

**SG ALLIED BUSINESSES
LIMITED**

**CONDENSED INTERIM STATEMENT
OF FINANCIAL POSITION**

**FOR THE PERIOD ENDED
SEPTEMBER 30th, 2021**



**B-40, SINDH INDUSTRIAL TRADING ESTATES, KARACHI.
Ph No: 32593410-11**

DIRECTOR'S REPORT

The Board of Directors of SG Allied Businesses Limited is pleased to present the Third Quarterly Financial Statements of the Company for the period ended September 30, 2021.

FUTURE OUTLOOK

Alhamdo Lillah, the performance of the company during the first quarter under review has been on track of growth. The Company has reported the profit in current period September 30, 2021 as business activities of SG Allied Businesses Limited is growing, management is hopeful of increased sale of the company in future.

During the period, under review, the Company has earned a profit of Rs. 30,844 whereas, for the corresponding period the gain was Rs. 21,368. The accumulated loss as on September 30, 2021 stood at Rs. 766.549 million.

FUTURE OUTLOOK

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. Company is in the process of further expending the Mushroom farming facility in near future by adding more growing room.

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 November 29, 2021

On behalf of the Board
of Directors



Sohail Ahmed
Chief Executive

SG ALLIED BUSINESSES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

| | NOTES | September 2021 Rupees | September 2020 Rupees |
|---|-------|-----------------------------|-----------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 1,083,478,683 | 1,054,070,905 |
| Investment property | 5 | 69,629,914 | 71,043,646 |
| Long term deposits | 6 | 95,714 | 95,714 |
| CURRENT ASSETS | | | |
| Loans, advances, prepayments and other receivables | 8 | 10,264,880 | 6,748,012 |
| Inventory packing material | | 2,875,013 | - |
| Cash and bank balances | 9 | 17,201,259 | 13,209,561 |
| | | 30,341,152 | 19,957,573 |
| | | 1,183,545,463 | 1,145,167,838 |
| 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 | 10 | 150,000,000 | 150,000,000 |
| Share premium | | 337,400,000 | 337,400,000 |
| Surplus on revaluation of fixed assets | | 968,741,612 | 817,206,454 |
| Accumulated loss | | (766,549,836) | (758,852,482) |
| | | 689,591,776 | 545,753,973 |
| Loan from directors | | 198,474,409 | - |
| NON-CURRENT LIABILITIES | | | |
| Deferred liabilities | 11 | 68,346,864 | 222,794,638 |
| Loan from directors | 13 | - | 141,889,262 |
| | | 68,346,864 | 364,683,900 |
| CURRENT LIABILITIES | | | |
| Creditors, accrued and other liabilities | 14 | 121,024,254 | 102,053,950 |
| Interest on short term and long term loan | 15 | 20,617,394 | 20,617,394 |
| Current portion of long term loan | 16 | 71,422,097 | 71,422,097 |
| Current maturity of loan from directors | 13 | 3,126,732 | 13,104,604 |
| Overdue amount of long term loan | 16 | - | 20,105,208 |
| Provision for Taxation | | 10,941,937 | 7,426,712 |
| | | 227,132,414 | 234,729,965 |
| CONTINGENCIES AND COMMITMENTS | 17 | - | - |
| | | 1,183,545,463 | 1,145,167,838 |

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



Chief Executive



Director



Chief Financial

SG ALLIED BUSINESSES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

| | NOTES | September 2021 Rupees | September 2021 Rupees |
|---|-------|-----------------------------|-----------------------------|
| Sales | 18 | 16,350,382 | 1,962,113 |
| Cost of sales | 19 | (1,062,310) | (806,006) |
| Gross (loss)/gain | | 15,288,072 | 1,156,107 |
| Administrative and selling expenses | 20 | (15,222,545) | (15,732,855) |
| Operating loss | | 65,527 | (14,576,748) |
| Other income | 21 | - | 14,599,893 |
| | | 65,527 | 23,145 |
| Financial charges | 22 | (34,683) | (1,777) |
| Provision for doubtful debts | | (34,683) | (1,777) |
| Gain/(loss) before taxation | | 30,844 | 21,368 |
| Provision for taxation | | | |
| -Current | | | |
| -Deferred | | | |
| (Loss)/gain after taxation | | 30,844 | 21,368 |
| (Loss)/earning per share - basic and diluted | 23 | 0.00 | 0.00 |

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



Chief Executive



Director



Chief Financial
Officer

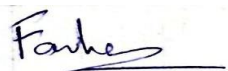
SG ALLIED BUSINESSES LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30TH, SEPTEMBER 2021

| | 2021 RUPEES | 2020 RUPEES |
|--|----------------|----------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net loss before taxation | 30,844 | 21,368 |
| Adjustment for: | | |
| -Depreciation | 2,230,745 | 2,339,354 |
| Profit on sale of fixed assets | | |
| Provision for doubtful debts | | |
| -Provision for doubtful debts | 34,683 | 1,777 |
| -Finance charges | 2,265,428 | 2,341,131 |
| (Increase) / decrease in current assets | | |
| Stores and spares | - | - |
| Stock - in - trade | - | - |
| Trade debts | - | - |
| Loans, advances, prepayments and other receivables | 2,489,835 | (1,027,033) |
| | 4,786,107 | 1,335,466 |
| Increase / (decrease) in current liabilities | | |
| Creditors, accrued and other liabilities | 12,925,981 | (1,100,297) |
| Finance charges paid | (34,683) | (1,777) |
| Net cash generated from operating activities | 17,677,405 | 233,392 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital work in progress | (15,853,699) | (2,957,306) |
| Long term deposits | | |
| Net cash used in investing activities | (15,853,699) | (2,957,306) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long term loans from directors | | |
| Net cash from financing activities | - | - |
| Net increase / (decrease) in cash and cash equivalent | 1,823,706 | (2,723,914) |
| Cash and cash equivalent at the beginning of the year | 15,377,553 | 15,933,475 |
| Cash and cash equivalent at the end of the year | 17,201,259 | 13,209,561 |

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



Chief Executive



Director



Chief Financial

S.G. FIBRE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

| | Issued, subscribed and paid-up capital | Capital reserve | Revaluation Surplus | Accumulated loss | Total |
|---|--|--------------------|------------------------|----------------------|--------------------|
| | -----Rupees----- | | | | |
| Balance as at Sep 30, 2019 | 150,000,000 | 337,400,000 | 408,077,469 | (775,467,459) | 120,010,009 |
| Balance as at July 1, 2020 | 150,000,000 | 337,400,000 | 818,894,807 | (758,873,850) | 547,420,957 |
| Gain/(loss) for the quarter ended September 30, 2020 | | | | 21,368 | 21,368 |
| Balance as at Sep 30, 2020 | 150,000,000 | 337,400,000 | 818,894,807 | (758,852,482) | 547,442,325 |
| Balance as at July 1, 2021 | 150,000,000 | 337,400,000 | 969,970,459 | (766,580,680) | 690,789,779 |
| Gain/(loss) for the quarter ended September 30, 2021 | | | | 30,844 | 30,844 |
| Balance as at Sep 30, 2021 | 150,000,000 | 337,400,000 | 969,970,459 | (766,549,836) | 690,820,623 |

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



Chief Executive



Director



Chief Financial
Officer

SG ALLIED BUSINESSES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

1. STATUS OF THE COMPANY

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

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

| Karachi | Purpose |
|--------------------------|--|
| B-40, S.I.T.E., Karachi. | The registered office and rental purpose for cold st |

- 1.2** The Company has made a gain before tax of Rs.30,844 (2020: 21,368 loss) during the year and accumulated loss as at Sep 30, 2021 stood at Rs. 766,549 million (2020: 758,852 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 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

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

3 Basis of Preparation

3.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards 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; and

- 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.

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

3.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except for measurement of held-for-trading investment which are stated at fair value.

3.3 Accrual basis of accounting

These financial statements are prepared under accrual basis of accounting except cash flow statement which is prepared under cash basis of accounting.

3.4 Functional and presentation currency

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

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

3.6 Amendments to approved accounting standards and interpretations which are effective during the year

There are certain amendments and an interpretations to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 01, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these financial statements.

In addition to the above, the following two new standards have become applicable to Company effective July 01, 2018.

3.7 IFRS-15 'Revenue from contracts with customers'

This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS-15 replaces the previous revenue standards: IAS-18 Revenue, IAS-11 Construction contracts; and the related interpretations on revenue recognition.

3.8 IFRS-9 'Financial Instruments'

This standard replaces the provisions of IAS-39 that relate to the recognition, classification, and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an Expected Credit Losses model that replaces IAS-39 Incurred Loss Impairment model. On July 01, 2018 (the date of initial application of IFRS-9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS-9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost').

The changes laid down by these standards do not have any significant impact on these Financials Statements of the company. However, related changes to the accounting policies have been made to these statements.

3.9 New accounting standards and amendments that are not yet affective

New standards amendments and interpretations are only effective for accounting period, beginning on or after the date mentioned against each of them. These standards interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Certain annual improvements have also been made to a number of IFRS other than aforesaid standards, interpretations and amendments, The International Accounting Standard Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP)

IFRS 1 - "First Time adoption of International Financial Reporting Standards"

IFRS 14 - "Reporting Deferral Accounts"

IFRS 17 - "Insurance Contracts"

3.10 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.11 Operating Fixed Asset

- a) Operating fixed assets are stated at historical cost less accumulated depreciation except lease hold land, building, plant and machinery which is stated at revalued amount less the accumulated depreciation.
- b) Depreciation is charged to income applying diminishing balance method at the rates specified in note 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) Assets residual values, if significant and their useful lives are reviewed and adjusted if appropriate, at each balance sheet date.
- f) Profit or loss on disposal of fixed asset are reflected in the Profit and Loss account.
- g) The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. Accordingly, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of property plant and equipment. The above change in the accounting policy has been applied retrospectively and comparative information have been restated in accordance with the requirement of International Accounting Standard (IAS) – 16 "Property, plant and equipment" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Due to the above change in accounting policy, the Company has presented its statement of financial position as at the beginning of the earliest comparative period i.e., July 01, 2016, and related notes in accordance with requirement of IAS 1 – Presentation of Financial Statements (Revised) (IAS 1). Had the accounting policy not been changed, the surplus on revaluation of fixed assets would have been shown as a separate line item (below equity in the statement of financial position) amounting to PKR 450 million and PKR 463.09 million for the year ended 30 June 2017 and 2016 respectively.

3.12 Intangible assets

Computer software licenses acquired are capitalized on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life of five years using the diminishing balance method.

3.13 Capital work-in-progress

Capital work-in-progress is stated at cost. It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use.

3.14 Stores and spares

Stores and spares excluding items in transit are valued at lower of average cost or net realizable value.

Provision is made for slow moving and obsolete items. Net realizable value signifies the estimated selling price in the ordinary course of businesses less estimated cost of completion and estimated cost necessary to make the sale.

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

3.15 Stock-in-trade

Stock of raw and packing materials, except those in transit, and semi-processed and finished goods are valued at the lower of moving average cost and net realizable value. Average cost in relation to finished goods represent prime cost and appropriate portion of manufacturing expenses and excise duty paid thereon. Semi-processed goods are valued at direct cost only. Items in-transit are stated at cost comprising invoice values plus other charges paid thereon to the balance sheet data. Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less cost necessarily to be incurred for its sale.

3.16 Trade debts

These are recognized and carried at original invoice amount less an allowance for uncollectible amount. An estimate for doubtful debts is made when collection of the full

3.17 Cash and cash equivalent

Cash and cash equivalents are carried in the balance sheet at cost. For cash flow statement, cash and cash equivalents comprise cash in hand, deposit held with banks and

3.18 Impairment of assets

Where indications exist that the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

3.19 Assets under finance lease

The company accounts for fixed assets acquired under finance leases by recording the assets and the related liability. These amounts are determined on the basis of the

3.20 Financial liabilities

Financial liabilities are classified according to the substances of the contractual agreement entered into. Significant financial liabilities are loans, short-term finances, running

All financial liabilities are initially recognized at cost, which is the fair value of the consideration received at initial recognition. After initial recognition financial liabilities held

3.21 Compensated absences

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

3.22 Taxation

Current

Provision for current taxation is based on taxable income at the rate of taxation after taking into account tax credit and tax rebate available, if any, or minimum taxes, whichever is

Deferred

Deferred tax is provided using liability method providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes

3.23 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all employees. Provision is made annually based on management's estimates which are adjusted periodically to

| | |
|--------------------------------------|----------|
| Rate of discount | 9% |
| Expected rate of increment of salary | 8% |
| Expected retirement age | 60 years |

3.24 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable. The basis of recording revenue is as follows:

- Sale of agricultural products is recognized on the billing of invoice.
- Service income on cold storage is recognized on accrual basis.
- Other income comprises of rental income and the same is recognized on accrual basis.

3.25 Foreign exchange translation

Transactions in foreign currencies are recorded at the rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at the

3.26 Borrowing cost

All borrowing costs are capitalized up to the date of commissioning of the respected assets acquired out of the proceeds of such borrowing. All other borrowing costs are

3.27 Related party transactions and transfer pricing

Transactions with related parties are stated at arm's length prices determined in accordance with the methods prescribed under the Companies Act, 2017. Administrative

3.28 Provisions, contingent assets and contingent liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying

Contingent assets are not recognized and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognized and are disclosed

3.29 Dividends and appropriation to general reserve

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

3.29 Investment property

Investment properties comprise of freehold land and buildings that are held for rental yields. Investment properties is initially measured at cost and subsequently carried at cost

| | NOTES | 2021 RUPEES | 2020 RUPEES |
|--|-------|--------------------|--------------------|
| 5. INVESTMENT PROPERTY | | | |
| 5.1 Reconciliation of carrying amount | | | |
| COST | | | |
| As on 1 July | | 194,310,081 | 194,310,081 |
| Reclassification from property, plant and equipment | | | |
| As at 30 June | | <u>194,310,081</u> | <u>194,310,081</u> |
| DEPRECIATION | | | |
| As on 1 July | | 124,330,268 | 122,902,109 |
| Reclassification from property, plant and equipment | | - | - |
| For the period | | 349,899 | 364,327 |
| | | - | - |
| As at 30 September | | <u>124,680,167</u> | <u>123,266,436</u> |
| Written down value as at June 30 | | <u>69,629,914</u> | <u>71,043,646</u> |
| Rate of depreciation | | <u>2%</u> | <u>2%</u> |
| 6. LONG TERM DEPOSITS | | | |
| Security deposits | | <u>95,714</u> | <u>95,714</u> |
| | | <u>95,714</u> | <u>95,714</u> |
| 7. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES | | | |
| Loans: | | | |
| Advances - considered good: | | | |
| Advance to Staff | | 630,000 | 630,000 |
| Advance income tax | | 5,826,586.07 | - |
| GST input claimable | | 450,741.00 | - |
| Account receivables-cold storage | | 1,108,847.00 | - |
| Account receivables-ware house | | 967,334.00 | - |
| Advance with holding tax | | 59,672.00 | - |
| Income tax refundable | | 9,903,094 | 9,903,094 |
| Less: provision against income tax refundable | | (9,903,094) | (9,903,094) |
| Prepayments: | | | |
| Other receivables: | | | |
| Margin - letter of gurantee | | 150,000 | 150,000 |
| Sales tax claims receivable | | 21,070,506 | 21,070,506 |
| Less: Provision against sales tax claims receivable | | (21,070,506) | (21,070,506) |
| | | 150,000 | 150,000 |
| Others | 8.1 | 9,571,471 | 9,571,471 |
| Less: Provision for irrecoverable rent | | (8,496,312) | (3,600,000) |
| Less: provision for doubtful debts | | (3,459) | (3,459) |

| | |
|-------------------|------------------|
| 1,071,700 | 5,968,012 |
| 1,221,700 | 6,118,012 |
| 10,264,880 | 6,748,012 |

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

| | NOTES | 2021 RUPEES | 2020 RUPEES |
|---|-------|----------------------|----------------------|
| 8. CASH AND BANK BALANCES | | | |
| Cash in hand | | 2,959 | 104,198 |
| Cash with banks - current account | | 17,198,300 | 13,105,363 |
| | | 17,201,259 | 13,209,561 |
| 9. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL | | | |
| 5,200,000 Ordinary shares of Rs. 10 each fully paid in cash | | 52,000,000 | 52,000,000 |
| 5,415,610 Ordinary shares of Rs. 10 each as fully paid bonus shares | | 54,156,100 | 54,156,100 |
| 2,384,390 Ordinary shares of Rs. 10 each as fully paid right shares | | 23,843,900 | 23,843,900 |
| 2,000,000 Ordinary shares of Rs. 10 each fully paid in cash (foreign placement) | | 20,000,000 | 20,000,000 |
| 10. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | | | |
| Balance at the beginning of the year | | 1,025,382,492 | 1,031,276,841 |
| Surplus arisen on revaluation carried out during the year: | | - | - |
| - freehold land | | | |
| - building on freehold land | | | |
| - plant and machinery including generators | | | |
| | | 1,025,382,492 | 1,031,276,841 |
| Less: Transferred to unappropriated profit on account of: | | | |
| - incremental depreciation for the year | | (1,730,770) | (2,377,962) |
| | | 1,023,651,722 | 1,028,898,879 |
| Related deferred tax of: | | | |
| -balance at beginning of the year | | 55,412,033 | 212,382,034 |
| -surplus arising during the year | | - | - |
| -incremental depreciation for the year | | (501,923) | (689,609) |
| -Effect of change in tax rate | | | |
| -balance at year end | | 54,910,110 | 211,692,425 |
| Balance at end of the year | | 968,741,612 | 817,206,454 |
| 11. DEFERRED LIABILITIES | | | |
| Deferred tax liability attributable to revaluation surplus | | 54,910,110 | 211,692,425 |
| Provision for sale tax liability | | 908,906 | |
| Provision for gratuity | 11.1 | 6,789,420 | 5,363,785 |
| Deferred Karachi Electric Supply Corporation bill | 11.2 | 5,738,428 | 5,738,428 |
| | | 68,346,864 | 222,794,638 |

11.1 The break-up of amount recognized as liability in the balance sheet is as follows:

Reconciliation of the recognized liability with the last year figure is as follows:

| | | |
|---|------------------|------------------|
| Liability as on Sep 30, 2019 | 6,789,420 | 5,363,785 |
| Provision for the year | - | - |
| Actuarial loss recognized during the year | - | - |
| Excess of book provision over transitional liability recognized | - | - |
| Charge for the year reported as salaries and benefits | - | - |
| | 6,789,420 | 5,363,785 |
| Benefits paid during the year | - | - |
| Liability as on Sep 30, 2020 | 6,789,420 | 5,363,785 |

11.2 This represents the difference between the expected liability of KESC bills to be finally settled and payment made by the Company for the period from Oct, 1988 to Nov, 1990 due to excess billing. The petition filed by the company was decided by the Electrical Inspector, Government of Sindh Karachi region allowing a relief of Rs. 4,785,376 to the Company but decision has been appealed before the Secretary Irrigation and Power, Government of Sindh by both the parties. Judgment on appeal is still awaited and the company expects a further relief of Rs. 7,690,996.

11.3 Taxable Temporary Differences

| | | |
|---------------------------------|----------|----------|
| Fixed Assets | | |
| Deferred tax assets on gratuity | | |
| Less: Tax Losses | - | - |
| | - | - |

Deferred tax asset has not been recognized as management is of the view that future earnings to the extent of such asset may not be available.

12. LONG TERM LOAN

12.1 Foreign currency loan from Fibre Venture Capital Limited was obtained on non-interest basis. Re-payment was due from February 2012 and loan was to be repaid in equal installments over a period of five years. However, due to financial constraints the repayment of the same could not be made. During the year ended June 30, 2015 the lender, Fibre Venture Capital Limited, waived off the loan due to current financial position of the company.

13. LOAN FORM DIRECTORS

| | | |
|--------------------------------|--------------------|----------|
| Opening balance | 173,724,406 | - |
| Add: current period loan | 24,750,003 | - |
| Overdue of loan from directors | 198,474,409 | - |

This represents interest free loan from sponsoring directors which is repayable at the discretion of the company.

14. CREDITORS, ACCRUED AND OTHER LIABILITIES

| | NOTES | 2021 RUPEES | 2020 RUPEES |
|-------------------------------|-------|--------------------|--------------------|
| Trade creditors | | 7,655,072 | 1,433,072 |
| Security deposit payable | | 34,425,474 | 20,714,246 |
| Electricity bill payable | | 1,063,004 | 3,903,963 |
| Others | | 3,343,346 | 1,465,311 |
| | | 46,486,896 | 27,516,592 |
| Due to associated undertaking | 14.1 | 74,537,358 | 74,537,358 |
| | | 121,024,254 | 102,053,950 |

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

15. 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 |

16. CURRENT PORTION OF LONG TERM LOANS

| | | |
|--|------------|------------|
| Long term loan payable to S.G. Power Limited | 71,422,097 | 71,422,097 |
| Current portion of long loan | - | - |
| | 71,422,097 | 71,422,097 |

OVERDUE AMOUNT LONG TERM LOAN

| | | |
|--|---|---|
| Overdue amount of long term loan | - | - |
| Less: Reversal of overdue amount due to loan waiv 13.1 | - | - |
| | - | - |

17. CONTINGENCIES AND COMMITMENTS

(i) Legal claim filed against the Company from suppliers were not acknowledged as debts amounting to Rs.0.418 million (2013 Rs. 0.418 million)

(ii) A dispute is persisting between the company and National Bank of Pakistan regarding the alleged "Buy Back Agreement" and declaration of dividend. Brief facts of the dispute are that underwriting of public floatation of the shares of the company was jointly undertaken by National Bank of Pakistan and Allied Bank of Pakistan. National Bank of Pakistan agreed to underwrite 3,851,200 shares of Rs 10 each at a premium of Rs. 48.50 per share. However the Bank insisted to impose a condition on the sponsors to enter into a "Buy Back Agreement" in respect of the share underwritten by them. Corporate Law Authority (Securities and Exchange 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

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

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

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

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

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

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

| | NOTES | 2021 RUPEES | 2020 RUPEES |
|--|-------|-------------------|-------------------|
| 18. SALES | | | |
| Sale of agricultural products | | 2,121,754 | 1,517,113 |
| Service income | | 878,425 | 445,000 |
| Rental income | | 13,350,203 | - |
| | | <u>16,350,382</u> | <u>1,962,113</u> |
| 19. COST OF SALES | | | |
| Electricity, gas, steam and water | | 532,147 | 720,208 |
| Soil, fertilizers and nutrient | | 72,400 | |
| seeds testing pesticides and chemical | | 161,860 | |
| Packing material | | 94,873 | 83,275 |
| Purchases | | 36,742 | |
| Fright charges | | 99,820 | |
| Depreciation expense | | 64,468 | 2,523 |
| | | <u>1,062,310</u> | <u>806,006</u> |
| 20. ADMINISTRATIVE AND SELLING EXPENSES | | | |
| Directors' remuneration and amenities | | 960,000 | 900,000 |
| Salaries, allowances and benefits | | 6,496,696 | 5,448,867 |
| Building maintenance | | 224,190 | 186,345 |
| Generator Fuel/Repair | | 35,000 | 50,000 |
| Repairs and maintenance | | 513,585 | 327,425 |
| Electricity | | 2,386,272 | 3,765,528 |
| Rent, rates and taxes | | 508,300 | 837,173 |
| Depreciation expense | 4 | 1,816,378 | 1,972,505 |
| Professional Fee | | 908,818 | 675,000 |
| Printing and stationary | | 45,092 | - |
| Security | | - | - |
| Conveyance | | - | - |
| Postage and Shipping | | - | 68,046 |
| Telephone and Fax | | 54,130 | 56,790 |
| Entertainment | | 14,001 | 50,000 |
| Traveling expense | | 147,865 | - |
| Advertisement | | 42,700 | 10,150 |
| Utility | | 302,620 | 188,200 |
| Commission | | 284,099 | 832,500 |
| Miscellaneous | | 132,900 | |
| | | <u>14,872,646</u> | <u>15,368,529</u> |
| 21. OTHER INCOME | | | |
| Rental income | | - | 14,599,893 |
| | | <u>-</u> | <u>14,599,893</u> |
| 22. FINANCIAL CHARGES | | | |
| Bank charges and commission | | 34,683 | 1,777 |
| | | <u>34,683</u> | <u>1,777</u> |

| | NOTES | 2021 RUPEES | 2020 RUPEES |
|--------------------------------------|-------|----------------|----------------|
| 23. EARNINGS PER SHARE | | | |
| 23.1 Basic earnings per share | | | |
| Loss after taxation - rupees | | 30,844 | 21,368 |
| Weighted average number of shares | | 15,000,000 | 15,000,000 |
| Loss per share - rupees | | <u>0.00</u> | <u>0.00</u> |

23.1 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the company as there are no such commitments.

24. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Transaction with associated undertakings are as follows:

S.G. Power Limited:

Payment of SUI gas bill

Repayment of liability

Purchase of electricity

25. RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT

The company had sustained losses during the financial year due to that no provision for income tax is required for the said year.

26. DATE OF AUTHORIZATION

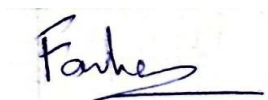
These financial statements were authorized for issue on 29 Nov 2021 by the Board of Directors of the Company.

27. GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive



Director



Chief Financial
Officer