

**FIANCIAL STATEMENTS
OF
SG ALLIED BUSINESSES LIMITED**

**FOR THE PERIOD ENDED
DECEMBER 31, 2019**

DIRECTORS' REPORT

The Board of Directors of SG Allied Businesses Limited is pleased to present the Half Yearly Financial Statements of the Company for the period ended December 31, 2019.

Financial Results

During the period, under review, the Company has suffered a loss of Rs. 10.627 million while for the corresponding period the loss was Rs. 8.586 million. The accumulated loss as on December 31, 2019 stood at Rs. 766.657 million.

FUTURE OUTLOOK

Financial results shows an increasing trend of sales from vertical farm. A successful trial was performed regarding the production of Tulip in vertical farm the production of mashroom will also start in vertical farm. Company is in the process of further expanding the farming facility in upcoming year 2021.

KNOWLEDGEMENT.

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 February 24, 2020.

On behalf of the Board of Directors

Sohail Ahmed
Chief Executive

TO THE MEMBERS OF SG ALLIED BUSINESSES LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **SG Allied Businesses Limited** as at December 31, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the 'interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures for the quarters ended December 31, 2019 and December 31, 2018 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of interim financial statements 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. 156.61 million as at December 31, 2019 as mentioned in note 11, 12 and 13 to the interim financial statements 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 long-term loan from directors amounting to Rs. 148.52 million (2019: Rs. 154.99 million) is being shown at historical cost in contravention with the requirements of IFRS-9 which require the same to be recorded at fair value or amortised cost as appropriate with an impact on income through interim statement of profit or loss, 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, except for 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 statements are not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Material Uncertainty relating to Going Concern

Without qualifying our conclusion, we draw attention to note 1.2 to the interim financial statements, which indicates that the Company has suffered a loss 7.5 million (December 2018: 7.18 million) before tax during the period and the accumulated loss as at December 31, 2019 stood at Rs. 766 million (June 2019: 762 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.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Moin Khan.

**Chartered Accountants
Karachi**

Date:

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

	Notes	Un-audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	5	454,838,978	459,024,017
Investment property	6	69,222,014	72,865,278
Long term deposits		95,714	95,714
CURRENT ASSETS			
Loans, advances, prepayments and other receivables	7	9,413,947	7,977,911
Cash and bank balances	8	11,046,359	13,331,752
		20,460,306	21,309,663
		544,617,012	553,294,672
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			
Surplus on revaluation of fixed assets	9	401,339,662	408,077,469
Share premium		337,400,000	337,400,000
Accumulated loss		(766,657,726)	(762,768,147)
		122,081,936	132,709,321
NON CURRENT LIABILITIES			
Deferred liabilities		52,933,553	55,685,616
Loan from directors	10	148,515,965	154,993,866
		201,449,519	210,679,481
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	11	98,277,348	94,306,801
Interest on short term and long term loan	12	20,617,394	20,617,394
Current portion of long term loan	13	71,422,097	71,422,097
Current maturity of long term loan		17,196,504	13,104,604
Overdue of loan from director		7,000,604	7,000,604
Provision for taxation		6,571,609	3,454,369
		221,085,557	209,905,869
CONTINGENCIES AND COMMITMENTS			
	14	544,617,012	553,294,672

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

	Notes	Half year ended		Quarter ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Sales		5,265,429	2,461,629	3,713,182	1,361,629
Cost of sales		(4,801,621)	(207,996)	(2,308,655)	341,292
Gross profit		463,808	2,253,633	1,404,526	1,702,921
Administrative and selling expenses		(26,113,494)	(22,774,578)	(15,741,409)	(13,387,944)
Operating loss		(25,649,686)	(20,520,945)	(14,336,883)	(11,685,023)
Other income	15	18,139,541 (7,510,145)	18,383,238 (2,137,707)	11,330,563 (3,006,320)	6,322,037 (5,362,986)
Financial charges		-	(5,042,954)	-	(5,042,954)
Loss before taxation		(7,510,145)	(7,180,661)	(3,006,320)	(10,405,940)
Taxation					
Current		(3,117,240)	-	(1,558,620)	(702,996)
Prior year		-	(1,405,993)	-	-
Deferred		-	-	-	-
		(3,117,240)	(1,405,993)	(1,558,620)	(702,996)
Loss after taxation		(10,627,385)	(8,586,654)	(4,564,940)	(11,108,936)
Other comprehensive loss		-	-	-	-
Total comprehensive loss		(10,627,385)	(8,586,654)	(4,564,940)	(11,108,936)
Loss per share - basic and diluted	16	(0.71)	(0.57)	(0.30)	(0.74)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

	Un-audited December 31, 2019	Un-audited December 31, 2018
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(7,510,145)	(7,180,661)
Adjustment for:		
Depreciation	<u>7,828,303</u>	<u>8,757,140</u>
	318,158	1,576,479
(Increase) / decrease in current assets	-	-
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	<u>3,970,547</u>	<u>4,795,424</u>
Cash out flow from operations	4,288,705	6,371,903
Income tax paid	(1,486,000)	(575,868)
Net cash from operating activities	<u>2,802,705</u>	<u>5,796,035</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	<u>-</u>	<u>(6,515,094)</u>
Net cash used in investing activities	2,802,705	(719,059)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan from directors	(5,088,098)	(4,091,900)
Net cash out flow from financing activities	<u>(2,285,392)</u>	<u>(4,810,959)</u>
Net increase in cash and cash equivalents	(2,285,392)	(4,810,959)
Cash and cash equivalents at the beginning of the period	<u>13,331,752</u>	<u>17,687,444</u>
Cash and cash equivalents at the end of the period	<u>11,046,359</u>	<u>12,876,485</u>

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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	Surplus on revaluation of fixed assets	Capital reserve	Accumulated loss	Total
	----- R u p e e s -----				
Balance as at July 01, 2018	150,000,000	418,497,344	337,400,000	(758,589,517)	147,307,827
Loss for the half year ended December 31, 2018	-	-	-	(8,586,654)	(8,586,654)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	(5,816,371)	-	5,816,371	-
Balance as at December 31, 2018	150,000,000	412,680,973	337,400,000	(761,359,800)	138,721,173
Balance as at July 01, 2019	150,000,000	337,400,000	408,077,469	(762,768,147)	132,709,321
Loss for the half year ended December 31, 2019	-	-	-	(10,627,385)	(10,627,385)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	(6,737,807)	-	6,737,807	-
Balance as at December 31, 2019	150,000,000	330,662,193	408,077,469	(766,657,726)	122,081,936

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

SG ALLIED BUSINESSES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2019

1. THE COMPANY AND ITS OPERATIONS

1.1 SG Allied Businesses Limited (the Company) was incorporated as a public limited company in the year 1968, under repealed Companies Ordinance, 1984 (now Companies Act, 2017). Currently, the shares of the Company are listed on Pakistan Stock Exchange Limited. The registered office and production facility of the company are situated at B-40, S.I.T.E., Karachi. The principal activity of the Company is manufacturing of polyester filament yarn.

1.2 GOING CONCERN

The Company has made a loss before tax of Rs. 7.51 million (December 2018: 7.18 million) during the period and the accumulated loss as at December 31, 2019 stood at Rs. 766 million (June 30, 2019: 762 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 in 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

2.1 Statement of compliance

These interim Financial Statements of the Company for the six months ended December 31, 2019 has been prepared in accordance with requirements of the International Accounting Standard 34 – Interim Financial Reporting and Provisions of and directives issued under the Company Act, 2017. In case where requirements differ, the provisions of or directives issued under the Company Act, 2017 have been followed. The interim financial statements do not include all the information required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019.

2.2 These interim financial statements are presented in Pak Rupees which is also the Company's functional currency and figures presented in these interim financial statements has been rounded off to the nearest thousand rupees.

These interim Financial Statements are un-audited and all relevant compliance with Companies Act, 2017 has been made accordingly. The comparative interim Statement of Financial Position presented has been extracted from annual financial statements for the year ended June 30, 2019; the comparative interim statement of profit or loss, interim statement of other comprehensive income, interim statement of cash flows and interim statement of changes in equity of the Company have been extracted from the interim financial statements for the six months ended December 31, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these interim financial statements and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2019. Certain new IFRSs and amendments to existing IFRSs are effective for the periods beginning on or after July, 01 2019, which do not have any impact on the Company's financial reporting and therefore have not been detailed in these interim financial statements.

4 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the represented financial statements as at and for the year ended June 30, 2019.

	December 31, 2019	June 30, 2019
	----- Rupees -----	
5 PROPERTY, PLANT AND EQUIPMENT		
Operating Fixed Assets	5.1 443,238,067	447,423,107
Capital Work-in Progress	5.2 11,600,910	11,600,910
	454,838,978	459,024,017
5.1 Operating Fixed Assets		
Opening written down value	447,423,106	458,989,213
Addition/(Deletion/Transfer)	-	(2,261,022)
Depreciation	(4,185,039)	(9,305,085)
Closing written down value	443,238,067	447,423,106
5.2 Capital Work-in Progress		
Opening balance	11,600,910	10,940,910
Capital expenditure incurred during the year	-	660,000
Closing balance	11,600,910	11,600,910
6 INVESTMENT PROPERTY		
Reconciliation of carrying amount		
COST	194,310,081	194,310,081
DEPRECIATION		
Opening	121,444,803	113,348,661
Depreciation for the period	3,643,264	8,096,142
Closing	(125,088,067)	(121,444,803)
Written down value	69,222,014	72,865,278
Rate of depreciation	10%	10%
7 LOANS, ADVANCES, PREPAYMENTS & OTHER RECEIVABLES		
Income tax refundable	9,903,094	9,903,094
Less: provision against income tax refundable	(9,903,094)	(9,903,094)
	-	-
Advance income tax	2,665,935	1,229,899
Margin - Letter of credit	150,000	150,000
Loan to Staff	630,000	630,000
Sales tax claim receivable	21,070,506	21,070,506
Less: Provision against sales tax claims receivable	(21,070,506)	(21,070,506)
	780,000	780,000
Other receivables	7.1 9,571,471	9,571,471
Less:provision for irrecoverable rent	(3,600,000)	(3,600,000)
Less:provision for doubtful debts	(3,459)	(3,459)
	5,968,012	5,968,012
	9,413,947	7,977,911

7.1 This includes receivables from S.G. Power Limited on account of rent and utilities amounting to Rs 8.550 million. However as disclosed in note 11, 12 and 13 a sum of Rs. 156.61 million is payable to S.G Power Limited.

	December 31, 2019	June 30, 2019
	----- Rupees -----	
8 CASH AND BANK BALANCES		
Cash in hand	104,198	30,838
Cash with banks - current account	<u>10,942,161</u>	<u>16,939,460</u>
	<u>11,046,359</u>	<u>16,970,298</u>

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

Opening balance	452,660,871	469,742,635
Surplus arisen on revaluation carried out during the period:	-	-
	<u>452,660,871</u>	<u>469,742,635</u>
Less: Transferred to unappropriated profit on account of:		
- incremental depreciation for the period	<u>(9,489,869)</u>	<u>(17,081,763)</u>
	<u>443,171,003</u>	<u>452,660,871</u>
Related deferred tax of:		
- balance at beginning of the year	44,583,402	51,245,290
- surplus arising during the year	-	-
- incremental depreciation for the year	(2,752,062)	(4,953,711)
- effect of change in tax rate	-	(1,708,176)
- balance at year end	<u>41,831,340</u>	<u>44,583,402</u>
Balance at end of the year	<u>401,339,662</u>	<u>408,077,469</u>

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, 2019	June 30, 2019
	----- Rupees -----	
10 LOAN FROM DIRECTORS		
Loan from directors	10.1 148,515,965	<u>154,993,866</u>

10.1 This represents interest free loan from sponsoring directors. Repayment will be made over the period of 15 years. During the year ended June 30, 2019 the Board of Directors had decided in their meeting to charge the interest on outstanding balance of loan from directors from the beginning of the financial year. Therefore, an interest amounting to Rs. 9,963,151 was charged for three quarters for the year ended June 30, 2019. However, considering the financial position of the Company, the directors forfeited the interest of the last quarter as of June 30, 2019 in the benefit of the Company. Hence, as at the year ended June 30, 2019, the loan has become interest free.

11 CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	1,244,066	1,244,066
Earnest money	11.1 189,006	189,006
Security deposit payable	18,820,666	14,337,193
Electricity bill payable	1,968,933	2,263,165
Others	1,517,319	1,736,013
	<u>23,739,990</u>	<u>19,769,443</u>
Due to associated undertaking	11.2 74,537,358	74,537,358
	<u>98,277,348</u>	<u>94,306,801</u>

11.1 This represents advance received from scrap buyers.

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

12 INTEREST ON SHORT AND LONG TERM LOANS

Financial charges on loan from directors	9,963,151	9,963,151
Accrued interest on long term loan to S.G. Power Limited	10,654,243	10,654,243
	<u>20,617,394</u>	<u>20,617,394</u>

13 CURRENT PORTION OF LONG TERM LOAN

Long term loan payable to S.G. Power Limited	<u>71,422,097</u>	<u>71,422,097</u>
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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, 2019: 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 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 under the Payment of Wages Act, West Division, Karachi u/s 15 of the PW Act, 1936.
- (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 Customs Appellate Tribunal, Bench, Karachi.

One appeal filed against the order of the Custom Appellate Tribunal before the High Court of Sind at Karachi for refund of sales tax along with additional tax that was deposited by the company under protest with Custom and Sales tax Appellate Tribunal. In this matter summons have been reserved upon the respondents and as such the service held good. The matter is pending for regular hearing.

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, 2019 (June 30, 2019: Nil)

15 OTHER INCOME

	December 31, 2019	December 31, 2018
15.1 Rental income	18,109,541	22,733,238
Less: Amenities charges	15.2 (636,440)	(4,546,648)
Other income	30,000	-
	<u>17,503,101</u>	<u>18,186,590</u>
15.2 Amenities charges	636,440	4,546,645
Less: Expenses incurred	-	(4,350,000)
	<u>636,440</u>	<u>196,645</u>

16 LOSS PER SHARE - BASIC AND DILUTED

16.1 Basic loss per share	Half year ended		Quarter ended	
	'December 31, 2019	December 31, 2018	'December 31, 2019	'December 31, 2018
Loss after taxation - rupees	(10,627,385)	(8,586,654)	(4,564,940)	(11,108,936)
Weighted average number of shares	15,000,000	15,000,000	15,000,000	15,000,000
loss per share - rupees	(0.71)	(0.57)	(0.30)	(0.74)

16.2 Diluted loss per share

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

17 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 these interim financial statements are given below.

TRANSACTIONS:	RELATIONSHIP WITH THE COMPANY	December 31, 2019	December 31, 2018
		----- Rupees -----	
Repayment of loan to directors	Key management personnel	5,088,098	28,470,594
Purchase of electricity from S.G. Power Limited	Associated Company	450,000	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, 2019	June 30, 2019
		----- Rupees -----	
	Key management personnel	148,515,965	154,993,866
	Associated Company	74,537,358	74,537,358

18 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in these interim financial statements approximate their fair values.

Fair value hierarchy;

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

As at December 31, 2019 the Company has no financial instruments that falls into any of the above category.

19 DATE OF AUTHORIZATION

These interim financial statements were approved and authorized for issue in the Board of Directors' meeting held 24th February 2020 .

20 GENERAL

20.1 Corresponding figures have been reclassified/ re-arranged wherever necessary to facilitate comparison on the presentation on the current period. However, there are no material reclassifications / re-arrangements to report.

20.2 Figures for the quarters ended December 31. 2018 and December 31, 2017, as reported on this interim financial statements have not been subject to limited scope review by the external auditors.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER