SG ALLIED BUSINESSES LIMITED

FIRST QUARTERLY REPORT (UN-ADITED)

SEPTEMBER 30, 2023

SG ALLIED BUSINESSES LIMITED

DIRECTORS REPORT

The directors of the Company are pleased to present the annual financial statements of the Company for the quarter ended September 30, 2023 to the members.

FINANCIAL RESULTS

The performance of the Company during the year under review has been on track of growth as projected. The Company achieved good growth in sales of agricultural products which stood at Rs. 11,406,411/- as compared to previous year's sales of Rs. 18,470,867/-. In addition, service income from cold storage has been Rs. 865,425/- as compared to previous year's sales of Rs. 3,667,791/-. Combined sales on the two accounts have been Rs. 22,138,658/- as compared to Rs. 14,247,055/- of the previous year. The cost of sales during the year went up substantially and were Rs. 4,149,890/- as compared to previous year's cost of sales of Rs. 4,041,153/-. The major increases in the cost have been on account of procurement of special soil for indoor farming, supplies and materials for indoor farming and procurement of raw materials. Although the Company was able to earn gross profit of Rs. 8,230,682/- for the year, its operating loss has been Rs. 24,682,846/- . The Company earned rental income of Rs. 19,791,631/- for the year which reduced the losses to Rs. 7,098,429/-. Net loss has been Rs. 5,295,498/-. The accumulated loss stand at Rs. 774,825,730/-.

FUTURE OUTLOOK

Alhamdo Lilllah 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. Six (06) additional hydroponic rooms started production in December and inshallh will result in additional revenue.

Company also got K-Electric connection in last November in order to meet its electricity requirement as SG Power Limited, associated concern, could not produce the required electricity due to non-availability of gas by SSGC. This has enabled the Company to increase its production and resultantly achieve enhanced sales. One cold store was shut down because of gas outages, power generation was done with expensive diesel. Now the Company has K-Electric supply and as a result also has more cold storage capacity.

ACKNOWLEDGEMENT

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

Karachi

October 30, 2023

On behalf of the Board of Directors

Sohail Ahmed
Chief Executive

SG ALLIED BUSINESSES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEP 30, 2023

	NOTE	Un-Audited Sep-30 2023 RUPEES	Audited Jun-30 2023 RUPEES
NON-CURRENT ASSETS			
Property and equipment	5	1,418,267,146	1,420,026,981
Investment property	6	61,893,646	65,151,206
Long term deposits	7	95,714	95,714
		1,480,256,506	1,485,273,901
CURRENT ASSETS			
Inventory	8	3,325,636	3,917,182
Loans, advances, prepayments and other receivables	9	27,696,460	22,068,844
Cash and bank balances	10	2,500,392	8,489,329
		33,522,488	37,139,301
		1,513,778,994	1,522,413,202
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	11	150,000,000	150,000,000
Share premium		337,400,000	337,400,000
		487,400,000	487,400,000
Capital Reserves			
Surplus on revaluation of fixed assets	12	1,235,022,226	1,236,418,859
Revenue Reserves			
Accumulated loss		(774,825,730)	(772,107,516)
		947,596,496	951,711,342
Loan from directors	13	261,574,406	261,574,406
NON-CURRENT LIABILITIES			
Deferred liabilities	14	64,613,961	64,246,534
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	16	103,843,603	110,770,965
Interest on short term and long term loan	17	20,617,394	20,617,394
Loan from associated undertaking	18	71,422,097	71,422,097
Loan from directors	15	43,710,244	40,830,410
Provision for taxation		400,793	1,240,054
		239,994,131	244,880,920
CONTINGENCIES AND COMMITMENTS	19		
		1,513,778,994	1,522,413,202

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

Chief Executive | **Director** | Chief Financial Officer

SG ALLIED BUSINESSES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED SEP 30, 2023

	NOTE	Un-Audited Sep-30 2023 RUPEES	Audited Jun-30 2023 RUPEES
Sales	20	12,271,835	22,138,658
Cost of sales	21	(4,041,153)	(9,763,782)
Gross profit		8,230,682	12,374,876
Administrative and selling expenses	22	(32,913,528)	(96,539,005)
Operating loss		(24,682,846)	(84,164,129)
Other income	23	19,791,631	77,065,700
		(4,891,215)	(7,098,429)
Financial charges	24	(3,489)	(20,980)
Loss before taxation		(4,894,704)	(7,119,410)
Taxation	25	(400,793)	(1,240,054)
Loss after taxation		(5,295,498)	(8,359,464)
Other comprehensive income			
Items that will not be subsequently reclassified in profit or loss (net of tax)			
Remeasurement of staff retirement benefits-net of tax		1,180,652	1,180,652
Surplus on revaluation of fixed assets-net of tax		-	277,507,712
Total comprehensive loss		(4,114,846)	270,328,900
Loss per share - basic and diluted	26	(0.35)	(0.56)

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

Chief Executive	Director	Chief Financial Officer

SG ALLIED BUSINESSES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEP 30, 2023

	Share Capital and Share Premium		Capital Reserve	Revenue Reserve	
	Issued, subscribed and paid-up capital	Share premium	Revaluation Surplus	Accumulated loss	Total
Balance as at June 30, 2022	150,000,000	337,400,000	964,497,676	(770,515,235)	681,382,441
Total comprehensive income for the year ended June 30, 2023					
Loss for the year	-	-	-	(8,359,464)	(8,359,464)
Other comprehensive income (net of tax)	-	-	277,507,712	1,180,652	278,688,365
Total comprehensive income for the year	-	-	277,507,712	(7,178,812)	270,328,901
Transferred on account of incremental depreciation-net of tax	-	-	(5,586,530)	5,586,530	-
Balance as at June 30, 2023	150,000,000	337,400,000	1,236,418,858	(772,107,516)	951,711,342
Total comprehensive income for the year ended Sep 30, 2023					
Profit for the year	-	-	-	(5,295,498)	(5,295,498)
Other comprehensive income (net of tax)	-	-		1,180,652	1,180,652
Total comprehensive income for the year	-	-	-	(4,114,846)	(4,114,846)
Transferred on account of incremental depreciation-net of tax	-	-	(1,396,632)	1,396,632	-
Balance as at Sep 30, 2023	150,000,000	337,400,000	1,235,022,226	(774,825,730)	947,596,497

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

Chief Executive — **Director** — **Chief Financial Officer**

SG ALLIED BUSINESSES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEP 30, 2023

	Un-Audited Sep-30 2023 RUPEES	Audited Jun-30 2023 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(4,894,704)	(7,119,410)
Adjustment for:		
-Depreciation	1,898,586	10,809,478
-Gratuity expense	305,000	2,600,773
-Finance charges	3,489	20,980
	2,207,075	13,431,231
CASH FLOW FROM OPERATING ACTIVITIES - BEFORE WORKING CAPITAL CHANGES	(2,687,629)	6,311,821
(Increase) / decrease in current assets		
Inventory	(591,546)	(2,691,877)
Account receivables	-	-
Loans, advances, prepayments and other receivables	(5,627,616)	(14,283,636)
	(8,906,791)	(10,663,692)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(6,927,362)	(15,008,772)
Finance charges paid	(3,489)	(20,980)
Tax paid		(6,771,916)
Gratuity paid	-	-
Net cash generated from operating activities	(15,837,642)	(32,465,360)
CASH FLOW FROM INVESTING ACTIVITIES		
Addition in property,plant and equipment		-
Addition in capital work in progress	(75,470)	(3,467,007)
Net cash used in investing activities	(75,470)	(3,467,007)
CASH FLOW FROM FINANCING ACTIVITIES		
Loans received from directors	11,591,541	41,921,891
Loans repaid to directors	(1,667,366)	(10,591,481)
Net cash generated from financing activities	9,924,175	31,330,410
Net decrease in cash and cash equivalent	(5,988,937)	(4,601,957)
Cash and cash equivalent at the beginning of the year	8,489,329	13,091,286
Cash and cash equivalent at the end of the year	2,500,392	8,489,329

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

Chief Executive   Director   Chief Financial Officer

1. LEGAL STATUS AND OPERATIONS

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

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

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

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

1.2 The accumulated loss of the Company has reached to Rs. 770.157 million as at June 30, 2022 (2021: 766.581 million). Moreover, the reported current liabilities have exceeded to current assets of the Company by Rs. 293.893 million (2021: 205.293 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 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

2.1 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 applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017.

Where 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.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees (Rs/Rupees), which is the functional currency of the Company. Amounts presented in the financial statements have been rounded off to the nearest of Rs./Rupees, unless otherwise stated.

2.4 Key judgements and estimates

The preparation of financial statements in confirmation with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition it require management to exercise judgement in the process of applying the company's accounting policies. The area involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes and related primarily to;

- Useful lives, residual values and depreciation method of Property,plant and equipment (refer note 4.1 & 5)
- Useful lives, residual values and depreciation method of investment property (refer note 4.2 & 6)
- Impairment loss of non financial assets otherthan stock in trade (refer note 4.7)
- Fair value of investment property(refer note 4.2 & 6)
- Fair value of biological assets(refer note 4.4)
- Provision for expected credit loss (refer note 4.8.1.3)
- Obligation of defined benefit obligation(refer note 4.13 & 15.1)
- Estimation of provisions (refer note 4.19)
- Estimation of contingent liabilities (refer note 4.17 and 20)
- Current income tax expense, provision for current tax recognition of deferred tax (refer note 4.12 & 26)

3 NEW STANDARDS, AMENDMENTS TO APPROVED ACCOUNTING STANDARDS AND NEW INTERPRETATIONS

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

3.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There is a standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all years presented in these financial statements, except in changes as indicated below.

4.1 Property and equipment

a) Items of property and equipment, other than freehold land, buildings on freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount whereas buildings on freehold land, are stated at revalued amounts less accumulated depreciation and any identified impairment loss. Borrowing costs are also capitalized for the period up to the date of commencement of commercial production of the respective plant & machinery, acquired out of the proceeds of such borrowings.

Any revaluation increase arising on the revaluation of land, buildings is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation of land and buildings to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriate profit.

b) Depreciation is charged to income applying diminishing balance method at the rates specified in note 6.

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) An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of property plant and equipment is determined as the difference between the sales proceeds and the carring amount of the assets and as recognised on as other income in the statement of profit or loss. In the case of dereognition of a revalued property, the attributable revaluation surplus remaining on the surplus on revaluation is transfered directly to the unappropriated profit.

Judgements and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimateis accounted for on a propective basis.

Impairment

An asset's carring amount is writtendown immediately to its recoverable amount if the assets carring amount is greater than its estimated recoverable amount.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss (if any).

4.2 Investment property

Investment property which is property held to earn rentals is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and any impairment loss.

Judgement and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. Further, determining adjustments for any differences in nature, location and condition of the investment property involves significant judgement.

4.3 Biological assets

Biological assets are measured at fair value less cost to sell. Fair value is determined by an independent valuer on the basis of best available estimate for bilogical assets of similar attributes. Gain or loss arising from changes in the fair value less cost to sell of biological asstes are recognised on the statement of profit or loss.

Biological assets are measured at fair value less cost to sell. Fair value is determined by an independent valuer on the basis of best available estimate for bilogical assets of similar attributes. Gain or loss arising from changes in the fair value less cost to sell of biological asstes are recognised on the statement of profit or loss.

4.4 Trade and other receivables

Trade debts and other receivables represents the company's right to an amount of consideration (i.e, only the passage of time is required before payment of the consideration is due)

4.5 Cash and cash equivalent

Cash and cash equivalents on the statement of financial position comprises cash at banks and on hand. For cash flow statement, cash and cash equivalents comprise cash on hand and deposit held with banks.

4.6 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non financial assets (other than investment property, biological assets, stock in trade and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

4.7 Financial instruments

4.7.1 Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

4.7.1.1 Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on de-recognition are recognised directly in profit or loss.

4.7.1.2 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4.7.1.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently premeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debtors, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

4.7.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

4.8 Off setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.9 Trade and other payables

Liabilities for trade and other payables are recognized initially at their fair value and subsequently measured at amortized cost using effective interest method.

4.10 Compensated absences

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

4.11 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs net of tax and directly attributable to the issue of new shares are shown as a deduction in equity

4.12 Taxation

Current

The current income tax is charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgements and estimate

Significant judgment is required on determining the income tax expenses and provision for tax. There are many transactions and calculations for which the ulitmate tax determination is uncertain as these matters are being contested at various forums. The Company recognizes liablities are the anticipated tax issues based on estimates on whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that are initially recorded, such differences will impact the current and deferred tax assets and liabilties in the period in which such determination is made.

Futher, the carrying amount of the deferred tax asset is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profit. If required, carrying amount of the deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit to allow the benefit of part of all that recognized deffered tax assets to be utilizied. Any such reduction shall be reveresed to the extent that it becomes probable that sufficient taxable profit will be available.

Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.13 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme covering all eligible employees. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period . The defined benefit obligations are calculated annually by independent actuary using the projected unit credit method.

The present value of the defined benefit obligations are determined by discounting the estimated future cash outflows. These are denominated in the currency in which the benefits will be paid. Remeasurement gain/losses are recognised in other comprehensive income

Judgements and estimates

In determining the liability for long-service payments management must make an estimate of salary increases over the following years, discounts rate to use in the present value calculation and the number of employees expected to leave before they receive the benefits

4.14 Revenue recognition

Revenue from contracts with customers is recognised at the point in time when performance obligation is satisfied i.e. control of the goods is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled to on exchange of those goods.

a) Sale of agricultural products is recognized when controls of goods are transfered to the customer and invoice is generated.

b) Service income on cold storage and ware house is recognized on accrual basis.

c) Other income comprises of rental income and the same is recognized on accrual basis.

4.15 Foreign exchange translation

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies, except for those covered under forward foreign exchange contracts, if any, are retranslated into Pak Rupees at the foreign exchange rates approximately those prevailing at the reporting date. Forward foreign exchange contracts, if any, are translated at contracted rates exchange differences, if any, are charged on statement of profit or loss.

4.16 Borrowing cost

Borrowing costs are recognized as an expense on the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, are capitalized as part of the cost of the asset.

4.17 Contingent liabilities

Contingent liability is disclosed when:

4.17.1 There is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly with in the control of the Company' or

4.17.2 There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.18 Dividend distrbution

Dividend distribution to the Company's shareholders is recognized as liability on the period in which the dividends are approved by the company's shareholders.

4.19 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amount of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amoiunt of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of the cost of as asset.

4.20 Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relates to transactions with any of the company's other components. The company has only four reportable segments

4.21 Related party transactions

Transactions with related parties are based at arms's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

4.22 Basic and diluted earnings per share

The company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.23 Share Capital

Share capital is classified as equity and recognized at the face value. Incremental costs net of tax and directly attributable to the issue of new shares are shown as a deduction in equity.

5 PROPERTY AND EQUIPMENT

	NOTE	2023	2022
Operating fixed assets	0.1	1,312,779,235	1,037,843,540
Capital work in progress	0.7	105,487,911	105,763,713
		1,418,267,146	1,143,607,253

Statement of operating fixed assets-2023

Particulars	Cost					Rate	Depreciation				Written-down value
	As on July 01, 2023	Addition / Transfer/ (disposal)	Transferred to investment property	Revaluation Surplus / (Deficit)	As at Sep 30, 2023	%	As on July 01, 2023	For the year / (adjustment for disposal)	Transferred to investment property	As at Sep 30, 2023	As at Sep 30, 2023
	|--------Rupees--------|						|--------Rupees--------|				Rupees
Owned assets:											
Leasehold land	1,168,960,000	-		-	1,168,960,000	-	-	-		-	1,368,960,000
Building on leasehold land	273,190,195	-	-	-	273,190,195	5%	155,811,596	1,467,232	-	157,278,828	115,911,367
Cold storage	21,431,852	-			21,431,852	5%	3,925,536	218,854	-	4,142,390	17,289,462
Vertical farm	5,714,637	-			5,714,637	5%	1,060,029	58,183	-	1,118,212	4,596,425
Plant and machinery	715,112			-	715,112	5%	542,081	2,163	-	544,244	170,868
Factory equipment	10,270,720	-		-	10,270,720	10%	9,347,874	23,071	-	9,370,945	899,775
Office equipment	19,773,852	-		-	19,773,852	10%	17,870,416	47,586	-	17,918,002	1,855,850
Motor vehicles	13,035,155	-		-	13,035,155	20%	12,952,267	4,144	-	12,956,411	78,744
Furniture and fixtures	3,126,566	-		-	3,126,566	10%	2,859,514	6,676	-	2,866,190	260,376
Trollies and fork lifters	4,242,562	-		-	4,242,562	10%	4,054,809	4,694	-	4,059,503	183,059
K-Electric Sub Station	2,717,357	15470			2,732,827	10%	270,082	61,569	-	331,651	2,401,176
OTIS lifts	1,266,982	60,000		-	1,326,982	10%	1,150,437	4,414	-	1,154,851	172,131
Total owned assets	1,524,444,990	75,470		-	1,524,520,460		209,842,641	1,898,586		211,741,227	1,312,779,235

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

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

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

5.3 Forced sale value of revalued land and building

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

5.4 The revaluation of land and building were performed by Mesers. Amir Evaluators & Consultants who are independant valuer not related to the company. M/S Amir Evaluators & Consultants have appropriate qualifications and eperience in the fair value of

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

	2023 RUPEES	2022 RUPEES
Cost of sales	284,788	-
Administrative and selling expenses	1,613,798	7,011,974

1,898,586	7,011,974

5.6 Capital work in progress

	2023			
		DURING THE YEAR		
	Opening Balance	Capital expenditure Incurred during the year	Transferred to operating Fixed assets	Closing balance
	-----------Rupees-----------			
CWIP - Cold storage	182,882	3,886,198		4,069,080
CWIP - Vertical farm	23,534,270	77,884,561	-	101,418,831
	23,717,152	81,770,759	-	105,487,911

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

Statement of operating fixed assets-2023

Particulars	Cost					Rate %	Depreciation				Written-down value
	As on July 01, 2022	Addition / Transfer/ (disposal)	Transferred to investment property	Revaluation Surplus / (Deficit)	As at Sep 30, 2022		As on July 01, 2022	For the year / (adjustment for disposal)	Transferred to investment property	As at Sep 30, 2022	As at Sep 30, 2022
		-----------Rupees-----------						-----------Rupees-----------			Rupees
Owned assets:											
Leasehold land	899,200,000	-		-	899,200,000	-	-	-		-	899,200,000
Building on leasehold land	262,277,924	-		-	262,277,924	5%	150,208,105	1,400,873	-	151,608,978	110,668,946
Cold storage	21,151,852	-			21,151,852	5%	3,016,783	226,688	-	3,243,471	17,908,381
Vertical farm	5,714,637	-			5,714,637	5%	815,050	61,245	-	876,295	4,838,342
Plant and machinery	715,112	-		-	715,112	5%	532,974	2,277	-	535,251	179,861
Factory equipment	10,270,720	-		-	10,270,720	10%	9,245,335	25,635	-	9,270,970	999,750
Office equipment	19,393,604	-		-	19,393,604	10%	17,701,174	42,311	-	17,743,485	1,650,119
Motor vehicles	13,035,155	-		-	13,035,155	20%	12,931,545	5,181	-	12,936,726	98,429
Furniture and fixtures	3,107,164	-		-	3,107,164	10%	2,831,996	6,879	-	2,838,875	268,289
Trollies and fork lifters	4,242,562	-		-	4,242,562	10%	4,033,947	5,215	-	4,039,162	203,400
OTIS lifts	1,196,982	-		-	1,196,982	10%	1,145,265	1,293	-	1,146,558	50,424
Total owned assets	1,240,305,712	-		-	1,240,305,712		202,462,174	1,777,597		204,239,771	1,036,065,943

	NOTE	2024 RUPEES	2023 RUPEES
6 INVESTMENT PROPERTY			
Cost		194,310,081	194,310,081
Less: Accumulated depreciation and impairment		(129,158,875)	(125,729,864)
Carrying amount as at 1 July		65,151,206	68,580,217
Additions through new purchases		-	-
Depreciation charge for the year		(3,257,560)	(3,429,011)
Transfer (to)/from property, plant and equipment		-	-
Carrying amount as at 30 June		61,893,646	65,151,206
Rate of depreciation (%)		5%	5%

6.1 Reconciliation of carrying amount

	2024 RUPEES	2023 RUPEES
COST		
As on 1 July	194,310,081	194,310,081
Reclassification from property, plant and equipment	-	-
As at 30 June	194,310,081	194,310,081
DEPRECIATION		
As on 1 July	129,158,875	125,729,864
Reclassification from property, plant and equipment	-	-
For the year	3,257,560	3,429,011
	-	-
As at 30 June	132,416,435	129,158,875
Written down value as at June 30	61,893,646	65,151,206
Rate of depreciation	5%	5%

6.2 This represents building owned by the company. The fair value of the investment property is Rs. 125.729 million. Forced sale value of the inve

7 LONG TERM DEPOSITS

	2024 RUPEES	2023 RUPEES
Security deposits	95,714	95,714

8 INVENTORY

Vertical farm		3,315,636	3,216,899
Packing material		10,000	700,283
		3,325,636	3,917,182

	NOTE	2023 RUPEES	2023 RUPEES
9 LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Loans and advances			
Advance to Staff		408,005	480,705
Advance income tax		11,574,210	10,810,028
Account receivables-cold storage		415,514	299,945
Account receivables-ware house		3,854,262	2,364,001
Account receivables-vf & Mushroom		4,539,495	4,124,632
Income tax refundable		10,484,919	10,497,524
Less: provision against income tax refundable		(9,903,094)	(9,903,094)
		21,373,311	18,673,741
Prepayments and other receivables			
Letter of guarantee		150,000	150,000
Sales tax claims receivable		24,134,488	23,191,909
Less: Provision against sales tax claims receivable		(21,070,506)	(21,070,506)
		3,213,982	2,271,403
Others	9.1 & 9.2	11,608,937	9,623,471
Less: Provision for irrecoverable rent		(8,496,312)	(8,496,312)
Less: Provision for doubtful debts		(3,459)	(3,459)
		3,109,166	1,123,700
		27,696,460	22,068,844

9.1 This includes receivables from S.G. Power Limited on account of rent and utilities amounting to Rs 8.550 million. However as disclosed in payable to S.G Power Limited.

9.2 **Ageing analysis of receivables from S.G Power Limited (associated company)**

Past due less than one year	-	-
Past due over one year	8,550,000	8,550,000

10 CASH AND BANK BALANCES

Cash on hand	28,032	16,129
Cash with banks - current account	2,472,360	8,473,200
	2,500,392	8,489,329

11 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

5,200,000 Ordinary shares of Rs. 10 each fully paid in cash	52,000,000	150,000,000
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
	150,000,000	150,000,000

11.1 Shares held by the related parties of the Company

Name of the shareholders	2022 Number of shares	2022 Percentage holding	2021 Number of shares	2021 Percentage holding
Directors, CEO, & their spouse				
Mst. Zubaida Khatoon	2,614,000	17.43%	2,614,000	17.43%
Mr. Sohail Ahmed	2,614,000	17.43%	2,614,000	17.43%
Mr. Asim Ahmed	2,614,000	17.43%	2,614,000	17.43%
Mst. Ghazala Ahmed	1,306,850	8.71%	1,306,850	8.71%
Mrs. Tania Asim	500	0.003%	500	0.003%

12 SURPLUS ON REVALUATION OF FIXED ASSET

Revaluation surplus on remeasurement of staff retirement benefits			
Revaluation surplus on property plant and equipment	13.1	1,235,022,225	1,236,418,859
		1,235,022,225	1,236,418,859

12.1 Revaluation surplus on property plant and equipment

Balance at the beginning of the year	1,290,478,265	1,017,674,346
Surplus arisen on revaluation carried out during the year:	-	269,760,000
	1,290,478,265	1,298,346,617
Less: Transferred to unappropriated profit on account of:		
- incremental depreciation for the year	(1,967,088)	(7,868,352)
	1,288,511,177	1,290,478,265
Related deferred tax of:		
-balance at beginning of the year	54,059,408	53,176,671
-surplus arising during the year		3,164,559
-incremental depreciation for the year	(570,456)	(2,281,822)
	53,488,952	54,059,408
Balance at end of the year	1,235,022,225	1,236,418,858

12.2 During the financial year ended June 30, 2020 the Company revalued its leasehold land and buildings on leasehold land to replace the ca values / depreciated market values. The revaluation was carried-out on June 30, 2020 by an independent qualified valuers namely M/s. Ami arisen on these revaluations aggregates to Rs. 587.156 million.

Previously, the revaluation of its leasehold land and buildings on leasehold land was carried out on June 26, 2015 by the same valuers n appraisal surplus arisen on these revaluations aggregates to Rs. 533.242 million.

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

12.4 Had there been no revaluation the related figures of leasehold land and buildings would have been as follows:

	2022			2021		
	Cost	Accumulated depreciation	Book value	Cost	Accumulated depreciation	Book value
Leasehold land	64,893,485	-	64,893,485	64,893,485	-	64,893,485
Building on leasehold land	88,657,361	83,562,383	5,094;978	88,657,361	82,681,769	5,975,592
	153,550,846	83,562,383	69,988,463	153,550,846	82,681,769	70,869,077

		NOTE	2023 RUPEES	2023 RUPEES
13	**LOAN FROM DIRECTORS**			
	Opening balance		269,274,406	269,274,406
	Add: Transfer of loan from liability portion			-
	Add: Loan received during the year			-
			269,274,406	269,274,406

13.1 This represents interest free loan from sponsoring directors and repaid at the discretion of the company.

		NOTE	2023 RUPEES	2023 RUPEES
14	**DEFERRED LIABILITIES**			
	Staff retirement benefit-gratuity	14.1	9,561,858	8,623,975
	Deferred	14.3	53,488,952	54,059,408
			63,050,810	62,683,383

14.1 **Staff retirement benefit-gratuity**

14.1.1 **Changes in present value of defined benefit obligation**

Present value at the beginning of the year	8,623,975	7,686,092
Current service cost	1,563,151	1,563,151
Past Service Cost		-
Interest cost on defined benefit obligation	1,037,622	1,037,622
Benefits paid	-	-
Gain and loss arrising on plan settlements		
Remeasurements:		
Acturial (gain)/losses from changes in demographic assumptions	-	-
Acturial (gain)/losses from changes in financial assumptions		-
Experience adjustments	(1,662,890)	(1,662,890)
	-	-
Present value at the end of the year	9,561,858	8,623,975

14.1.2 **The following amounts have been charged to statement of profit or loss during the year**

Current service cost	1,563,151	1,563,151
Past Service Cost	-	-
Interest cost on defined benefit obligation	1,037,622	1,037,622
	2,600,773	2,600,773

14.1.3 **Charge for the year has been allocated as under:**

Administrative expenses	2,600,773	2,600,773

14.1.4 **Total remeasurements chargeable in other comprehensive Income**

Actuarial gain from changes in financial assumptions	(1,662,890)	(1,662,890)

14.1.5 **Principal actuarial assumptions**

Contribution to the staff retirement benefit gratuity for the year 2023:	2,460,609	2,460,609

The latest actuarial valuation for gratuity fund was carried out as at June 30, 2022 using the Projected Unit Credit Method (PUCM). The follow valuation:

	Sep 30,2022	Sep 30,2022
Discount rate	13.25%	13.25%
Expected rate of increase in salary	10%	10%
Average retirement age of an employee	60	60
Mortality rates	SLIC 2001-2005 Set back 1 year	SLIC 2001-2005 Set back 1 year

14.1.6 **Sensitivity analysis**

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected rate of salary increase. The based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assur

	Impact on defined benefit obligation		
	Changes in assumption %	Increase in assumption	Increase in assumption
Discount rate	plus (+) 100 bps	7,187,638	7,187,638
	minus (-) 100 bps	-	-
Salary increase	plus (+) 100 bps	8,241,737	8,241,737
	minus (-) 100 bps	-	-

14.1.7 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this i assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the s obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating th statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous method.

Historical information	**2021**	**2020**	**2019**	**2018**	**2018**
	<---------------- Rupees----------------------->				
Present value of defined benefit	6,789,420	5,363,785	5,363,785	-	6,789,420
Experience adjustment on obligation	-	-	-	-	-

14.1.8 **Maturity profile**

Years	Rupees	Rupees
2023	1,535,528	1,535,528
2024	858,662	858,662
2025	1,260,019	1,260,019
2026	765,037	765,037
2027	758,915	758,915
2028	1,061,156	1,061,156
2029	1,308,824	1,308,824
2030	751,586	751,586
2031	1,923,935	1,923,935
2032	1,357,363	1,357,363
2033 & onwards	88,419,751	88,419,751
Weighted average duration	7 years	7 years

14.2 This represents the difference between the expected liability of KESC bills to be finally settled and payment made by the Company for the billing. The petition filed by the company was decided by the Electrical Inspector, Government of Sindh Karachi region allowing a relief of R appealed before the Secretary Irrigation and Power, Government of Sindh by both the parties. Judgment on appeal is still awaited and the co

		NOTE	2022 RUPEES	2022 RUPEES
14.3	**Deferred Taxation**			
	Deferred tax liability attributable to Revaluation Surplus		53,488,952	54,059,408
	Deferred tax liability arising on taxable temporary differences due to:			
	Accelerated tax depreciation		(18,773,838)	(18,773,838)
	Deferred tax assets arising on deductible temporary differences due to:			0
	Unused tax losses		(1,877,325)	(1,877,325)
	Provision for gratuity		(76,391,982)	(76,391,982)
	Deferred tax asset - net		(97,043,145)	(42,983,737)
14.3.1	Deferred tax asset has not			
15	LOAN FROM DIRECTORS		43,710,244	40,830,410
			-	-
15.1	It is interest free loan from director which is repayble on demand			
16	CREDITORS, ACCRUED AND OTHER LIABILITIES			
	Trade creditors		1,244,066	1,244,066
	Earnest money		189,006	189,006
	Security deposit payable		20,958,110	21,758,618
	Electricity bill payable		3,095,472	3,637,402
	Provision for sale tax liability	16.1	908,906	908,906
	Others	16.2	2,910,685	8,495,609
			29,306,245	36,233,607
	Due to associated undertaking	16.3	74,537,358	74,537,358
			103,843,603	110,770,965

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

16.2 This represents advance received from scrap buyers.

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

		2022	2022
17	INTEREST ON SHORT TERM AND LONG TERM LOAN		
	Financial charges on loan from directors	9,963,151	9,963,151
	Accrued interest on long term loan payable to S.G.Power Limited	10,654,243	10,654,243
		20,617,394	20,617,394

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

18	LOAN FROM ASSOCIATED UNDERTAKING		
	SG Power Limited	71,422,097	71,422,097

18.1 This represents loan from S.G Power Limited (the associated undertaking) which is repayable on demand.

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

S.NO.	WRIT PETITION	FORUM	ISSUE INVOLVED	STATUS
1			Legal claim filed against the company from suppliers were not acknowledged as debts amounting to Rs.0.418million (2020:0.418million)	Pending
2	Suite no 10 of 2000 Suite no 1296 of 2003	Sindh High Court	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. 45.50 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, In this matter issues have been settled by the court and now the matter is at the stage of evidence of the parties. The management beleives that, the company has a good arguable case and a decree is likely to be passed in its favour and as such there is no likelihood of unfavourable outcome or any potential loss on account of this litigation. Subsequent to filing of the above suit, National Bank of Pakistan also filed a Suit No. 1296 of 2003 In the High Court of Sindh against the company and the sponsors seeking enforcement of "Buy Back Agreement" and payment of resultant amount with profit at 18 percent per annum from the date of suit till the payment by the company and a direction that shares of the company be sold in the market and the net sale proceeds be applied towards the adjustment of the decretal amount. In this suit, National Bank of Pakistan before the high court of Sindh for recovery of Rs. 288,466,438 and sale of 3,754,900 shares in the market at the risk of the defendants. This matter has been settled by the court and now the matter is at the stage of evidence of the parties. The company has reasonable defence in the matter and in our view, a favourable outcome is expected and there is less likelihood of any potential loss being suffered by the company on account of the above litigation. However, final outcome would depend on conclusion of the evidence led by respective parties in support of their case and the sponsors are confident that they will succeed in their case in view of their sound legal position.	Pending
3	Special sales tax appeal No. 97 of 2004	Customs Appellate Tribunal, Bench, Karachi	Two appeals bearing no. K-137/2008 and K-138/2008 both dated March 18, 2008 passed by the Collector of Sales Tax and Federal Excise (Appeals) Karachi is pending before the Customs Appellate Tribunal, Bench, Karachi. One appeal filled against the order of the Custom Appellate Tribunal before the High Court of Sind at Karachi for refund of sales tax along with additional tax that was deposited by the company under protest with Custom and Sales tax Appellate Tribunal. The matter is at the stage of hearing of cases.The management beleives that, the company has a good arguable case and an there is no likelihood of unfavourable outcome of this litigation.	Pending
4	Appeal under section 33	Appellate bench SECP Islamabad	Appeal u/s 33 of the SECP Act 1997, Directors-S.G. Allied Businesses Limited against the order dated March 19, 2021 of Additional Director, Adjudication Department-1, SECP , Islamabad, has been fikle before Appelate bench SECP and is pending adjudication. We are hopeful of favourablen decision in favour of the company.	Pending
			Legal advisor of the companyis of the opinion that no Sindh sales tax liability on rental income is likely to arise and no provision is required to be made in this regard in view of the fact that matter is subjudice before the Honorable High Court of Sindh.	

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.

19.2 Commitments

There are no commitments as at June 30, 2022 (2021: nil)

		NOTE	2023 RUPEES	2023 RUPEES
20	**SALES**			
	Sale of agricultural products		11,406,411	18,470,867
	Service income from cold storage		865,425	3,667,791
			12,271,835	22,138,658
21	**COST OF SALES**			
	Electricity, gas, steam and water		1,125,884	3,124,697
	Packaging		306,715	1,090,147
	Nutrient			65,600
	Fertilizer		16,000	104,691
	Pesticides and Chemical		234,209	213,916
	Seeds			2,550
	Chicken Manure		200,000	-
	Spawn		684,500	-
	Testing		136,137	321,000
	Soil		936,000	1,167,180
	Frieght Charges - VF		140,200	328,440
	Compost		85,457	2,311,503
	Supplies & Material		-	127,458
	Raw Material		-	1,934,498
	Wheat Straw Mixing		-	336,308
	Depreciation expense (IP)		284,788	1,449,971
	Cost of goods available for sale		4,149,890	12,577,959
	Opening Inventory- VF		3,216,899	402,722
	Less: Ending inventory of vertical farming		(3,325,636)	(3,216,899)
			4,041,153	9,763,782
22	**ADMINISTRATIVE AND SELLING EXPENSES**			
	Directors' remuneration and amenities		1,515,000	5,740,000
	Salaries, allowances and benefits		12,051,841	42,006,412
	Advertisement expense		281,223	513,100
	Auditor's remuneration	22.1	790,000	790,000
	Bad debts against irrecoverable from staff		-	190,539
	EOBI		15,600	
	Commission expense		222,551	957,088
	Conveyance		97,795	226,857
	Labour Expense		120,000	
	Depreciation expense (PPE)		1,613,798	9,359,507
	Entertainment		51,474	236,119
	Electricity expense		6,348,779	10,153,338
	Fuel for generator		457,692	2,193,703
	Generator fuel		472,703	640,343
	Generator repairment		440,139	
	Graduity expense		305,000	2,600,773
	Insurance		150,433	1,049,281
	Legal and professional		377,925	4,258,359
	Printing & stationery		225,829	812,135
	Property Tax		508,288	535,042
	Repairs and maintenance		892,354	4,425,991
	Rent, rates and taxes		-	413,800
	Postage		13,115	96,435
	Safety & Security			751,372
	Telephone and fax		72,204	391,313
	Travelling expenses		434,386	861,396
	Tax - Professional		339,815	524,448
	Utilities		2,316,190	-
	Water Charges		694,135	3,496,919
	Miscelleneous Supplies & Tools		1,000,378	3,314,735
	Fuel Expense		250,590	
	Building Maintenance		854,291	
			32,913,528	96,539,005

22.1 Auditor's remuneration

Audit fee	500,000	500,000
Out of pocket expenses	15,000	15,000
Tax consultancy services	175,000	175,000
Review fee	100,000	100,000
	790,000	790,000

		NOTE	2023 RUPEES	2023 RUPEES
23	OTHER INCOME			
	Rental income		19,791,631	77,065,700
			19,791,631	77,065,700
24	FINANCIAL CHARGES			
	Bank charges and commission		3,489	20,980
			3,489	20,980
25	TAXATION			
	Current		400,793	1,240,054
	Deferred		-	-
			400,793	1,240,054

25.1 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose follows:

	Provision for taxation	Tax assessed	Tax assessed
	---------------- (Rupees '000) ----------------		
2021	10,941,937	10,941,937	10,941,937
2020	7,426,712	7,427,589	7,427,589
2019	3,454,369	4,697,321	4,697,321

25.2 RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING LOSS

Profit / (loss) before taxation	(4,894,704)	(5,343,978)
Tax at the applicable tax rate of 29 %	-	-
Tax on rental income at the rate of 29 %	400,793	721,066
Effect of prior year current and deferred tax charge	-	-
	400,793	721,066

25.3 Tax expense on items recognized in other comprehensive income

Remeasurement gain on staff gratuity	1,662,890	1,662,890

26 (LOSS) PER SHARE - BASIC AND DILUTED

26.1 Loss per share - basic

Loss after taxation	(5,295,498)	(8,359,464)
Weighted average number of shares	15,000,000	15,000,000
Loss per share	(0.35)	(0.56)

26.2 There is no dilution effect on the basic loss per share of the company as there are no such commitments. (2021: Nil)

27 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of the associated companies, key management personnel and retirement benefit funds. Detail of transactions / t than those which have been disclosed elsewhere in these financial statements are as follows:

NAME OF RELATED PARTY	RELATIONSHIP WITH THE COMPANY	NATURE OF TRANSACTIONS	2023	2022	2021
			RUPEES	RUPEES	RUPEES
S.G. Power Limited	Associated Company by virtue of common directorship	Purchase of electricity		8,317,868	9,018,898
S.G. Power Limited	Associated Company by virtue of common directorship	Electricity bills payment	-	8,317,868	13,442,983
Directors	Key management personnel	Directors' remuneration	5,740,000	4,525,000	3,035,000
Mrs.Zubaida Khatoon	Key management personnel	Loan repaid	49,843,102	-	688,389
Aliya Shahid	Key management personnel	Loan repaid	22,398,160	100,000	409,343
Asim Ahmed	Key management personnel	Loan repaid	41,464,930	155,000	727,677
Ghazala Saleem	Key management personnel	Loan repaid	22,448,160	1,150,000	1,460,034
Asim Ahmed	Key management personnel	Loan repaid	-	-	19,134,225
Asim Ahmed	Key management personnel	Loan received	-	-	30,545,000
BALANCES:					
Mrs.Zubaida Khatoon.	Key management personnel	Balance payable	(49,843,102)	49,890,714	49,890,714
Aliya Shahid	Key management personnel	Balance payable	(22,398,160)	22,163,817	22,263,817
Asim Ahmed	Key management personnel	Balance payable	(41,464,930)	41,132,253	41,287,253
Ghazala Saleem	Key management personnel	Balance payable	(22,448,160)	20,113,126	21,263,126
Sohail Ahmed	Key management personnel	Balance payable	-	48,519,496	48,519,496
S.G. Power Limited	Associated Company by virtue of common directorship	Balance payable	74,537,358	74,537,358	74,537,358
S.G. Power Limited	Associated Company by virtue of common directorship	Rent receivable	1,071,700	1,071,700	1,071,700

28 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors	
	2022	2021	2022	2021
Remuneration	2,400,000	1,800,000	2,125,000	1,235,000
House Rent	-	-	-	-
Retirement Benefits	-	-	-	-
Utilities	-	-	-	-
	2,400,000	1,800,000	2,125,000	1,235,000
	1	1	2	1

29 FINANCIAL INSTRUMENTS BY CATEGORY

	NOTE	2023 RUPEES	2023 RUPEES
Financial Assets			
At amortized cost			
Long term deposits		95,714	95,714
Loans and other receivables		16,122,250	11,258,816
Cash and bank balances		2,500,392	8,489,329
		18,622,642	19,843,859
Financial Liabilities			
At amortized cost			
Creditors, accrued and other liabilities		103,843,603	110,770,965
Short term and long term loan		92,039,491	92,039,491
Loan from directors		43,710,244	40,830,410
		239,593,338	243,640,866

30 FINANCIAL RISK MANAGEMENT

The company's activities expose it to a verity of financial risk, market risk, credit risk and liquidity risk. The company's overall risk manage funding as well as to manage financial risk to minimize earning volatility and provide maximum return to shareholders

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework monitoring the Company's risk management policies.

30.1 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while op

30.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign ex receivables and payables exist due to transactions entered in foreign currencies. As at June 30, 2022, the company is not exposed to currency ri

30.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market inte from long and Short term borrowings from financial institutions. As at June 30, 2022, the interest rate risk profile of the Company's doesn't ha

30.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (o currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all s As at June 30, 2022 the Company is not exposed to price risk.

30.5 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk i performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any sir

Credit risk of the Company arises principally from trade debts, advances, deposits, other receivables and bank balances. The carrying am credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2022	2022
Long term deposits		95,714	95,714
Account receivables	30.5.1	-	-
Loans and other receivables		16,122,250	11,258,816
Cash and bank balances		2,500,392	8,473,200
		18,718,356	19,958,143

30.5.1 Set out below

	June 30, 2022	June 30, 2022
30 days	-	-
31 to 90 days	-	-
91 to 180 days	-	-
180 days to 1 year	-	-
Over 1 year	-	-
	-	-
	-	-

Concentration of credit risks exists when changes on economic and industry factors similarly affect the group of counter parties whose aggr the company's total credit exposure . The company's financial assets are broadly diversified and transactions are entered into with dive significant concentration risk. Therefore, the company believes that it is not exposed to major concentration of credit risk.

However, impairment analysis is always performed as each reporting date using a provision matrix to measure expected credit losses. Gen more than one year and are not subject to enforcement activity.

Other financial

The credit quality of balances with banks can be assessed by reference to external credit ratings as shown below:

Bank	Rating agency	Short-term Rating	2022	2021
			---------(Rupees)---------	
Summit Bank Ltd	JCR - VIS	A-3	106	350,106
BankIslami Pakistan Limited	PACRA	A-1	353,397	232,527
Samba Bank Limited	JCR - VIS	A-1	1,855	1,855
Bank Al-Habib Limited	PACRA	A-1+	5,986,672	9,955,827
Habib Metro	PACRA	A-1+	2,878,797	4,583,084
Standard Chartered Bank	PACRA	A-1+	3,862,274	-
			9,220,827	15,123,399

30.6 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are sett Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would hav associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest paym

Financial liabilities in accordance with their contractual maturities are presented below:

2022	Less than 3 months	3 to 12 months	1 to 5 years	Greater than 5 years	Total
Loan from directors	-	-	#REF!	-	#REF!
Creditors, accrued and other liabilities	5,908,214	116,364,033	-	-	122,272,247
Current maturity of loan from directors	-	-	-	-	-
Current portion of long term loan	-	-	71,422,097	-	71,422,097
Interest on short term and long term loan	-	-	20,617,394	-	20,617,394
Overdue of loan from directors	-	-	-	-	-
Total	5,908,214	116,364,033	#REF!	-	#REF!

2021	Less than 3 months	3 to 12 months	1 to 5 years	Greater than 5	Total
Loan from directors	-	9,500,000		-	9,500,000
Creditors, accrued and other liabilities	24,046,754	96,187,018	-	-	120,233,772
Current maturity of loan from directors	-	-	-	-	-
Current portion of long term loan	-	-	71,422,097	-	71,422,097
Interest on short term and long term loan	-	-	20,617,394	-	20,617,394
Overdue of loan from directors	-	-	-	-	-
Total	24,046,754	105,687,018	92,039,491	-	221,773,263

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liab conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by r availability of financing through banking arrangements, which includes Short term finances.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of all the financial instruments reflected in the financial statements approximates to their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participa of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

Fair value hierarchy;

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped i fair value is observable.

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

As at 30 June, 2021, the company has no financial instruments that falls into any of the above category. There were no transfer between level 1, 2 and 3 in the year.

32 CAPITAL RISK MANAGEMENT

The objective of the company when managing capital i-e its shareholder's equity is to safeguard its ability to continue as a going conce shareholders and benefits to other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The company manage its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic The company manages its capital risk by monitoring its liquid assets and keeping in view future investment requirements and expectation of

As at June 30, 2021 and 2020, the company had surplus reserves to meet its requirements.

The gearing ratio as at June 30, 2022 and June 30, 2021 is as follows:

	June 30, 2022	June 30, 2021
Total Debts*	#REF!	176,076,849
Cash and bank balances	(13,091,286)	(15,377,553)
Net Debts	#REF!	160,699,296
Share capital	150,000,000	150,000,000
Surplus on revaluation of property, plant and equipment	964,497,676	969,970,459
Share premium	337,400,000	337,400,000
Revenue reserve	(770,515,235)	(766,580,680)
Loan from directors	264,724,408	173,724,406
Equity	946,106,849	864,514,185
Capital	#REF!	1,025,213,481
Gearing ratio (debt/ (debt + Equity)	#REF!	16%

*These comprise of long term loan, interest on short term and long term,overdue of loan from directors.

	NOTE	2022 RUPEES	2022 RUPEES
33 CAPACITY & PRODUCTION			
Production capacity for vertical farming		3000 KG	3000 KG
Actual production for vertical farming		2100 KG	2100 KG
Capacity cold storage(tonnes)		425	425
Actual usage for cold storage(tonnes)		297.5	297.5

Actual production was sufficient to meet the demand.

34 NUMBER OF EMPLOYEES

	2022	2022
Number of employees at the year-end	21	21
Average number of employees	21	21

35 Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for tl accounting and reporting standards as applicable in Pakistan.

36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on ____________ by the Board of Directors of the Company.

Chief Executive

Director

Chief Financial Officer