



CHIEF EXECUTIVE OFFICER

Chief Executive Officer  
Director  
Chairman

# QUARTERLY REPORT MARCH 31, 2019

CHIEF FINANCIAL OFFICER

COMPANY SECRETARY

DIRECTORS

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**SG ALLIED BUSINESSES LIMITED**  
B-40, SITE, MANGHOPUR 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, Shakra-e-Quaideen  
Karachi

## REGISTERED OFFICE

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

## Directors Report

The Board of Directors of SG Allied Businesses Limited is pleased to present the financial statements of the company for the period ended March 31, 2019. During the period, under review, the company has suffered a loss of Rs. 5.273 million while the corresponding period the gain was Rs. 8.427 million. The accumulated loss as on March 31, 2019 stood at Rs. 763.862 million.

Alhamdulillah products of vertical farm, which started trial production in the previous year March 2018, are gradually making their way in to markets.

In comparison with the previous quarter the revenue from Cold Store and Vertical Farming businesses is on upsurge.

Another cold store has initiated its operations from the last week of March 2019, and Insha'Allah its impact will be evident in the subsequent periods.

### FUTURE OUTLOOK

It is expected that in upcoming period the sale of vertical farm product will further increase and the production will be enhanced, More products in vertical farm and semi vertical farm to be introduced and we hope that the trend of healthy lifestyle, the company is hydroponically grown pesticide free products will soon be popular all over the market.

### ACKNOWLEDGEMENT

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

Karachi: April 29, 2019

On Behalf of the Board of Directors

Sohail Ahmed  
Chief Executive

**SG ALLIED BUSINESSES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2019**

	Notes	Un-audited March 31, 2019	Un-audited March 31, 2018
Rupees			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	472,987,837	472,488,348
Investment property		74,888,313	83,218,348
Long term deposits		88,714	88,714
<b>CURRENT ASSETS</b>			
Loans, advances, prepayments and other receivables	8	8,368,813	8,368,813
Cash and bank balances	9	13,488,987	11,821,127
		21,723,898	20,589,138
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 15,000,000 Ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid-up capital		198,508,500	198,508,500
Share premium		337,488,988	337,488,988
Accumulated loss		(763,882,844)	(748,721,287)
		(278,483,844)	(281,321,287)
Surplus on revaluation of fixed assets		413,344,184	434,874,781
		138,781,380	173,383,814
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities		88,798,508	48,838,313
Loan from directors	11	183,844,471	183,484,074
		223,748,379	232,313,287
<b>CURRENT LIABILITIES</b>			
Creditors, accrued and other liabilities	12	108,888,888	88,308,883
Interest on short term and long term loan	13	18,884,343	18,884,343
Current portion of long term loan	14	71,432,887	71,432,887
Current maturity of long term loan		13,184,884	13,184,884
Provision for taxation		14,818,838	2,818,883
		206,784,833	178,194,748
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15	-	-
		888,308,883	878,883,848

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

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

\_\_\_\_\_  
**Director**

**SG ALLIED BUSINESSES LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2019**

	Notes	July to March 2019	January to March 31, 2019	July to March 2018	January to March 31, 2018
Sales		3,177,488	718,828	1,884,128	888,811
Cost of sales		(248,823)	(38,827)	(788,884)	4,887,837
Gross loss		2,858,832	678,888	887,234	5,388,848
Administrative and selling expenses		(28,472,388)	(8,871,883)	(18,884,848)	(3,384,128)
Operating loss		(17,841,888)	(8,284,784)	(18,887,412)	2,882,418
(Loss) / Profit on sale of Assets		-	-	-	-
Other income	18	27,413,883	8,388,887	22,287,778	3,224,728
		8,871,834	2,888,773	8,388,364	8,317,148
Financial charges		(8,848,384)	(4,828,187)	-	-
Loss before taxation		31,848	(2,854,434)	8,388,364	8,317,148
Taxation					
Current		(8,384,887)	(1,788,222)	(2,818,883)	-
Prior year				1,818,218	-
Deferred				3,471,488	-
Gain after taxation		(8,373,127)	(4,882,847)	8,427,488	8,317,148
Other comprehensive income			-		-
Total comprehensive income		(8,373,127)	(4,882,847)	8,427,488	8,317,148
Earning per share - basic and diluted		(8.38)	(8.31)	8.88	8.38

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

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

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

**SG ALLIED BUSINESSES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2019**

	Issued subscribed and paid up capital	Capital reserves	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 period ended March 31, 2017	-	-	10,283,781	10,283,781
<b>Balance as at March 31, 2017</b>	<b>150,000,000</b>	<b>337,400,000</b>	<b>(748,729,686)</b>	<b>(261,329,686)</b>
Balance as at July 01, 2017	150,000,000	337,400,000	(757,148,725)	(269,748,725)
Loss for the period ended March 31, 2018	-	-	8,427,458	8,427,458
<b>Balance as at March 31, 2018</b>	<b>150,000,000</b>	<b>337,400,000</b>	<b>(748,721,267)</b>	<b>(261,321,267)</b>
Balance as at July 01, 2018	150,000,000	337,400,000	(758,589,517)	(269,748,725)
Loss for the period ended March 31, 2019	-	-	(5,273,127)	(5,273,127)
<b>Balance as at March 31, 2019</b>	<b>150,000,000</b>	<b>337,400,000</b>	<b>(763,862,644)</b>	<b>(276,462,644)</b>

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

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

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

**SG ALLIED BUSINESSES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2019**

	Un-audited March 31, 2019	Un-audited March 31, 2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Gain/(Loss) before taxation	31,540	8,350,364
Adjustment for:		
-Depreciation	7,063,602	7,848,268
-Gain on sale of fixed assets	-	-
-Loss on revaluation on stores and spares	-	-
-Impairment loss on plant & machinery	-	-
-Loss on sale of stores & spares	-	-
-Provision for non-refundable of sales tax	-	-
-Provision for non-refundable of income tax	-	-
-Finance charges	4,920,197	-
	11,983,799	7,848,268
	12,015,339	14,198,632
(Increase) / decrease in current assets		
Trade debts	-	(350,000)
Loans, advances, prepayments and other receivables	-	(350,000)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	-	(16,675,072)
Finance charges paid	-	-
<b>Net cash generated from operating activities</b>	<b>12,015,339</b>	<b>(2,826,440)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale proceeds from disposal of fixed assets	-	-
Sales proceeds of stores & spares	-	-
Capital work in progress	(15,751,730)	(397,731)
<b>Net cash used in investing activities</b>	<b>(15,751,730)</b>	<b>(397,731)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans from directors	(495,067)	(925,000)
<b>Net cash from financing activities</b>	<b>(495,067)</b>	<b>(925,000)</b>
<b>Net increase / (decrease) in cash and cash equivalent</b>	<b>(4,231,457)</b>	<b>(4,148,171)</b>
<b>Cash and cash equivalent at the beginning of the year</b>	<b>17,667,444</b>	<b>15,976,298</b>
<b>Cash and cash equivalent at the end of the year</b>	<b>13,435,987</b>	<b>11,828,127</b>

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

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

\_\_\_\_\_  
**Directors**

**S.G. ALLED BUSINESSES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2018**

**1. STATUS OF THE COMPANY**

1.1 The Company was incorporated in Pakistan as a public limited company and its shares are listed at 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 has made a gain of Rs. 4,567 million, (however, in the corresponding period of March 31, 2018 company has suffered a loss of Rs. 8,427 million) during third quarter ended and accumulated loss as at March 31, 2017 stood at Rs. 753,596 million and Filament Yarn Industry in Pakistan is in ominous situation due to adverse fiscal measures and unfavorable market conditions resulting in high cost of production and dumping of cheap product from China and other countries. Frequent increases in the cost of energy and hike in cost of financing is leading this industry towards crisis. Consequently the management of the company had decided to disengage temporarily the operations of the company to safeguard the interest of stakeholders. The Filament Yarn Association is negotiating with the government to take initiatives to revive the industry and to avoid resulting unemployment. Earlier the management had decided to resume its operation in two phases, in first phase to run the twisting machines and produce commodity yarns, in second phase to start the line-7 and producing both commodity and specialty yarns. On December 22, 2011 the Company decided in its board of directors' meeting

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

This condensed interim financial information is un-audited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. This condensed interim financial information is presented in condensed form in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting". This does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2018. Comparative figures of the balance sheet are extracted from the audited annual financial statements for the year ended June 30, 2018 whereas comparative profit and loss account, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial information for the period ended March 31, 2017.

**ACCOUNTING POLICIES**

The accounting policies and method of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the year ended June 30, 2018.

**3.1 Standards, amendments to published approved accounting standards and interpretations effective from July 01, 2018.**

There are certain new standards, amendments and International Financial Reporting Interpretation Committee (IFRIC) interpretations that become effective during the period and mandatory for accounting period on or after July 01, 2018 but are considering not be relevant or have significant effect on the company's operations are, therefore, not disclosed in this condensed interim financial information.

**3.2 Standards, amendments to published approved accounting standards and interpretations as adopted in Pakistan, that are not yet effective.**

There are other amendments to the standards and new interpretations that are mandatory for accounting periods on or after July 01, 2018 but are considered not be relevant or do not have any significant effect on company's operations and are, therefore, not detailed in this condensed interim financial information.

**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 significant judgments made by the management in applying the Company's accounting policies and the key resources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2018.

	March 31 2018	March 31 2017
	Rupees	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating Fixed Assets	451,925,610	451,805,302
Capital Work-in Progress	20,671,927	10,863,044
	<u>472,597,537</u>	<u>472,668,346</u>
<b>5.1 Operating Fixed Assets</b>		
Opening written down value	458,988,214	468,453,570
Revaluation surplus / (deficit)	-	-
Addition/(Deletion/Transfer)	-	-
Depreciation	<u>(7,063,602)</u>	<u>(7,648,268)</u>
Closing written down value	<u>451,925,612</u>	<u>461,805,302</u>
<b>7. INVESTMENT PROPERTY</b>		
Reconciliation of carrying amount		
<b>COST</b>		
As on 1 July	194,318,081	194,318,081
Reclassification from property, plant and equipment	-	-
As at 31 December	<u>194,318,081</u>	<u>194,318,081</u>
<b>DEPRECIATION</b>		
As on 1 July	113,348,661	104,352,948
Reclassification from property, plant and equipment	6,072,106	6,746,785
Depreciation for the period	<u>119,430,768</u>	<u>111,809,733</u>
As at 31 December	<u>74,889,313</u>	<u>63,218,348</u>
Written down value as at June 30, 2017		
Rate of depreciation	<u>10%</u>	<u>10%</u>
<b>8. LOANS, ADVANCES, PREPAYMENTS &amp; OTHER RECEIVABLES</b>		
Income tax refundable	10,682,488	8,903,084
Less: provision against income tax refundable	(10,682,488)	(8,903,084)
Advance income tax	-	-
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)
Other receivables	9,571,471	8,571,471
Less: provision for irrecoverable rent	(1,450,000)	(1,450,000)
Less: provision for doubtful debts	(3,459)	(3,459)
	<u>8,118,012</u>	<u>8,118,012</u>
	<u>8,298,012</u>	<u>8,298,012</u>
<b>9. CASH AND BANK BALANCES</b>		
Cash in hand	80,488	80,838
Cash with banks	13,295,499	11,780,389
	<u>13,455,987</u>	<u>11,871,127</u>

March 31  
2019  
March 31  
2018  
Rupees

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

Opening balance	488,742,635	488,722,372
Surplus arisen on revaluation carried out during the year:		
	<u>488,742,635</u>	<u>488,722,372</u>
Less: Transferred to unappropriated profit on account of:		
- incremental depreciation for the year	(6,872,106)	(6,748,789)
- incremental on disposal of plant & machinery	(6,872,106)	(6,748,789)
	<u>482,670,529</u>	<u>481,973,583</u>
Related deferred tax of:		
- balance at beginning of the year	81,245,298	38,720,268
- surplus arising during the year		
- incremental depreciation for the year	(1,821,832)	(2,091,883)
- effect of change in tax rate	(728,862)	(728,862)
- balance at year end	<u>48,693,698</u>	<u>35,898,739</u>
Balance at end of the year	<u>414,878,831</u>	<u>448,878,848</u>

11 LOAN FROM DIRECTOR

Loan from directors	11.1	178,049,075	183,484,074
11.1 This represents interest free loan from sponsoring directors. Repayment terms have not yet been decided by the company.			

12 CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	1,423,072	1,423,072
Earnest money	12,998,987	
Security deposit payable	8,234,393	7,004,515
Others	1,379,087	1,379,087
Due to associated undertaking	24,035,549	9,808,674
12.1	71,129,313	75,403,128
	<u>96,186,862</u>	<u>85,209,802</u>

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

13 INTEREST ON SHORT AND LONG TERM LOANS

	10,854,243	10,854,243
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This represent accrued interest on loans payable to S.G Power Limited.

14 CURRENT PORTION OF LONG TERM LOAN

Current portion of long term loan-Fibre Venture Capital Limited		
Less: Reversal of Current portion of long term loan due to loan waiver		
Current portion of long term loan payable to S.G Power Limited	71,422,097	71,422,097
	<u>71,422,097</u>	<u>71,422,097</u>

15 CONTINGENCIES AND COMMITMENTS

Contingencies

(f) Legal claim filed against the Company from suppliers were not acknowledged as debts amounting to Rs. 0.418 million (June 30, 2014: Rs. 0.418 million)

(g) 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 underwriting.

National Bank of Pakistan vide its letter No. CCD: BE 096/48 dated March 01, 1995 confirmed that they have no objection to the publication of the prospectus of the company in the newspaper also mentioning in the said letter that Bank has not made any buy back agreement with the sponsors or any other person. The prospectus of the Company published in the newspaper also contained this fact that "their underwriter has not entered any buy back/ repurchase agreement with the sponsors or any other person". After public floatation, National Bank of Pakistan imposed the alleged condition of declaration of dividend at the rate of 15 to 16 percent and the undertaking from the sponsors to buy back the shares of the Company after 3 years within a period of one year was also obtained by the bank. The Company declared dividend for 1996, 1997 and 1998 at 15 percent, 20 percent and 16 percent respectively. However, due to the following reason Company could not declare dividend for the year 1999.

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

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

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

(d) Two appeals bearing no. K-137/2008 and K-138/2008 both dated March 18, 2008 passed by the Collector of Sales Tax and Federal Excise (Appeals) Karachi is pending before the Inland Appellate Tribunal, Bench, Karachi. One appeal bearing no. K-190/2010 dated March 24, 2010 filed against the Order-in-appeal no. 3254/2010, dated February 02, 2010 passed by the Collector of Customs (Appeals) Karachi is pending before the Customs Appellate Tribunal, Bench-II, Karachi.

The management is of view that the aforesaid cases involve certain law points and there is every likelihood of having a favorable verdict in these matters.

Commitments

There are no commitments existing as on December 31, 2014. (June 30, 2014: Nil)

16 OPERATING LOSS

16.1 Rental income	34,233,875	19,033,048
Less: Amenities charges	(8,819,972)	
	<u>25,413,903</u>	<u>19,033,048</u>
16.2 Amenities charges	8,819,972	
Less: Expenses incurred	(6,828,000)	
	<u>1,991,972</u>	

**17 TRANSACTIONS WITH RELATED PARTIES**

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

	March 31 2018	March 31 2018
	Rupees	
S.G. Power Limited - Associated undertaking		
Rental Income	1,500,000	1,500,000
Less: Irrecoverable rental income from associated undertaking	<u>(1,500,000)</u>	<u>(1,500,000)</u>

**18 DATE OF AUTHORIZATION**

This condensed interim financial information was authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

**19 GENERAL**

Figures have been rounded off to the nearest rupee.

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CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR