts		(3,459)	(3,459)
		5,968,012	7,768,012
		6,118,012	7,918,012
		10,434,126	7,918,012

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

	NOTES	2018 RUPEES	2017 RUPEES
9. CASH AND BANK BALANCES			
Cash in hand		60,738	30,838
Cash with banks - current account		23,231,275	14,432,567
		23,292,013	14,463,405
10. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
5,200,000 Ordinary shares of Rs. 10 each fully paid in cash		52,000,000	52,000,000
5,415,610 Ordinary shares of Rs. 10 each as fully paid bonus shares		54,156,100	54,156,100
2,384,390 Ordinary shares of Rs. 10 each as fully paid right shares		23,843,900	23,843,900
2,000,000 Ordinary shares of Rs. 10 each fully paid in cash (foreign placement)		20,000,000	20,000,000
11. DEFERRED LIABILITIES			
Deferred tax liability attributable to revaluation surplus		51,245,290	38,720,205
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
		62,347,503	49,822,418

9.1 The

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.

12. LOAN FORM DIRECTORS

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

13. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors		1,244,066	1,244,066
Earnest money		6,089,006	189,006
Advance Rent		153,500	-
Security deposit payable		8,975,832	6,503,615
Others		2,107,087	2,243,939
		18,569,491	10,180,626
Due to associated undertaking	14.1	74,953,128	76,303,128
		93,522,619	86,483,754

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

14. 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

15. 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		-	-
Less: Reversal of overdue amount due to loan waive	13.1	-	-
		-	-

16. 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

(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	2018 RUPEES	2017 RUPEES
17. SALES AND SERVICES			
Sales		-	-
Service income from cold storage & Vertical farm		1,100,000	241,122
		1,100,000	241,122
18. COST OF SALES			
Electricity, gas, steam and water		536,640	341,040
Depreciation expense		12,648	12,648
		549,288	353,688
19. ADMINISTRATIVE AND SELLING EXPENSES			
Directors' remuneration and amenities		750,000	450,000
Salaries, allowances and benefits		1,940,393	1,922,591
Building maintenance		647,000	647,000
Generator Fuel/Repair		-	-
Rent, rates and taxes		603,820	601,480
Depreciation expense	4	4,365,922	4,590,815
Proffessional Fee		622,500	592,500
Conveyance		34,500	36,000
Postage and Shipping		-	-
Telephone and Fax		34,000	34,000
Printing & Stationary		21,000	19,000
Utility		16,500	15,000
Commission		351,000	351,000
Audit Fee		-	353,000
		9,386,635	9,612,386
20. OTHER INCOME			
Rental income		12,061,201	6,616,388
		12,061,201	6,616,388
21. FINANCIAL CHARGES			
Bank charges and commission		-	-
22. EARNINGS PER SHARE			
23.1 Basic earnings per share			
Loss after taxation - rupees		3,225,278	(696,244)
Weighted average number of shares		15,000,000	15,000,000
Loss per share - rupees		0.22	(0.05)

23.1 Diluted earnings per share

There is
no

23. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

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related
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	RELATIONSHIP WITH THE COMPANY		
TRANSACTIONS:			
Repayment of loan to directors	Key management personnel	3,214,190	3,214,190
Purchase of electricity from S.G. Power Limited	Associated Company	495,600	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	168,098,470	193,354,874
S.G. Power Limited	Associated Company	74,953,128	76,303,128

24. 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.

25. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 3 OCT 2018 by the Board of Directors of the Company.

26. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive