



## **QUARTERLY REPORT DECEMBER 31, 2017**

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**SG ALLIED BUSINESSES LIMITED**  
{**FORMERLY S.G. FIBRE LIMITED**}  
B-40, SITE, MANGHOPIR ROAD  
KARACHI.

# COMPANY /INFORMATION

## Board of Directors

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

### AUDIT COMMITTEE

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

### HR AND REMUNERATION COMMITTEE

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

### CHIEF FINANCIAL OFFICER

Mr. Muhammad Hasan

### COMPANY SECRETARY

Mr. Adnan Ahmed

### AUDITORS

Muniff Ziauddin & Co.  
Chartered Accountants

### LEGAL ADVISOR

M.J. Panny Associate  
Mohsin Tayab & Co.

### BANKERS

Summit Bank Limited

### SHARES REGISTRAR

Technology trade private limited  
Dagia house, 241-C, block-2  
PECHS, Shahra-e-Quaideen  
Karachi

### REGISTERED OFFICE

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

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

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

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

- i) The Company owes Re.170.50 million, as mentioned in note 13, 14 and 15 to the financial statements, to the associated Company S. G. Power Ltd. The operations of the Company have been shut-down for the last many years temporarily due to unfavourable market conditions. Payables to S.G. Power Ltd. are well secured as S G A B L have fixed assets of Rs469 million at written down value. Hence, there is nothing to apprehend about the Company's inability to settle its liabilities. The Company has provided confirmation to its associated undertaking that the amount of Rs. 170.50 million is due from the Company and would be settled on priority basis once the operations recommence. As per SECP order we were required to charge mark-up on outstanding balance of receivables that should not be less than the borrowing cost of the Company. Mark-up of Rs.10.654 million was provided as per the said directive. Since the Company has not borrowed any funds from any bank or financial institution, the mark-up accrued has been adequately charged for earlier period and it has not been provided in the current financial year.
- ii) Due to closure of the factory operations for the last many years and adverse financial health of the Company, it has no option but to value the directors' loans at historical costs. As such it has not been found possible to comply with requirements of IAS-39.
- iii) The factory has remained closed for the last many years and there are no short-term and long-term employees in employment. Compliance with IAS-19 pertaining to accounting and disclosures could not be applied.

### FUTURE OUTLOOK

Subsequent to the balance sheet date, the management of the Company has taken initiatives for the revival of the Company and developed new diversified business strategy, henceforth, the Company has extended its business activities after getting itself restyled as SG Allied Businesses Limited on 24th August, 2017. Primarily, the Company has started the activities of cold storage facility and dealing in various agriculture produces. Moreover, the Directors will provide the finance to the Company as and when needed.

### COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

In accordance with the requirement of the Code of Corporate Governance 2012 of Securities and Exchange Commission of Pakistan, the Directors hereby confirm that:

- The financial Statements for the year ended June 30, 2017 prepared by the management present fairly its state of affairs, the results of its operation, cash flow and change in equity.
- Proper books of accounts of the Company have been maintained.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- There are no significant doubts upon the Company's ability to continue as a going concern after it enters into new lines of businesses.
- The Company's system of internal control is sound in design and has been effectively implemented and continuously monitored.
- There has been no material departure from the best practice of Code of Corporate Governance as detailed in the listing regulations.
- The Directors, Chief Executive and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.
- Compliance of Code of Corporate Governance is annexed.
- Certain non-compliances mentioned in the Auditors' Review Report are due to the fact that the Company remained closed for many years. These shortcomings will be addressed as soon as the Company recommences business.

The Board held six meeting during the year. The attendance by each Director was as follows:

<u>Name of Director</u>	<u>No. of meeting attended</u>
Mst. Zubaida Khatoon	
Mrs. Ghazala Ahmed	
Mrs. Tania Asim	

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

Leave of absence was granted to directors who could not attend some of the Board meeting.

#### AUDITORS

The present Auditors M/S Muniff Ziauddin & Co., Chartered Accountants, retires and being eligible, offers themselves for re-appointment. Audit Committee recommended for their re-appointment for the year ending June 30, 2018.

#### AUDIT COMMITTEE

The meeting of Audit Committee was held during the year ended June 30, 2017 as required by Code of Corporate Governance for review of Quarterly/Half Yearly, Annual Account and the related matters. The meeting was also attended by the External Auditors as and when required.

The composition of the Committee is as follows:-

Mr. Sohail Ahmed	Chairman
Mr. Asim Ahmed	Member
Mrs. Ghazala Ahmed	Member

#### ACKNOWLEDGEMENT

The Directors of your Company offer their sincere gratitude to the shareholders, institutions for their support and assistance.

#### SHARE HOLDINGS PATTERN

The Pattern of Shareholding as on June 30, 2017 is annexed.

On behalf of the  
Board of Directors

Sohail Ahmed  
Chief Executive

Karachi February 26, 2018

### AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

#### Introduction

We have reviewed the accompanying condensed interim balance sheet of **SG ALLIED BUSINESSES LIMITED (FORMERLY, S.G. FIBRE LIMITED)** as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to draw a conclusion on this interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

#### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Basis for Qualified Conclusion

- i. The Company owes Rs. 157.93 million as at December 31, 2017 as mentioned in note 11, 12 and 13 to the interim financial information to the associated company, S.G. Power Limited. Mark-up of Rs. 10.654 million provided by the management on the above amount as per direction of the SECP in earlier financial years could not be verified due to non-availability of proper working of the same. Further no mark-up has been provided in the current financial period against the above-mentioned outstanding liability.
- ii. The interest free loan from directors amounting to Rs. 190.23 million (June 30, 2017: Rs. 196.569 million) is being shown at historical cost in contravention with the requirements of IAS-39 which requires the same to be recorded at fair value or amortized cost as appropriate with an impact on income through profit and loss account, the amount of which has not been determined by the company.
- iii. The Company has not complied with the requirements of IAS 19 - Employee Benefits as the related liabilities were not revalued during the period.

#### Qualified Conclusion

Based on our review, with the exception of the matters described in the paragraph (i) to (iii) above, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the condensed financial position of the **SG ALLIED BUSINESSES LIMITED (FORMERLY, S.G. FIBRE LIMITED)** as at December 31, 2017, and of its financial performance and its cash flows for the six month period then ended in accordance with approved accounting standards as applicable in Pakistan.

#### Matter of Emphasis

Without further qualifying our conclusion, we draw attention to note 1.2 to the condensed interim financial information, which indicates that the Company has been sustaining losses and the accumulated loss as at December 31, 2017 stood at Rs. 757.15 million. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Karachi: February 26, 2018

Muniff Ziauddin & Co.  
Chartered Accountants  
(Sohail Saleem)

**SG ALLIED BUSINESSES LIMITED (FORMERLY, S.G. FIBRE LIMITED)**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT DECEMBER 31, 2017**

	Notes	Un-audited December 31, 2017	Audited June 30, 2017
----- Rupees -----			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	475,123,805	479,918,884
Investment property	6	85,459,276	89,957,133
Long term deposits		95,714	95,714
<b>CURRENT ASSETS</b>			
Loans, advances, prepayments and other receivables	7	8,891,789	7,918,012
Cash and bank balances	8	19,060,194	16,970,298
		<u>27,951,982</u>	<u>24,888,310</u>
		<u>588,630,778</u>	<u>594,860,040</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 15,000,000 Ordinary shares of Rs. 10 each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital		<u>150,000,000</u>	<u>150,000,000</u>
Share premium		<u>337,400,000</u>	<u>337,400,000</u>
Accumulated loss		<u>(757,148,725)</u>	<u>(766,277,423)</u>
		<u>(269,748,725)</u>	<u>(278,877,423)</u>
Surplus on revaluation of fixed assets	9	<u>443,983,778</u>	<u>450,002,167</u>
		<u>174,235,053</u>	<u>171,124,744</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities		<u>49,730,432</u>	<u>49,822,418</u>
Loan from directors	10	<u>190,230,874</u>	<u>196,569,064</u>
		<u>239,961,306</u>	<u>246,391,482</u>
<b>CURRENT LIABILITIES</b>			
Creditors, accrued and other liabilities	11	<u>89,447,476</u>	<u>89,438,072</u>
Interest on short term and long term loan	12	<u>10,654,243</u>	<u>10,654,243</u>
Current portion of long term loan	13	<u>71,422,097</u>	<u>71,422,097</u>
Provision for taxation		<u>2,910,603</u>	<u>5,829,403</u>
		<u>174,434,419</u>	<u>177,343,815</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14	-	-
		<u>588,630,778</u>	<u>594,860,040</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**SG ALLIED BUSINESSES LIMITED (FORMERLY, S.G. FIBRE LIMITED)**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

Notes	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Sales	1,094,617	-	853,495	-
Cost of sales	(5,593,931)	(11,030,109)	(5,237,081)	(5,514,238)
Gross loss	<u>(4,499,314)</u>	<u>(11,030,109)</u>	<u>(4,383,586)</u>	<u>(5,514,238)</u>
Administrative and selling expenses	(13,500,517)	(6,476,696)	(3,629,738)	(3,252,936)
Operating loss	<u>(17,999,831)</u>	<u>(17,506,805)</u>	<u>(8,013,324)</u>	<u>(8,767,174)</u>
Profit on sale of property plant and equipment	-	-	-	-
Other income	19,033,046	10,353,051	12,416,658	6,672,360
	<u>1,033,215</u>	<u>(7,153,754)</u>	<u>4,403,334</u>	<u>(2,094,814)</u>
Financial charges	-	-	-	-
Profit/(Loss) before taxation	<u>1,033,215</u>	<u>(7,153,754)</u>	<u>4,403,334</u>	<u>(2,094,814)</u>
<b>Taxation</b>				
Current	(2,910,603)	-	(498,284)	-
Prior year	1,516,218	-	-	-
Deferred	3,471,480	3,998,695	1,735,740	1,999,347
	<u>2,077,095</u>	<u>3,998,695</u>	<u>1,237,456</u>	<u>1,999,347</u>
Profit/(Loss) after taxation	<u>3,110,309</u>	<u>(3,155,059)</u>	<u>5,640,789</u>	<u>(95,467)</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>3,110,309</u>	<u>(3,155,059)</u>	<u>5,640,789</u>	<u>(95,467)</u>
Profit/(Loss) per share - basic and diluted	0.21	(0.21)	0.38	(0.01)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**SG ALLIED BUSINESSES LIMITED (FORMERLY, S.G. FIBRE LIMITED)**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2017**

	Issued subscribed and paid up capital	Capital reserve	Accumulated loss	Total
----- Rupees -----				
Balance as at July 01, 2016	150,000,000	337,400,000	(760,013,467)	(272,613,467)
Loss for the half year ended December 31, 2016	-	-	(3,155,059)	(3,155,059)
		71,422,097		
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	6,545,604	6,545,604
<b>Balance as at December 31, 2016</b>	<b>150,000,000</b>	<b>337,400,000</b>	<b>(756,622,922)</b>	<b>(269,222,922)</b>
Balance as at July 01, 2017	150,000,000	337,400,000	(766,277,423)	(278,877,423)
Loss for the half year ended December 31, 2017	-	-	3,110,309	3,110,309
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	6,018,389	6,018,389
<b>Balance as at December 31, 2017</b>	<b>150,000,000</b>	<b>337,400,000</b>	<b>(757,148,725)</b>	<b>(269,748,725)</b>

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

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

\_\_\_\_\_  
**DIRECTOR**

\_\_\_\_\_  
**CHIEF FINANCIAL OFFICER**

**SG ALLIED BUSINESSES LIMITED (FORMERLY, S.G. FIBRE LIMITED)**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2017**

	Un-audited December 31, 2017	Un-audited December 31, 2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	1,033,215	(7,153,754)
Adjustment for:		
Depreciation	9,730,037	10,944,481
Financial charges	-	-
(Gain) on sale of fixed assets	-	-
	9,730,037	10,944,481
	10,763,252	3,790,727
<b>(Increase) / decrease in current assets</b>		
Stock in trade	-	-
Loans, advances and other receivables	(973,777)	(195,750)
	(973,777)	(195,750)
<b>Increase / (decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	9,404	2,027,823
<b>Cash out flow from operations</b>	<b>9,798,879</b>	<b>5,622,801</b>
Financial charges paid	-	-
<b>Net cash from operating activities</b>	<b>9,798,879</b>	<b>5,622,801</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of fixed assets	-	-
Capital expenditure	(437,102)	(6,554,803)
<b>Net cash used in investing activities</b>	<b>9,361,777</b>	<b>(932,002)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loan from directors	(6,338,190)	-
<b>Net cash out flow from financing activities</b>	<b>3,023,587</b>	<b>(932,002)</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,023,587</b>	<b>(932,002)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>16,036,607</b>	<b>8,090,740</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>19,060,194</b>	<b>7,158,739</b>

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

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

\_\_\_\_\_  
**DIRECTOR**

\_\_\_\_\_  
**CHIEF FINANCIAL OFFICER**

**SG ALLIED BUSINESSES LIMITED (FORMERLY, S.G. FIBRE LIMITED)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2017**

**1. STATUS OF THE COMPANY**

**1.1** The Company was incorporated in Pakistan as a public limited company and its shares are listed at Karachi Stock Exchange. The principal activity of the Company is manufacturing of polyester filament yarn. The registered office and production facility of the company are situated at B-40, S.I.T.E., Karachi.

**1.2 GOING CONCERN**

The company had disengaged from the production of polyester filament yarn as of December 2006 due to adverse market condition. The company has been sustaining losses and the accumulated loss as at December 31, 2017 stood at Rs. 757.15 million (June 30, 2017: 766.15 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. However, 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 crisis. During the period, the management of the Company has taken initiatives for the revival of the Company and developed new diversified business strategy, henceforth, the Company has extended its business activities after getting itself restyled as SG Allied Businesses Limited on 24th August, 2017. Primarily, the Company has started the activities of cold storage facility and dealing in various agriculture produces. Moreover, the Directors will provide the finance to the Company as and when needed.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

As per the requirements of circular no. CLD/CCD/PR(11)/2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies whose financial year, including quarterly and other interim periods, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Accordingly, this condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for a complete set of financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2017.

The comparative balance sheet presented in this condensed interim financial information as at June 30, 2017 has been extracted from audited financial statements of the company for the year ended June 30, 2017, Whereas the comparative profit and loss account, statement of changes in equity and the cash flow statements for the half year ended December 31, 2016 have been subjected to a review but not audit.

**3. ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2017.

**4. ESTIMATES**

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

*In preparing this condensed interim financial information, the condensed statements results for the management in audited*

	December 31, 2017	Note	June 30, 2017
	----- Rupees -----		
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating Fixed Assets	5.1	464,221,390	469,453,571
Capital Work-in Progress	5.2	10,902,415	10,465,313
		<u>475,123,805</u>	<u>479,918,884</u>
<b>5.1 Operating Fixed Assets</b>			
Opening written down value		469,453,570	584,934,845
Reclassification to investment property		-	(194,310,081)
Addition/(Deletion/Transfer)		-	(30,304,000)
Depreciation		(5,232,181)	109,132,806
Closing written down value		<u>464,221,390</u>	<u>469,453,570</u>
<b>5.2 Capital Work-in Progress</b>			
Opening balance		10,465,313	-
Capital expenditure incurred during the year		437,102	10,465,313
Closing balance		<u>10,902,415</u>	<u>10,465,313</u>
<b>6 INVESTMENT PROPERTY</b>			
<b>Reconciliation of carrying amount</b>			
<b>COST</b>			
Opening		194,310,081	-
Reclassification from property, plant and equipment		-	194,310,081
Closing		<u>194,310,081</u>	<u>194,310,081</u>
<b>DEPRECIATION</b>			
Opening		104,352,948	-
Reclassification from property, plant and equipment		-	104,352,948
Depreciation for the period		4,497,857	-
Closing		<u>108,850,805</u>	<u>104,352,948</u>
<b>Written down value</b>		<u>85,459,276</u>	<u>89,957,133</u>
<b>Rate of depreciation</b>		<u>10%</u>	<u>10%</u>
<b>7 LOANS, ADVANCES, PREPAYMENTS &amp; OTHER RECEIVABLES</b>			
Income tax refundable		9,903,094	9,903,094
Less: provision against income tax refundable		(9,903,094)	(9,903,094)
Advance income tax		973,777	-
Margin - Letter of credit		150,000	150,000
Sales tax claim receivable		21,070,506	21,070,506
Less: Provision against sales tax claims receivable		(21,070,506)	(21,070,506)
		<u>150,000</u>	<u>150,000</u>
Other receivables		9,571,471	9,571,471
Less: provision for irrecoverable rent		(1,800,000)	(1,800,000)
Less: provision for doubtful debts		(3,459)	(3,459)
		<u>7,768,012</u>	<u>7,768,012</u>
		<u>8,891,789</u>	<u>7,918,012</u>
<b>7.1</b> This includes receivables from S.G. Power Limited on account of rent and utilities amounting to Rs 8.550 million. However as disclosed in note 11, 12 and 13 a sum of Rs. 157.9 million is payable to S.G Power Limited.			
<b>8 CASH AND BANK BALANCES</b>			
Cash in hand		30,838	30,838
Cash with banks - current account		19,029,356	16,939,460
		<u>19,060,194</u>	<u>16,970,298</u>
		<b>December 31, 2017</b>	<b>June 30, 2017</b>
<b>9 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net</b>			
<b>Opening balance</b>		488,722,372	509,810,969
Surplus arisen on revaluation carried out during the year:		-	-
		<u>488,722,372</u>	<u>509,810,969</u>
<b>Less: Transferred to unappropriated profit on account of:</b>			
- Incremental depreciation for the period		(9,489,869)	(21,088,597)
- realized on disposal of plant & machinery		-	-
		<u>479,232,503</u>	<u>488,722,372</u>

Related deferred tax of:

- balance at beginning of the year	38,720,205	46,717,995
- surplus arising during the year	-	-
- incremental depreciation for the year	(2,846,961)	(6,537,465)
- effect of change in tax rate	(624,519)	(1,459,925)
- balance at year end	35,248,725	38,720,205
Balance at end of the year	443,983,778	450,002,167

During the financial year ended June 30, 2015 the company revalued its leasehold land and buildings on leasehold land to replace the carrying amounts of these assets with their market values / depreciated market values. The revaluation was carried-out on on June 30, 2015 by an independent valuers namely M/s. Amir Evaluators & Consultants. The appraisal surplus arisen on these revaluations aggregates to Rs. 533.242 million.

December 31, 2017  
June 30, 2017  
----- Rupees -----

**10 LOAN FROM DIRECTORS**

Loan from directors	10.1	190,230,874	196,569,064
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10.1 This represents interest free loan from sponsoring directors. Repayment will be made over the period of 15 years.

**11 CREDITORS, ACCRUED AND OTHER LIABILITIES**

Trade creditors		1,244,066	1,244,066
Earnest money	11.1	3,189,006	189,036
Security deposit payable		7,004,515	6,455,615
Others		2,156,761	2,377,287
		13,594,348	10,265,974
Due to associated undertaking	11.2	75,853,128	79,172,098
		89,447,476	89,438,072

11.1 This represents advance received from scrap buyers.

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

**12 INTEREST ON SHORT AND LONG TERM LOANS**

	10,654,243	10,654,243
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This represents accrued interest on loans payable to S.G Power Limited.

**13 CURRENT PORTION OF LONG TERM LOAN**

Long term loan payable to S.G. Power Limited		71,422,097	71,422,097
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**14 CONTINGENCIES AND COMMITMENTS**

**Contingencies**

(i) Legal claim filed against the Company from suppliers were not acknowledged as debts amounting to Rs. 0.418 million (June 30, 2017: Rs. 0.418 million)

(ii) A dispute is persisting between the company and National Bank of Pakistan regarding the alleged "Buy Back Agreement" and declaration of dividend. Brief facts of the dispute are that underwriting of public floatation of the shares of the company was jointly undertaken by National Bank of Pakistan and Allied Bank of Pakistan. National Bank of Pakistan agreed to underwrite 3,851,200 shares of Rs 10 each at a premium of Rs. 48.50 per share. However the Bank insisted to impose a condition on the sponsors to enter into a "Buy Back Agreement" in respect of the share underwritten by them. Corporate Law Authority (Securities and Exchange Commission of Pakistan) desired with their letter dated September 18, 1995 to furnish an unqualified underwriting commitment without any "Buy Back Agreement" and the NBP vide its letter dated October 27, 1994 confirmed that this condition will be deleted. The Corporate Law Authority through its various letter emphasized for unconditional arrangement.

National Bank of Pakistan vide its letter No. CCD: BE 096/MB dated March 01, 1995 confirmed that they have no objection to the publication of the prospectus of the company in the newspaper also mentioning in the said letter that Bank has not made any buy back agreement with the sponsors or any other person. The prospectus of the Company published in the newspaper also contained this fact that "their underwriter has not entered any buy back/ repurchase agreement with the sponsors or any other person". After public floatation, National Bank of Pakistan imposed the alleged condition of declaration of dividend at the rate of 15 to 16 percent and the undertaking from the sponsors to buy back the shares of the Company after 3 years within a period of one year was also obtained by the bank. The Company declared dividend for 1996, 1997 and 1998 at 15 percent, 20 percent and 16 percent respectively. However, due to the following reason Company could not declare dividend for the year 1999.

(a) The object for public floatation was to raise funds for investment in new plants and machineries to produce high quality value added products for which a new Hot Channel Stretching plant along with other plants and machineries was imported. After completion of process of installation and commissioning, the sum of Rs.454.8 million being the cost of the plant, was capitalized which resulted in the charge of depreciation amounting to Rs.93.170 million which can be attributed as a major reason of loss of Rs.97.60 million sustained during the year 1999.

(b) Subsequent to filing of the above suit, National Bank of Pakistan also filed a Suit No. 8-200 of 2000 dated 21st October, 2000 in the High Court of Sindh against the company and the sponsors seeking enforcement of "Buy Back Agreement" and payment of resultant amount with profit at 18 percent per annum from the date of suit till the payment by the company and a direction that shares of the company be sold in the market and the net sale proceeds be applied towards the adjustment of the decretal amount.

The sponsors are confident that they will succeed in their case in view of their sound legal position.

(c) Legal claims have been lodged by ex-employees of the company for recovery of their outstanding emoluments on account of their employment with the company.

(iii) Two appeals bearing no. K-137/2008 and K-138/2008 both dated March 18, 2008 passed by the Collector of Sales Tax and Federal Excise (Appeals) Karachi is pending before the Inland Appellate Tribunal, Bench, Karachi. One appeal bearing no. K-190/2010 dated March 24, 2010 filed against the Order-in-appeal no. 3254/2010, dated February 02, 2010 passed by the Collector of Customs (Appeals) Karachi is pending before the Customs Appellate Tribunal, Bench-II, Karachi. The management is of view that the aforesaid cases involve certain law points and there is every likelihood of having a favorable verdict in these matters.

**Commitments**

There are no commitments existing as on December 31, 2017 (June 30, 2017: Nil)

**15 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS**

The related parties comprise of associated companies, staff retirement funds, directors and key management personnel. Transaction with related parties are carried out on an arm's length basis and the related price is determined in accordance with the Comparable Uncontrolled Price Method. Significant transactions with associated undertakings and related parties other than those which have been specifically disclosed elsewhere in this condensed interim financial information are given below.

TRANSACTIONS:	RELATIONSHIP WITH THE COMPANY	December 31, 2017	December 31, 2016
Repayment of loan to directors	Key management personnel	6,338,190	-
Purchase of electricity from S.G. Power Limited	Associated Company	450,000	-
Rental income from S.G. Power Limited	Associated Company	900,000	900,000
Directors' remuneration	Key management personnel	950,000	900,000
		December 31, 2017	June 30, 2017
<b>BALANCES:</b>		----- Rupees -----	
Due to directors	Key management personnel	190,230,874	196,569,064
S.G. Power Limited	Associated Company	75,853,128	79,172,098

**16 DATE OF AUTHORIZATION**

This condensed interim financial information was authorized for issue on February 26, 2018 by the Board of Directors of the Company.

**17 GENERAL**

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER