Y.B. Holdings (Private) Limited

Consolidated Financial Statements
for the year ended June 30, 2018

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To The Members of Y.B. Holding (Private) Limited

Opinion

We have audited the annexed consolidated financial statements of **Y.B. Holding (Private) Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises director's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regards.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Deloitte Yousuf Adil
Chartered Accountants

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

Deloitte Yousuf Adil
Chartered Accountants

Place: Karachi
Date: 31 OCT 2018

Member of
Deloitte Touche Tohmatsu Limited

Y.B. HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2010

	Note	2018	2017
		------ Rupees in '000' ------	
ASSETS			
Non- Current assets			
Property, plant and equipment	5	43,133,327	42,903,889
Biological assets	6	266,114	163,053
Intangible assets	7	42,488	27,538
Investment properties	8	9,134,461	9,546,312
Project under development	9	613,551	115,500
Long-term investments	10	31,129,850	42,965,695
Long-term loans and advances	11	293,031	224,721
Long-term deposits		52,369	51,588
		84,665,191	95,998,496
Current assets			
Stores, spares and consumables	12	2,317,707	2,030,400
Stock-in-trade	13	18,388,621	18,901,700
Trade debts	14	15,918,315	6,354,320
Loans and advances	15	1,497,860	1,367,515
Trade deposits and short-term prepayments	16	450,124	176,721
Other receivables	17	5,783,425	3,680,559
Taxation - net		872,778	1,136,391
Short-term investments	18	478,452	82,405
Cash and bank balances	19	1,818,083	2,713,919
		47,521,383	34,445,930
Investment properties - 'held for sale'	20	-	36,661
Total assets		132,186,554	130,481,107
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	21	1,000	1,000
Consolidated reserves		78,791,411	84,370,093
Attributable to the owners of the Holding Company		78,792,411	84,371,093
Non-controlling interests		3,496,091	2,864,077
TOTAL EQUITY		82,288,502	87,235,170
Non- current liabilities			
Long-term loans and advances	22	13,907,269	14,088,405
Long-term deposits		428,959	432,986
Deferred liabilities	23	918,102	740,649
Retirement benefit obligation	24	2,002,786	1,645,328
		17,257,116	16,907,368
Current liabilities			
Trade and other payables	25	12,565,577	10,209,982
Unclaimed dividend		21,423	15,354
Short term loans	26	350,798	208,927
Accrued markup		234,617	179,489
Current portion of long-term loans	22	1,388,507	1,132,573
Short-term borrowings	27	18,080,016	14,592,244
		32,640,936	26,338,569
Total equity and liabilities		132,186,554	130,481,107
Contingencies and commitments	28		

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Y.B. HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Notes	2018	2017
		------ Rupees in '000' ------	
Revenue	29	78,585,077	65,101,462
Sales tax, commission and discounts	30	(1,520,025)	(1,144,779)
Net revenue		77,065,052	63,956,683
Cost of revenue	31	(63,998,219)	(53,455,393)
Gross profit		13,066,833	10,501,290
Administrative expenses	32	(2,924,988)	(2,466,016)
Selling and distribution expenses	33	(2,495,197)	(2,078,791)
Marketing expenses	34	(87,902)	(7,940)
Other operating expenses	35	(1,113,376)	(828,508)
Other income	36	5,222,867	2,103,672
Operating profit		11,668,237	7,223,707
Finance costs	37	(1,994,906)	(1,366,621)
Share of profit from associates		1,160,355	1,507,404
Profit before taxation		10,833,686	7,364,490
Taxation	38	(1,339,753)	(470,036)
Profit after taxation		9,493,933	6,894,454
Total profit attributable to:			
- Owners of the Holding Company		8,728,942	6,508,935
- Non-controlling interests		764,991	385,519
		9,493,933	6,894,454
Earnings per share - basic and diluted	39	87.29	65.09

The snnexed notes from 1 to 50 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Y.B. HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	------- Rupees in '000' -------	
Profit for the year	9,493,933	6,894,454
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of retirement benefit obligation	45,787	172,727
Tax thereon	(1,049)	(6,893)
	44,738	165,834
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive income from associates - net of tax	(33,144)	(19,063)
Net fair value (loss) / gain on available-for-sale investments	(13,651,976)	5,755,566
Exchange difference on translating foreign operations	100,002	58,021
	(13,585,118)	5,794,524
Total comprehensive income for the year	(4,046,447)	12,854,812
Total comprehensive income attributable to:		
- Owners of the Holding Company	(4,778,682)	12,465,062
- Non-controlling interests	732,235	389,750
	(4,046,447)	12,854,812

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Y.B. HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDEO JUNE 30, 2018

	Issued, subscribed and paid-up capital	Capital reserve				Revenue reserve			
		Amalgamation reserve	Foreign currency translation reserve	Unrealized gain on revaluation of available for sale investment	Actuarial gain / (loss) on defined benefit obligation	Unappropriated profit	Total reserves	Non-controlling interests	Total
	Rupees in '000'								
Balance at July 8t, 2016	1,000	1,815,627	103,374	20,627,321	(343)	50,263,552	72,809,531	2,474,327	75,284,858
Profit for the year	-	-	-	-	-	6,508,935	8,508,935	385,519	6,894,454
Other comprehensive income for the year - net	-	-	58,021	5,755,566	146,771	(4,231)	5,956,127	4,231	5,960,358
Total comprehensive income for the year	-	-	58,021	5,755,568	146,771	6,504,704	12,465,062	369,750	12,854,612
Final dividend @ Rs.9,045/- per share for the year ended June 30, 2016	-	-	-	-	-	(904,500)	(904,500)	-	(904,500)
Balance at June 30, 2017	1,000	1,815,627	161,395	26,392,887	146,428	55,663,756	84,370,093	2,864,677	87,235,176
Profit for the year	-	-	-	-	-	6,728,942	6,726,942	764,891	9,493,933
Other comprehensive income for the year - net	-	-	100,002	(13,651,976)	11,594	32,756	(13,507,624)	(32,756)	(13,540,360)
Total comprehensive income for the year	-	-	100,002	(13,651,976)	11,594	8,761,898	(4,776,682)	732,235	(4,046,447)
Final dividend @ Rs.8,000/- per share for the year ended June 30, 2016	-	-	-	-	-	(800,000)	(600,000)	-	(600,000)
Subsidiary company									
Final dividend @ Rs. 5/- per share for the year ended 30 June, 2017	-	-	-	-	-	-	-	(100,221)	(100,221)
Balance at June 30, 2818	1,600	1,815,627	261,397	12,730,611	158,022	63,825,454	78,781,411	3,496,691	92,266,502

The annexed notes from 1 to 50 form en integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Y.B. HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

		2018	2017
		------- Rupees in '000' -------	
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit before taxation	10,833,686	7,364,490
	Adjustments for :		
	Depreciation on property, plant and equipment	3,238,006	2,508,898
	Depreciation on investment properties	445,461	95,772
	Amortization	11,847	10,211
	Provision against slow moving stores and spares	43,064	13,601
	Provision against doubtful debts	87,615	35,053
	Reversal of provision against other receivables	-	(55,343)
	Provision against retirement benefit obligation	664,767	523,709
	Share of profit from associates- net of tax	(1,160,355)	(1,507,404)
	Loss on diposal of biological assets	6,736	27,838
	Unrealised gain on revaluation of biological assets	(41,527)	(39,698)
	Unrealised loss / (gain) on revaluation of investment	13,953	(35,515)
	Gain on disposal of property, plant and equipment	(421,174)	(332,904)
	Gain on sale of available-for-sale investments	-	(105,895)
	Dividend income	(711,636)	(432,532)
	Finance costs	1,994,906	1,366,621
	Profit before working capital changes	4,171,663	2,072,412
	(Increase) / decrease in current assets		
	Stores, spares and consumables	(330,371)	(296,410)
	Stock-in-trade	(1,486,921)	(2,687,892)
	Trade debts	(9,590,810)	(1,577,980)
	Loans and advances	(198,655)	(10,284)
	Trade deposits and prepayments	(272,184)	121,168
	Other receivables	(2,102,866)	(1,156,050)
		(13,981,807)	(5,607,448)
	Increase / (decrease) in current liabilities		
	Trade and other payables	2,361,664	1,413,934
	Short term loans	141,869	(38,316)
		2,503,533	1,375,616
	Cash generated from operations	3,527,075	5,205,070
	Finance cost paid	(1,939,778)	(1,461,221)
	Deposits (paid) / received	(4,027)	332,032
	Income tax paid- net	(969,313)	(562,993)
	Gratuity paid	(261,522)	(233,901)
		(3,174,640)	(1,926,083)
	Net cash generated from operating activities	352,435	3,278,987

	Notes	2018	2017
		------- Rupees in '000' -------	
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,559,898)	(7,013,878)
Purchase of intangible assets		(26,797)	(4,173)
Purchase of investment properties-net of transfer		(17,645)	(9,173,547)
Purchase of biological assets		(70,604)	(3,274)
Investment in / (transfer from) project under development		(498,051)	7,223,267
Investments made-net		(1,335,617)	(28,507)
Dividend received		950,816	630,700
Sale proceeds from disposal of biological assets		2,334	63,712
Sale proceeds from disposal of investment property held for sale		20,716	-
Sale proceeds from disposal of property, plant and equipment		580,924	979,467
Net cash used in investing activities		(3,953,822)	(7,326,233)
C. CASH FLDWS FRDM FINANCING ACTIVITIES			
Long-term loans received - net		44,976	3,023,618
Long term advance received		29,822	236,131
Dividend paid		(900,221)	(904,500)
Net cash (used in) / generated from financing activities		(825,423)	2,355,249
Net decrease in cash and cash equivalents		(4,426,810)	(1,691,997)
Cash and cash equivalents at beginning of the year		(11,878,325)	(10,187,293)
Foreign exchange difference on translation of foreign subsidiaries		41,202	965
Cash and cash equivalents at end of the year		(16,263,933)	(11,878,325)
Cash and cash equivalents at June 30 comprise of:			
Cash and bank balances	19	1,816,083	2,713,919
Short-term borrowings	27	(18,080,016)	(14,592,244)
		(16,263,933)	(11,878,325)

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

1. THE GROUP AND ITS OPERATIONS

1.1 Holding Company

Y.B. Holdings (Private) Limited - (the Holding Company), was incorporated in Pakistan on August 16, 2013 as a private company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Holding Company is situated at 6 - A, Muhammad Ali Society, A. Aziz Hashim Tabba Street, Karachi, in the province of Sindh. The Holding Company holds investment in its group companies, the registered office and other locations have been mentioned in their respective notes, below.

1.2 In 2014, members of Yunus Brothers Group transferred their shares to the Holding Company for the purpose of formation of Group under Section 59B (7) of Income Tax Ordinance, 2001. The Securities and Exchange Commission of Pakistan (SECP) registered the Group under Regulation 4 of the Group Companies Registration Regulation, 2008 (the Regulations) on May 26, 2014.

As at June 30, 2018 'the Group' comprises of the Holding Company and the following subsidiaries that have been consolidated in these financial statements.

		Holding percentage	
		2018	2017
(1)	Yunus Textile Mills Limited	100%	100%
(2)	Lucky Textile Mills Limited	100%	100%
(3)	Lucky Energy (Private) Limited	100%	100%
(4)	Y.B. Pakistan Limited	100%	100%
(5)	Lucky One (Private) Limited	100%	100%
(6)	Lucky Landmark (Private) Limited	100%	100%
(7)	Fashion Textile Mills (Private) Limited	100%	100%
(8)	Gadoon Textile Mills Limited	69.57%	69.57%
(9)	Lucky Knits (Private) Limited	50%	50%
(10)	Lucky Auto Industries (Private) Limited	100%	0%

The following companies also fall in the definition of subsidiary as per the criteria given in IFRS 10 - 'Consolidated Financial Statements' and Section 3 of the Companies Act, 2017 therefore, have also been consolidated in these financial statements.

		Holding percentage	
		2018	2017
(11)	Lucky Entertainment (Private) Limited	100%	0%
(12)	Yunus Energy Limited	80%	80%
(13)	Lucy Investment B.V.	100%	100%
(14)	Royale Linens, Inc	100%	100%
(15)	Yunus Textile Limited - Canada	100%	100%
(16)	Future Home	100%	100%
(17)	Lucky Foods (Private) Limited	90%	90%
(18)	Yunus Wind Power Limited	99.30%	0%

(1) **Yunus Textile Mills Limited (wholly owned subsidiary company)** - Yunus Textile Mills Limited (YTML) was incorporated as a public (unlisted) company limited by shares in Pakistan on April 17, 2007 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its registered office is situated at H-23/1, Landhi Industrial Area, Karachi, in the province of Sindh. It is engaged in the manufacturing and export of knitted, weaved and stitched fabrics and other textile articles. Following are the geographical local and address of business units:

UNIT-2 Plot # 391 & 76, Kohi Goth, DEH, Landhi Industrial Area, Karachi

UNIT-3 Plot No. 305, National Highway, Karachi
UNIT-4 Summandri Road, Faisalabad
UNIT-5 Plot No. Lx-9/1, Lx-9/2 & Lx-9/3 Landhi Industrial Area, Karachi
UNIT-6 C-101,130, 138 & 158 S.I.T.E. Area, Nooriabad
UNIT-7 Plot No. Hx-7, Hx-7/1, Hx-7/2, Hx-7/3, Landhi Industrial Area, Karachi

(2) **Lucky Textile Mills Limited (wholly owned subsidiary company)** - Lucky Textile Mills Limited (LTML) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public (unlisted) company limited by shares on December 18, 2011. LTML had taken over the assets and liabilities of Lucky Textile Mills already in operation as a partnership firm registered under the Partnership Act, 1932. LTML is a composite textile mill and carrying on business es manufacturers, exporters, importers, buyers, sellers, indenters, distributor and dealer in various kinds of textile products. The registered office and manufacturing facility of LTML is situated at L-8, Block 21, Federal 'B' Industrial Area, Karachi, in the province of Sindh. Further, LTML's head office including its weaving, processing and stitching units are also located in Karachi.

(3) **Lucky Energy (Private) Limited (wholly owned subsidiary company)** - Lucky Energy (Private) Limited (LEPL) was incorporated in Pakistan on July 24, 1993 as a public company limited by shares under the repealed Companies Ordinance 1984 (now Companies Act, 2017) and was later converted to private company limited by shares on December 04, 2000. The principal activity of LEPL is to generate and supply electric power to the group companies. The registered office of LEPL is situated at LA-2/B, Block 21, Federal 'B' Area, Rashid Minhas Road, Karachi, and the details of power projects in the province of Sindh are as follows:

- Power project I at L-A, 2/B, Block-21, Federal "B" Area, Karachi.
- Power project II behind Edhi Village, beside Lucky Cement, Superhighway 57 Km from Karachi.
- Power project III at plot # A-8/C, S. I. T. E., Karachi.

(4) **Y.B. Pakistan Limited (wholly owned subsidiary company)** - Y.B. Pakistan Limited (YBPL) was incorporated on December 12, 2011 as a public (unlisted) company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of YBPL is located at Sindh Market, M.A. Jinnah Road, Karachi, in the province of Sindh. Further YBPL has a warehouse located at Chak No. 223/RB, Industrial Estate, Fatehabad Gharbi, Samundari Road, Faisalabad. YBPL is primarily engaged in investment in trading of rice, wheat and other commodities equity securities of the group entities and others; and rental of properties.

(5) **Lucky One (Private) Limited (wholly owned subsidiary company)** - Lucky One (Private) Limited (LOPL) was incorporated in Pakistan on February 24, 2010 as a private company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of LOPL is to carry on business of building, constructing, managing and promoting real estate including managing all types of commercial, industrial and residential estates. The registered office of LOPL is situated at LA 2/B, Block 21, Federal 'B' Industrial Area, Karachi, in the province of Sindh.

(6) **Lucky Landmark (Private) Limited (subsidiary through amalgamation of raal estate undertaking of Fazal Textile Mills Limited)** - (LLPL) was incorporated in Pakistan on September 15, 2014 es a private company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of LLPL is to carry on tha business of construction, development and project management of real estate and sale / let and lease the project. The registered office of LLPL is situated at LA-2/B, Block 21, Federal 'B' Industrial Area, Karachi, in the province of Sindh.

(7) **Fashion Textile Mills (Private) Limited (wholly owned subsidiary company)** - Fashion Textile Mills (Private) Limited (FTMPL) was incorporated as a private company limited by shares in Pakistan on November 20, 1986 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of FTMPL is situated at A-8/C, S.I.T.E., Karachi, in the province of Sindh. The principal activity of FTMPL is manufacturing and dealing in textiles and allied products.

(8) **Gadoon Textile Mills Limited (partially owned subsidiary company)** - Gadoon Textile Mills Limited (GTML) was incorporated in Pakistan on February 23, 1988 as a public company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange.The principal activity of GTML is manufacturing and sale of yarn and knitted fabrics. 'Following are the geographical location and address of all business units of GTML:

Head Office:7-A, Muhammad Ali Housing Society, Abdul Aziz Haji Hashim Tabba Street, Karachi, Province of Sindh, South, Pakistan.

Manufacturing facility:

a) 200-201, Gadoon Amazai Industrial Estate, District Swabi, Province of Khyber Pakhtunkhwa, North, Pakistan.
b) 57 Km on Super Highway (near Karachi), Province of Sindh, South, Pakistan.

Liaison Office:

Syed's Tower, Third Floor, Opposite Custom House, Jamrud Road, Peshawar, Province of Khyber Pakhtunkhwa, North, Pakistan.

(9) **Lucky Knits (Private) Limited (partially owned subsidiary company)** - Lucky Knits (Private) Limited (LKPL) was incorporated in Pakistan on November 25, 2004 as a private limited liability company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of LKPL is knitting, embroidering, stitching and other textile activities in all kinds of garments. Following are the georaphical location and address of all business units of LKPL:

Head Office: LA 2/B, Block 21, F.B. Industrial Area, Karachi, in the province of Sindh.
Manufacturing Facility:
Knitting Unit: 57 Km on Super Highway (near Karachi), Province of Sindh, South, Pakistan.
Dyeing Unit: Plot 71, Deh Khanto, National Highway, Karachi, in the province of Sindh.
Stitching unit: LA 2/B, Block 21, F.B. Industrial Area, Karachi, in the province of Sindh.

(10) **Lucky Auto Industries (Private) Limited (wholy owned subsidiary)** - Lucky Auto Industries (Private) Limited (LAIPL) was incorporated in Pakistan on April 03, 2018 as a private company limited by shares under the Companies Act, 2017. The principal activity of LAIPL is to manufacture auto and other industrial parts. The registered office of LAIPL is situated at office no. 6-A Muhammad Ali Housing Society, Karachi in the province of Sindh.

(11) **Lucky Entertainment (Private) Limited (wholy owned subsidiary)** - Lucky Entertainment (Private) Limited (LETPL) was incorporated in Pakistan on March 15, 2016 as a private company limited by shares under the repealed Companies Ordinance 1984 (now Companies Act, 2017). The principal activity of LETPL is to own or hire places to carry on business providing amusement, entertainment, and game of all sorts to the public or in private by organizing clubs or otherwise. The registered office of LETPL is situated at L-A 2/B, Block 21, Rashid Minhas Road, Federal B Area, Karachi, Sindh.

(12) **Yunus Energy Limited (partially owned subsidiary of the subsidiary company)** - Yunus Energy Limited (YEL) was incorporated as a public (unlisted) company limited by shares in Pakistan on May 11, 2011 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017).The registered office of YEL is situated at 7-A, Muhammad Ali Housing Society Abdul Aziz Haji Hashim Tabba Street, Karachi. Further the plant is located approximately 80 KM east of Karachi at Deh Kohistan, Taluka Jhimpir, District Thatta Sindh Province, Pakistan. The principal purpose of YEL is the construction and operation of a wind power plant and the supply of electric power to national grid, under authority conferred by the Government of Pakistan.

(13) **Lucy Investment B.V. (wholly owned foreign subsidiary of the subsidiary company)** - Lucy Investment B.V. (LIBV) was incorporated as Dutch private limited company in Netherlands on January 03, 2007. It acquired 100% equity shares of Royale Linens, Inc., Future Home and Yunus Textile Limited on January 03, 2007 , March 15, 2008 and March 18, 2010 respectively. The principal purpose of LIBV is making investment in other companies and is a wholly owned subsidiary of Yunus Textile Mills Limited. The registered office of LIBV is situated at Korsjespoortsteeg 13, 1015 AP, Amesterdam, Netherlands.

(14) **Royale Linens, Inc (wholly owned foreign subsidiary of the subsidiary company)** - Royale Linens, Inc (RLI) was incorporated in United States of America on December 01, 1981. RLI is engaged in trading of bed linens and is a wholly owned subsidiary of LIBV. The registered office of RLI is situated at 325 Duffy Avenue (Suite 2) Hicksvile, NY 11801, USA.

(15) **Yunus Textile Limited (wholly owned foreign subsidiary of the subsidiary company)** - Yunus Textile Limited (YTL) was incorporated in Canada on March 18, 2010. YTL is engaged in trading of bed linens and is a wholly owned subsidiary of LIBV. The registered office of YTL is situated at 245 Fairview Mall Drive (Suite 600) Toronto ON M2J 4T1 Canada.

(16) **Future Home (wholly owned foreign subsidiary of the subsidiary company)** - Future Home (FH) was incorporated in France on January 02, 2008. FH is engaged in trading of bed linens and is a wholly owned subsidiary of LIBV. The registered office of FH is situated at 5 rue de l'Europe 59160 Lomme-France.

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(17) **Lucky Foods (Private) Limited (partially owned subsidiary of the subsidiary company)** - Lucky Foods (Private) Limited (LFPL) was incorporated in Pakistan on August 21, 2015 as a private company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of LFPL is to breed, grow and harvest livestock and produce milk and sell it in the local market. The registered office of LFPL is situated at office no. 7-A Muhammad Ali Housing Society, A.Aziz Hashim Tabba Street, Karachi in the province of Sindh. The farm is located at 60 kms on Super Highway (near Karachi) at Nooriabad in the province of Sindh.

(18) **Yunus Wind Power Limited (wholly owned subsidiary)** - Yunus Wind Power Limited (YWPL) is a public limited company incorporated on March 8, 2016 in Pakistan under the repealed Companies Ordinance,1984 (now Companies Act, 2017). The principal activity of YWPL is to establish, manage, operate, generate and supply electric power including but not restricted to setting up of thermal power plants, Wind power plants and Hydroelectric power plants. YWPL registered office is situated at 7-A, Muhammad Ali Society, Tabba Street, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) 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.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except long term investments which are accounted under equity method or fair value and obligations under the defined benefit plan which is stated at present value.

2.3 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Holding Company operates. These consolidated financial statements are presented in Pakistani Rupees which is the Holding Company's functional and presentation currency.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with approved accounting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

	Notes
- Determining the residual values, useful lives and impairment of property, plant and equipment	4.1 & 5.1
- Fair value of biological assets	4.3

	Notes
- Determining the residual values, useful lives and impairment of intangible assets	4.4
- Determining the residual values, useful lives and impairment of investment properties	4.5
- Classification and valuation of investments	4.5
- Valuation of stores, spares and consumables	4.7
- Valuation of stock-in-trade	4.7
- Provision for doubtful debts and other receivables	4.8
- Provision for taxation	4.9
- Provision for retirement benefit obligation	4.11
- Provisions	4.13
- Capitalisation of borrowing costs	4.19

2.5 Changes in accounting standards and interpretations

2.5.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

Following amendments are either not relevant to the Company's operations and are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.
- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses.

2.5.2 New accounting standards and amendments that are not yet effective

The following standards and amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. Tha applicable changes may have impact on the Holding Company's annual consolidated financial statements. The management is in the process of determining the impact of such changes.

	Effective from accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
IFRS 9 'Financial instruments' - This standard will supersede IAS 39 Financial instruments: Recognition and Measurement upon its effective date.	July 01, 2018
Amendments to IFRS 9 'Financial instruments' - Amendments regarding prepayment features with negativa compensation and modifications of financial liabilities.	January 01, 2019
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in associates and joint ventures.	January 01, 2019
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.	January 01, 2018. Earlier application is permitted.
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019

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	Effective from accounting period beginning on or after:
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after January 01, 2018.
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred	January 01, 2018. Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 14 Regulatory Deferral Accounts
- IFRS 17 Insurance Contracts

2.5.3 New disclosure requirement due to adoption of Companies Act, 2017

Due to adoption of the Companies Act, 2017 certain new and enhanced disclosures have become applicable, which are in addition to those required by the International Accounting Standards. The relevant notes have been updated accordingly.

3. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Holding Company and its subsidiaries - "The Group" as stated in note 1.2.

A subsidiary is an entity where the Holding Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of its voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Holding Company controls another entity. Subsidiary is consolidated fully from the date on which the control is transferred to the Holding Company and is derecognised from the date control ceases.

The assets and liabilities of the subsidiary company are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiary company's shareholders' equity in the consolidated financial statements.

All material intra-group transactions and balances are eliminated in full.

The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company, using consistent accounting policies unless otherwise stated. The accounting policies of the subsidiary have been changed to conform with accounting policies of the Group, where required.

A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any non-controlling interest, cumulative translation differences recognised in equity, and recognises fair value of consideration received, any investment retained, surplus or deficit in consolidated statement of profit or loss, and reclassifies the Holding Company share of components previously recognised in the consolidated statement of comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the Holding Company and is measured at proportionate share of net assets of the acquiree as of the acquisition date and subsequently is allocated its share of consolidated statement of comprehensive income for the period, even if that results in a deficit balance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment in value, if any. Freehold land and capital work in progress are stated at cost. Depreciation is charged to consolidated statement of profit or loss applying the reducing balance method except for the Holding Company where depreciation is charged on straight line basis at the rates mentioned in note 5.1 to the consolidated financial statements. The impact of different methods for determining depreciation is immaterial in overall context of these consolidated financial statements. Depreciation is charged from the month of the year in which addition / capitalization occurs while no depreciation is charged in the month in which an assat is disposed off.

Maintenance and repairs are charged to consolidated statement of profit or loss as and when incurred. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriata, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Gains or losses on disposal of property, plant and equipment, if any, are recognized in the consolidated statement of profit or loss.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to the recoverable amounts and the difference is charged to consolidated statement of profit or loss. In case of reversal of impairment recorded in prior periods the corresponding increase in value of asset is credited to consolidated statement of profit or loss to the extent of impairment recorded in prior periods.

Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the reporting date and represents expenditure incurred on property, plant and equipment in the course of construction. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets starts operation.

4.2 Project under development

Project under development is stated at cost accumulated upto reporting date and represents the amount paid for the development of Lucky One Project (the Project) and cost of land.

4.3 Biological assets

Livestock are measured at cost on initial recognition and at fair value less estimated point-of-sala at the end of each reporting period. Fair value of livestock is determined by an independent valuer on the basis of best available estimates for livestock of similar attributes.

Gain or losses arising from changes in fair value less estimated point-of-sale costs of livestock is recognized in tha consolidated statement of profit or loss. Gain and loss on disposal of biological asset, if any, is recognized in the consolidated statement of profit or loss, as and when incurred.

4.4 Intangible assets

Intangible assets other than goodwill are capitalised when it is probable that the futura economic benefits attributable to them will flow to the Group and the cost of the assets can be measured reliably. These are stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to income on straight line method at the rate mentioned in the note 7 to the consolidated financial statements. Amortization on additions is charged from the month of the year in which additions / capitalization occurs while no amortization is charged in the month in which an asset is disposed.

4.5 Investment property

Property held to earn rental or to capital appreciation or both is classified as investment property and properties are valued using cost model i.e. cost less accumulated depreciation and identified impairment loss (if any).

Depreciation on investment property is charged using straight line method at the rates mentioned in note 8 to the consolidated financial statements. Depreciation is charged on additions from the month in which investment property is available for use and no depreciation is charged in the month in which investment property is disposed.

4.6 Financial assets

Regular way purchase or sale of investments

All purchases and sales of investments are recognised using trade date accounting. Trade date is the date that the Group commits to purchasa or sell the investment.

All investments are initially recognised at fair value, being the cost of consideration given including transaction cost associated with the investment, except in case of investment classified as at fair value through statement of profit or loss, where the transaction costs are charged off to the consolidated statement of profit or loss.

Management determines tha appropriate classification of investment made by the Group in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of purchase.

The Group classifies its financial assets into the following categories:

- at fair value through profit and loss;
- loans and receivables;
- held-to-maturity;
- available-for-sale.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial asset at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. These are initially recognised at fair value and transaction costs associated with these investments are taken directly to the consolidated statement of profit or loss account. Investments at fair value through profit and loss are marked to market using the closing market rates and are carried on the consolidated statement of financial position at fair values. Net gains and losses arising on changes in the fair value of these investments are taken to the consolidated statement of profit or loss account.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date which are classified as non-current assets. Loans and receivables comprise of loans, advances, deposits, other receivables and cash and cash equivalents.

Held to maturity

Held to maturity investments are non-derivative financial instruments with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity. They are recognised initially at cost plus attributable transaction costs. Subsequently, these are measured at amortised cost.

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For investments carried at amortised cost, gains and losses are recognised in consolidated statement of profit or loss when the investments are derecognized or impaired. Premiums and discounts on held-to-maturity investments are amortised using the effective interest rate method and taken to consolidated statement of profit or loss from investments.

Available-for-sale

Other financial assets not covered in any of the above categories are classified as being available-for-sala.

All financial assets classified as available-for-sale are initially recognised at cost, being the fair value of the consideration given including acquisition charges.

After initial recognition, financial assets which are classified as available-for-sale are remeasured at fair value. Gains or losses on available-for-sale investments are recognised directly in equity through consolidated other comprehensive income until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in consolidated other comprehensive income is included in the consolidated statement of profit and loss.

For financial assets that are actively traded in organized financial markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the reporting date.

Unquoted financial assets, where the fair value cannot be reliably determined, are recognised at break up value less impairment, if any. Provision for impairment in value, if any, is taken to consolidated statement of profit or loss currently.

De-recognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to tha extent of tha carrying amount that would have been determined had no impairment loss been recognised. Reversal of impairment loss is recognised as income in consolidated statement of profit or loss.

Investment in associates

Associates are entities over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially racognised at cost and the carrying amount is increased or decreased to recognise tha Group's share of net assets of the associate after tha date of acquisition.

The Group's share of profit or loss of tha associata is recognised in the consolidated statement of profit or loss. Distributions received from associate reduces tha carrying amount of the investment. Adjustment to the carrying emount are also made for changes in the Group's proportionate interest in the associate arising from changes in the associates' other comprehensive income or equity that have not been recognised in the associate's profit or loss. The Group's share of those changes is recognised in consolidated statement of comprehensive income or equity of the Group as appropriate.

Impairment loss is recognized whenever the carrying amount of an investment exceeds its recoverable amount. An impairment loss is taken to consolidated statement of profit and loss. Gain / loss on sale of investments during the year is includad in consolidated statement of profit and loss.

4.7 Stores, spares and consumables

Thesa ara stated at lower of cost or net realisable value. Cost is determined using weighted average cost method except for subsidiary company LKPL in which cost is determined using first in first out - FIFO method. The impact of different methods for determining cost is immaterial in overall context of these consolidated financial statements. Stores, spares and loosa tools in transit are stated at invoice value plus other charges incurred thereon until the reporting date.

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For items that are slow moving, adequate provision is made, if necessary, for any excess carrying value over estimated realizable value and is charged to consolidated profit and loss.

4.8 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost of raw materials is determined using weighted average cost method. Cost in relation to work-in-progress and finished goods represents annual averege manufacturing cost which consist of prime cost and appropriate manufacturing overheads. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.9 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsaquently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

4.10 Taxation

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Group also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits and taxable temporary differences will be available against which the asset can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

4.11 Cash and cash equivalents

For the purposa of consolidated cash flow statement, cash and cash equivalents comprise of cash in hand, balances with bank in current and savings account, other deposits which are readily convertible into cash and short-term borrowings. Tha cash and cash equivalents ara readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

4.12 Ratirement benefit obligations

The individual subsidiaries operate unfunded gratuity schemes for their confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The subsidiaries individual obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method except for Holding Company, LFPL and LOPL. Holding Company, LFPL, and LOPL use full liability method for determination of obligation. The impact of different methods for determining obligation are immaterial in overall context of these consolidated financial statements. For consolidation purposes individual subsidiaries obligations are added together to determine Group's obligation.

Remeasurement which comprise actuarial gains and losses are recognized immediately in consolidated statement of comprehensiva income.

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4.13 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Group or not.

4.14 Provisions

Provisions are recognized when the Group has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.15 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risks and rewards of ownership of the asset. Financial liabilities are de-recognised when obligation is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the consolidated statement of profit and loss account of the current period.

Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements only when the Group has a legally enforceable right to set off and the Group intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the consolidated financial statements.

4.16 Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that assets except inventories and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in consolidated statement of profit and loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income in consolidated statement of profit or loss.

4.17 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

- Local sales are recognized as revenue upon transfer of significant risks and rewards of ownership, which coincides with dispatch.
- Export sales are recognized as revenue upon transfer of significant risk and rewards of ownership, which is determined based on the terms mentioned in the sales contract.
- Revenue on supply of electricity is recognized on the basis of output delivered to the Power Purchaser.
- Toll manufacturing income is recognised when services are rendered.
- Profit on short-term deposits is accounted for on a time-apportioned basis using the effective interest method.
- Return on debt securities is accounted for on accrual basis.
- Dividend income is recognised when the right to receive dividend is established.
- Rental income is recognized as and when earned
- Rebate income is recognized on accrual basis.

4.18 Foreign currency transactions and translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rate that existed when the values were determined. Exchange differences on foreign currency translations are taken to consolidated statement of profit or loss immediately.

The assets and liabilities of foreign subsidiary companies ere translated to Pak rupees at exchange rates prevailing at the reporting date. The income and expenses of foreign subsidiary companies are translated at average rate of exchange for the year. Translation gain and losses arising on the translation of net investment in foreign subsidiary companies are taken to equity under "foreign currency translation reserve" and on disposal are recognised in the consolidated statement of profit or loss.

4.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of assets and incurred during the period in connection with the activities necessary to prepare the asset for its intended use are capitalized as a part of the cost of related asset. All other borrowing costs are recognized as an expense in the period in which they are incurred.

4.20 Earnings per share

The Group presents basic and diluted earnings par share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit after tax attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.21 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

4.22 Dividend and appropriation to / from reserves

Dividend distribution to the Holding Company's shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

	Note	2018	2017
		— Rupees in '080' —	

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
Operating fixed assets	5.1	41,984,590	37,465,886
Capital work-in-progress	5.2	1,148,737	5,438,003
		43,133,327	42,903,889

5.1 Operating fixed assets

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Particulars	Cost				Accumulated Depreciation				Carrying value at June 30, 2016	Rate of depreciation
	At July 1, 2817	Additions / *adjustments	Disposals	At June 30, 2816	At July 1, 2017	Charge for the year / *adjustments	Disposals	At June 30, 2018		
	Rupees in '000'									%
Freehold land	244,282	-	-	244,282	-	-	-	-	244,282	-
Leasehold land (note 5.1.1)	1,884,656	75,495	-	2,060,151	12,739	3,694	-	16,433	2,043,718	1-3
Structural cost	-	266,520	-	266,520	-	9,071	-	9,071	257,449	10
Building on freehold land	6,540,845	749,785	6,786	7,281,862	1,592,783	205,215	3,534	1,794,464	5,487,398	5-10
Building on leasehold land (note 5.1.2)	5,418,785	506,701 * 6,456	-	5,931,942	1,414,184	377,835 *4,727	-	1,796,748	4,135,196	5-10
Plant and machinery (note 5.1.3)	36,817,461	4,162,841 * 4,552	289,531	40,695,323	13,167,590	2,083,632 * 2,504	197,976	15,075,748	25,619,575	5-10
Electrical, water and mechanical equipment	2,769,943	1,270,428 * 3,245	2,490	4,061,128	1,237,897	238,333 * 12,473	2,720	1,485,983	2,575,143	5-1D
Furniture, fixtures and office equipment	713,357	498,742 * 8,962	431	1,220,630	251,075	115,665 * 8,962	179	375,523	845,107	10
Vehicles	1,006,048	291,333 * 940	114,132	1,184,169	495,412	108,849 * 433	51,966	552,726	631,461	20
Computer equipment	310,666	63,479 * 6,981	3,159	377,967	178,651	56,621 * 6,980	2,384	239,868	136,099	30-33
Tools and factory equipment	50,526	-	-	50,526	40,352	3,012	-	43,364	7,162	10-20
Total	65,876,569	7,885,324 *31,136	410,511	63,374,516	10,410,083	3,281,927 36,879	258,761	21,389,928	41,984,590	

5.1.1 This includes land measuring 696 acres, 445 acres and 432 acres provided by Alternative Energy Department Board for power projects located at Jhimpir on lease term of 29 years and 6 months ending in 2038, at Deh Kohistan on lease term of 30 years ending in 2048 and at Jhimpir district Thatta on lease term of 30 years ending in 2046 respectively.

5.1.2 Included in building on leasehold land, warehouse having net book value of Rs. 44.544 million (2017: 46.869), the title of which is held in the name of M/s. Yunus Brothers, a partnership firm, which was taken over by YBPL - a subsidiary on April 05, 2012 vide transfer agreement dated April 04, 2812.

5.1.3 Certain items of plant and machinery having net book value of Rs. 3,516.76 million (2017 : Rs. 3,689.97 million) have been provided as collateral in respect of long term financing facility (LTFF) amounting Rs. 1,395.526 million (2017 : Rs. 853.673 million) obtained by the Graup.

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Particulars	At July 1, 2016	Additions / *adjustments	Disposals	At June 30, 2017	At July 1, 2016	Charge for the year / *adjustments	Disposals	At June 30, 2017	at June 30, 2017	Rate of depreciation
	2017									
	Rupees in '088'									%
Freehold land	523,852	-	279,570	244,282	-	-	-	-	244,282	-
Leasehold land (note 5.1.1)	1,984,856	-	-	1,984,656	10,255	2,484	-	12,739	1,971,817	1-3
Building on freehold land	5,562,731	978,114	-	6,540,845	1,455,886	137,117	-	1,592,783	4,948,062	5-10
Building on leasehold land (note 5.1.2)	2,940,903	2,559,232	81,467	5,418,785	1,069,778	350,526	6,187	1,414,184	4,004,801	5-10
		* 117				* 66				
Plant and machinery (note 5.1.3)	24,769,929	12,512,926	466,183	36,617,461	11,745,129	1,691,483	249,229	13,187,590	23,629,871	5-10
		* 789				* 207				
Electrical, water and mechanical equipment	2,548,574	252,622	11,886	2,789,943	1,080,961	158,973	2,294	1,237,897	1,552,046	5-10
		* 613				* 257				
Furniture, fixtures and office equipment	456,813	259,854	3,472	713,357	216,417	36,485	1,989	251,075	462,282	10
		* 162				* 162				
Vehicles	881,936	143,816	128,831	1,006,048	460,688	101,520	66,841	495,412	510,636	20
		* 127				* 44				
Computer equipment	210,135	111,380	10,975	310,666	162,876	28,009	10,361	178,651	132,015	30-33
		* 126				* 127				
Tools and factory equipment	50,526	-	-	50,528	38,914	3,438	-	40,352	10,174	10-20
Total	40,040,055	16,818,044	983,464	55,876,569	16,238,686	2,508,035	336,981	18,418,683	37,465,886	
		* 1,934	*-			* 663				

The depreciation charge for the year has been allocated as follows:

	Nete	2818	2817
		--- Rupees in '080' ---	
Cost of revenue	31.1	3,042,593	2,367,890
Administrative expenses	32	147,549	128,240
Selling and distribution expenses	33	11,785	11,805
		3,201,927	2,508,035

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5.1.4 **Disposal of operating fixed assets having net book value in excess of Rs. 500,000**

Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain/(Loss)	Mode of disposal	Purchaser
	(Rupees in '000)						
Plant and Machinery	8,495	7,088	1,407	150	(1,257)	Negotiation	M/S Swabi Taxtile Milla Limited (Private) Limited
	4,345	3,762	583	160	(423)	Negotiation	M/S AMS Enterprisea
	4,345	3,762	583	160	(423)	Negotiation	M/S AMS Enterprises
	18,992	14,711	2,281	300	(1,991)	Negotiation	M/S AMS Enterprisee
	18,953	14,906	2,047	300	(1,747)	Negotiation	M/S AMS Enterprises
	21,794	19,577	2,207	450	(1,757)	Negotiation	M/S AMS Enterprise a
	2,725	1,743	992	190	(922)	Negotiation	M/9 AMS Enterprisea
	4,297	3,548	739	160	(579)	Negotiation	M/S AMS Enterprisea
	5,502	4,852	950	160	(490)	Negotiation	M/S AMS Enterprisea
	4,576	3,915	781	160	(601)	Negotiation	M/S AMS Enterprises
	14,982	13,114	1,848	1,542	(306)	Negotiation	M/S Agha Traders
	4,984	3,068	1,798	315	(1,451)	Negotiation	M/S Agha Traders
	4,174	3,025	1,149	140	(1,009)	Negotiation	Mr. Shoukat Ali
	8,191	992	7,189	7,299	108	Negotiation	M & R Sales & Services
	11,900	7,543	4,357	11,813	7,256	Negolistion	K & B Brother
	12,869	6,906	8,063	4,322	(1,741)	Negotiation	K & B Brother
	14,735	10,649	4,086	1,179	(2,908)	Negotiation	Muhammad Waheed Awan
	11,941	5,435	8,506	2,700	(3,806)	Negotiation	Mustaqeem Dyeing & Printing
	34,116	29,787	7,319	920	(9,399)	Negotiation	Mr Jaffer
	15,000	10,308	4,892	9,186	4,494	Negotiation	M/S Orient Energy System (Private) Limited
	222,746	**185,531**	**57,215**	**41,365**	**(15,850)**		
Vehicle	1,049	507	542	718	176	Company policy	Mr. Naeem Ullah - Employee
	1,664	1,102	562	1,165	603	Company policy	Mr. Khalid Cheema - Employee
	1,834	529	506	985	479	Insurance Claim	Alfalah Insurance Company Limited
	1,451	846	805	1,410	805	Negotiation	Mr.Sharjeel Ahmed
	1,777	839	1,138	1,775	637	Company policy	Mr. Ali Raza - Employee
	717	78	647	718	71	Insurance Claim	Alfalah Insurance Company Limited
	1,341	727	814	900	286	Negotiation	Muhemmad Kamran
	1,164	811	553	964	311	Negotiation	Muhammad Nabeel
	1,114	255	659	1,032	173	Negotiation	Muhammad Ali Lakhani
	2,049	348	1,701	1,905	204	Negotiation	Tahir Azeem
	2,572	272	2,300	2,498	188	Negotiation	Mian Farhan Panhyar
	1,150	400	750	999	239	Negotiation	Madeeha Khan
	1,660	494	1,166	1,538	372	Negotistion	Nawaz Nasar Khsn
	1,327	304	1,023	1,224	201	Negotiation	Muhammed Salman Mirza
	1,053	494	559	822	263	Negotiation	Muhammad Sakir Khan
	1,539	497	1,041	1,272	231	Negotiation	Ahmed Noorani
	1,053	419	637	871	234	Negotiation	Rashid Munir
	1,993	139	1,757	1,933	79	Negotiation	Amir Ashraf Noor Wala
	1,225	365	860	1,074	214	Negotiation	Azan Sarwar
	1,114	302	912	898	178	Negotiation	Muhammad Kamran
	1,735	1,133	802	1,205	803	Negotistion	Faroque Sher Ali
	2,058	183	1,975	1,995	120	Negotiation	Adnan Suria
	3,090	706	2,374	2,897	513	Negotiation	Syed Rizwan Haider Kazmi
	1,538	641	997	1,231	334	Negotiation	Muzahid Ahmed
	1,583	58	1,525	1,541	18	Negotiation	Muhammad Faisal
	1,599	115	1,464	1,557	73	Negotiation	Abdul Qadir
	2,420	173	2,247	2,355	108	Negotiation	Usman Arshad
	1,556	401	1,155	1,380	225	Negotiation	Javed Nabi Ahmed
	1,593	58	1,525	1,557	32	Negotiation	Muhammad Khalid Mehtab
	2,151	154	1,997	2,873	79	Negotiation	Muhammad Tasleem
	1,114	302	812	981	189	Negotiation	Adnan Ahmed Attar
	1,053	428	625	950	225	Negotiation	Masood Ahmed Khan
	49,415	**13,665**	**35,750**	**44,182**	**8,433**		

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Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain/(Loss)	Mode of disposal	Purchaser
	(Rupees in '088)						
Building	8,768	3,534	5,234	5,234	-	Insurence Claim	Alfalah insurance company
June 38, 2818	288,938	182,730	98,199	98,781	(7,418)		
June 38, 2817	456,574	240,637	217,736	207,365	(10,351)		

		2018	2817
		— Rupees in '000' —	
5.2	Capital work-in-progress		
	Particulars		
	Civil works	477,898	1,055,239
	Plant end machinery	429,388	2,092,408
	Equipment	78,799	2,290,356
	Other	162,860	-
		1,148,737	5,438,003

5.2.1 Following is the movement of capital work in progress

Opening	5,438,809	15,276,714
Additions duimg the year	2,438,304	4,977,816
Revenue eamed during test run period - net	-	(82,269)
Trensferred to operating fixed assets	(6,727,576)	(14,734,252)
	1,148,737	5,438,003

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6. BIOLOGICAL ASSETS

	2018	2617
	– Rupees in '066' –	
Dairy livestock		
- Mature	256,691	162,675
- Immature	9,423	378
	266,114	163,053

6.1 Reconciliation of biological assets

Balance as at July 1	163,053	211,631
Purchased during the year	70,604	3,274
Livestock expired / slaughtered	(9,070)	(91,550)
Gain on fair valuation of livestock due to:		
- new births	41,527	39,698
- price and age change	-	-
	41,527	39,698
Carrying amount at June 30	266,114	163,053

6.2 At June 30, 2018 the Group held 1,216 (2017 : 933) mature livestock (including pregnant livestock) used to produce milk and 302 (2017 : 84) immature livestock which are being raised to produce milk in the future. During the year, the Group produced approximately 2,335,006 (2016 : 1,750,000) gross litres of milk from mature livestock.

6.3 As at June 30, 2018 the Group held 40 (2017 : 27) breeding bulls.

6.4 The valuation of dairy livestock as at June 30, 2016 has been carried out by an independent valuer. In this regard the valuer examined the physical condition of the livestock, assessed the key assumptions and estimates and relied on the representations made by the Group. Livestock has been valued on the basis of market values of livestock of similar attribute. The fair value of biological assets are classified under level 2 of fair value hierarchy.

6.5 Cost to sell is considered immaterial and has not been taken into account while valuing the biological assets.

7. INTANGIBLE ASSETS

	Note	2018	2017
		– Rupees in '000' –	
Computer softwares	7.1	42,488	27,536

7.1 Computer softwares

	2018							
	Cost			Accumulated amortization				
Particulars	At July 01, 2017	Additions/ adjustments	At June 30, 2818	As at July 01, 2017	Amortization for the year / adjustments	At June 38, 2018	Carrying value at June 30, 2018	Rate of amortization
	Rupees in '000'							%
2018	42,968	21,723 5,074	69,765	15,450	10,126 1,721	27,297	42,488	33

	2017							
	Cost			Accumulated amortization				
Particulars	At July 01, 2016	Additions/ (disposals) / adjustments	At June 38, 2017	As at July 01, 2810	Amortization for the year / (disposals) / adjustments	At June 30, 2817	Carrying value at June 30, 2017	Rate of amortization
	Rupees in '800'							%
2017	38,015	3,715 (423) * 891	42,998	5,238	10,289 (399) * 321	15,450	27,536	33

R/A

7.1.1 The amortization charge for the year has been allocated as follows:

	Note	2018	2017
		-- Rupees in '000' --	
Cost of revenue	31.1	1,970	1,901
Administrative expenses	32	8,148	8,388
		10,126	10,289

8. INVESTMENT PROPERTIES
- at cost

	Land	Building	Office premises	Shops	2018	2817
		Rupees in '000'				
Cost						
At July 1,	719,942	8,453,606	471,406	43,560	9,688,514	514,966
Additions during the year	5,474	28,136	-	-	33,618	9,210,229
Transfer to 'investment properties held for sale'	-	-	-	-	-	(36,681)
At June 30,	725,416	8,481,742	471,406	43,560	9,722,124	9,688,514
Accumulated depreciatlen						
At July 1,	-	70,421	67,425	4,356	142,202	46,430
Charged during the year	-	420,362	22,921	2,178	445,461	95,772
At June 30,	-	490,783	80,346	6,534	587,663	142,202
Net book value	725,416	7,990,959	381,060	37,026	9,134,461	9,546,312
Rate of depreciation	N/A	5%	5%	5%		

8.1 Fair market value of investment property as at June 30, 2018 determined by professional valuer was Rs. 16,986 million (2017 : Rs. 16,732 million).

8.2 The depreciation charge for the year has been allocated as follows:

	Note	2018	2017
		--- Rupees in '000' ---	
Cost of revenue	31.1	292,753	48,520
Administrative expensea	32	152,708	47,252
		445,461	95,772

8. PROJECT UNDER DEVELOPMENT

	2018	2017
Civil works	607,761	7,392,016
Land	105,790	553,851
Finance charges	-	1,094,307
Project insurance	-	22,722
Transfer to Investment properties	-	(8,893,977)
Transfer to assets held for sale	-	(36,681)
Sale of Banking enclave area	-	(16,738)
	613,551	115,500

9.1 The construction is supervised by LOPL (a subsidiary) incorporated for undertaking supervision of construction of Project's mega mall and luxurious residential towers in accordance with the terms of a tripartite agreement with LTML and LLPL.

10. LONG-TERM INVESTMENTS	Note	2818	2017
		-- Rupees in '800' --	
Related parties			
Investment in associates - under equity method	10.1	10,143,341	8,384,601
Available-for-sale - listed equity securities	10.2	20,461,786	33,622,048
Others			
Available-for-sale listed equity securities	10.2	524,723	959,246
		31,129,658	42,965,895

10.1 INVESTMENTS IN ASSOCIATES - under equity method

2018	2017	Name of associates			
Number of shares held					
- Listed					
11,058,097	11,059,097	ICI Pakistan Limited Percentage of holding - 11.98% (2017: 11.98%)	10.1.2.1	3,097,721	2,877,166
- Unlisted					
4,998	4,99a	Lucky Exim (Private) Limited Percentage of holding - 49.99% (2017: 49.99%)	10.1.2.2	85,741	72,471
12,589,188	12,589,188	Lucky Commodities (Private) Limited Percentage of holding - 49.99% (2017: 49.99%)	10.1.2.3	340,638	348,032
37,500,000	37,500,000	Lucky Holdings Limited Percentage of holding - 25% (2017: 25%)	10.1.2.4	4,698,495	3,952,ss5
66,830,102	2,9S8	Kia Lucky Motors Pakistan Limited Percentage of holding - 31.91% (2017: 0.03%)	10.1.2.5	960,717	30
2,000	-	Energas Terminal (Privote) Limited Percentage of holding - 20% (2017: 0%)	10.1.2.6	-	-
- Others					
-	-	Triple Tree Associates Percentage of holding - 25% (2017: 25%)	10.1.2.7	935,340	788,228
-	-	Ocean Heights	10.1.2.8	344,689	344,680
	-			10,143,341	8,384,601

18.1.1 The company's investment in ICIPL is less than 20% but they are considered to be associates as per the requirements of IAS 28 'Investment in Associates'. The company has significant influence over the financial and operating policies of these companies through representation on the board of directors of this company.

18.1.2 The summarised financial information of the associates based on audited / unaudited financial statements for the year ended June 30, 2018 are as follows:

10.1.2.1 ICI Pakistan Limited	2818	2017
	-- Rupees in '000' --	
Balance as at July 01	2,677,166	2,678,752
Group's share of profit from associate	394,088	393,102
Group's share of other comprehensive income	(29,870)	(6,700)
Group's share of revaluation surplus	55,382	-
Dividend received during the year	(199,045)	(187,988)
Balance as at June 30	3,097,721	2,877,166

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	2018	2017
	-- Rupees in '000' --	
Total assets	45,012,532	36,801,927
Total liabilities	24,979,698	19,076,155
Net assets	20,032,834	17,725,772
Company's share of net assets	2,399,934	2,123,547
Revenue	49,992,068	41,771,218
Profit for the year	3,280,006	3,282,749
Other comprehensive income for the year	(249,330)	(55,924)

10.1.2.2 Lucky Exim (Private) Limited

Balance as at July 01	72,471	44,933
Group's share of profit from associate	13,262	27,538
Interim dividend received during the year	(19,992)	-
Balance as at June 30	65,741	72,471
Total assets	132,320	145,694
Total liabilities	785	694
Net assets	131,535	145,000
Company's share of net essets	65,754	72,485
Revenue	34,183	75,023
Profit for the year	26,535	55,098

10.1.2.3 Lucky Commodities (Private) Limited

Balance as at July 01	348,032	259,275
Group's share of profit from associate	12,749	98,828
Dividend received during the year	(20,143)	(10,071)
Balance as at June 30	340,638	348,032
Total assets	1,299,995	897,140
Total liabilities	619,600	201,962
Net assets	680,395	695,178
Company's share of net assets	340,130	347,519
Revenue	1,108,133	2,677,009
Profit for the year	25,503	197,696

10.1.2.4 Lucky Holdings Limited

Balance as at July 01	3,952,985	3,271,277
Group's share of profit from associate	701,903	692,077
Group's share of other comprehensive income	(56,393)	(10,369)
Balance as at June 30	4,698,495	3,952,985
Total assets	50,773,791	43,157,193
Total liabilities	27,269,327	22,933,435
Net assets	23,504,464	20,223,758
Company's share of net assets	5,876,116	5,055,940
Revenue	49,992,068	41,771,218
Profit for the year	2,230,069	2,768,306
Other comprehensive income for the year	(180,334)	(41,475)

10.1.2.5 KIA Lucky Motors Pakistan Limited

	2018	2017
	-- Rupees in '000' --	
Balance as at July 01	30	-
Group's share of loss from associate	(7,739)	-
Investment made during the year	868,438	30
Disposal made during the year	(10)	-
Balance as at June 30	860,717	30
Total assets	6,332,168	701,331
Total liabilities	947,882	63,917
Net assets	5,384,304	637,414
Company's share of net assets	1,712,747	191
Revenue	117,239	-
Loss for the year	(26,469)	-

10.1.2.6 ENERGAS TERMINAL (PRIVATE) LIMITED

	2018	2017
Balance as at July 01	-	-
Investment made during the year	20	-
Group's share of loss	(20)	-
Balance as at June 30	-	-
Total assets	78,411	-
Total liabilities	84,194	-
Net assets	(5,783)	-
Company's share of net assets	(1,157)	-
Revenue	-	-
Loss for the year	(5,883)	-
Group's share of loss from associate	(1,177)	-

As per requirement of IAS 28 'Investment in Associates', the company discontinues to recognise it's share of losses when the company's share of losses exceeds or equals to it's interest in the associate. Since company's share of loss amounting to Rs. 1,176,641 exceeds the company's investment in Energas Terminal (Private) Limited of Rs. 20,000 therefore loss equal to the value of investment has only been recognised.

10.1.2.7 Triple Tree Associates

	2018	2017
	-- Rupees in '000' --	
Balance as at July 01	789,228	498,516
Group's share of profit from associate	46,112	290,712
Balance as at June 30	835,340	789,228
Total assets	3,711,175	3,745,598
Total liabilities	372,119	590,990
Net assets	3,339,055	3,154,608
Company's share of net assets	834,764	788,652
Revenue	712,661	1,446,035
Profit for the year	184,447	1,162,846

Triple Tree Associates (TTA) is a partnership firm between the Chief Executive Officer of the Group, Mr. Muhammad Ali Tabba on behalf of YBPL (a subsidiary) and Mr. Tariq Rafi and Mr. Khalid Tirmizey.

10.1.2.8 Ocean Heights

Ocean Heights is a partnership firm between the director of the Group Mr. Muhammad Sohail Tabba on behalf of YBPL (a subsidiary) and Mr. Tariq Rafi on behalf of Siddiqsons Limited. At June 30, 2018, the Holding Company holds 30% (2017: 30%) share in net assets of this partnership. The operations of the firm is due to commence in 2018.

10.2 AVAILABLE FOR SALE - LISTED EQUITY SECURITIES

2018	2017		Note	2018	2017
No. of shares				-- Rupees in '000' --	
40,205,256	40,284,656	Lucky Cement Limited		20,461,788	33,622,048
8,673,114	8,673,114	Feroze 1888 Mills Limited		524,723	959,246
48,878,370	**48,957,770**			**20,986,509**	**34,581,294**

10.3 All the investments made in the associates are in compliance with the Companies Act, 2017.

11. LONG-TERM LOANS AND ADVANCES

- Considered good

	Note	2018	2017
Loan to employees	11.1 & 11.2	246,097	224,721
Loan to associated undertakings		46,934	-
Long term advance	11.3	-	-
		293,031	**224,721**

11.1 Loans to employees

	Note	2018	2017
Considered good		347,891	321,042
Receivable within one year shown under current assets	15.	(101,794)	(96,321)
		246,097	224,721
Considered doubtful		5,613	5,813
Provision for doubtful loans	11.4	(5,613)	(5,813)
		-	-
		246,097	**224,721**

11.2 These represents interest free loan given to employees in accordance with their terms of employment, repayable over a period of two to four years in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the service of the Company is adjustable against staff retirement gratuity. These loans have been carried at cost as the effect of carrying these balances at amortized cost is not material in the overall context of these consolidated financial statements.

11.3 Long term advance - considered doubtful

	2018	2017
	-- Rupees in '000' --	
Advance against share in joint venture	66,667	66,667
Provision against doubtful advance	(66,667)	(66,667)
	-	-

This represents first and second tranche of advance paid by a GTML (a subsidiary) for a Joint Venture project amounting to Rs. 4,250 million (2017: Rs. 4,250). The principal activity of the Joint Venture Project is acquisition and development of a real estate project in Karachi through a Joint Venture Company. The subsidiary's share in this Joint Venture Project is ten percent. Currently, the future of this project is not certain and the recovery of this amount is considered doubtful. Accordingly taking prudence approach management has made full provision against such advance.

11.4 Movement of provision for doubtful loans is as follows:

	2018	2017
	-- Rupees in '000' --	
At July 01	5,613	5,813
Charge for the year	-	-
At June 30	5,613	5,813

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	Note	2018	2017
		-- Rupees in '000' --	
12. STORES, SPARES AND CONSUMABLES			
Stores			
- hand		1,381,559	1,179,576
- transit		136,688	135,943
Spares and chemical			
- hand		932,772	831,598
- transit		47,810	38,933
Loose tools and packing material		150,984	133,392
		2,649,813	2,319,442
Provision for slow moving and obsolete items	12.1	(332,106)	(289,042)
		2,317,707	2,030,400

12.1 Movement of provision for slow moving and obsolete items is as follows:

	Note	2018	2017
At July 01		289,042	275,441
Charge for the year	31.1	43,064	13,601
At June 30		332,106	289,042

	Note	2018	2017
		-- Rupees in '000' --	
13. STOCK-IN-TRADE			
Raw material			
- in hand	13.1	12,311,679	9,812,163
- in transit		742,276	886,628
Work-in-process		2,694,439	2,950,506
Finished goods		2,834,298	3,446,474
		18,582,892	17,095,771
Provision for slow moving and obsolete stocks	13.2	(194,071)	(194,071)
		18,388,621	16,901,700

13.1 Stock in trade written down to NRV was Rs.282.83 million (2017: Rs.377.92 million) and include stock held with third parties amounting to Rs.278.877 million (2017: 493.068 million).

	Note	2018	2017
		-- Rupees in '000' --	
13.2 Movement of provision for slow moving and obsolete stocks is as follows:			
At July 01,		194,071	194,071
Write-off		-	-
At June 30,		194,071	194,071
14. TRADE DEBTS			
Considered good	14.1	15,916,315	6,354,320
Considered doubtful		538,877	451,262
		18,455,192	6,805,582
Provision for doubtful debts	14.2	(538,877)	(451,262)
		15,916,315	6,354,320

14.1 These are non-interest bearing and are generally on 60-120 days term.

14.2 Movement of provision in trade debts is as follows:

	Note	2018	2017
At July 01		451,262	416,209
Charge during the year	32	87,615	35,053
At June 30		538,877	451,262

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15. LOANS AND ADVANCES

	Note	2018	2017
		-- Rupees in '000' --	
Considered good			
Current portion of loan to employees	11.1	101,794	96,321
Short term loan to employees		9,727	7,807
Advance to suppliers / contractors		1,193,341	1,062,641
Advance against issue of shares		55,241	-
Advance to associates		20,789	20,121
Others		124,577	180,625
		1,505,469	1,367,515
Provision against doubtful advances	15.1	(7,609)	-
		1,497,860	1,367,515

15.1 Movement of provision against doubtful advances is as follows:

	Note	2018	2017
At July 01		-	-
Charge during the year	32	7,609	-
At June 30		7,609	-

16. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

		2018	2017
Security and trade deposits		156,522	82,297
Short-term prepayments		293,602	96,424
		450,124	178,721

17. OTHER RECEIVABLES

	Note	2018	2017
Considered good			
Duties, sales tax and other refunds due		4,913,495	3,349,358
Receivable from National Electric Power Regulatory Authority	17.1	332,979	165,136
Rebate receivable on export		234,573	76,981
Interest receivables		2,884	574
Others		299,494	88,510
		5,783,425	3,680,559
Considered doubtful		169,283	169,283
		5,952,708	3,849,842
Provision for doubtful receivables	17.2	(169,283)	(169,283)
		5,783,425	3,680,559

17.1 It represents Sindh Infrastructure Development Cess, receivable from National Electric Power Regulatory Authority (NEPRA). As per the decision of NEPRA, if any tax or duties of a non-refundable nature are imposed on the YEL (a subsidiary), for import of plant and equipment, up to the commencement of commercial operations, the exact amount shall be refundable from the power purchaser.

17.2 Movement of provision for doubtful receivables is as follows:

	Note	2018	2017
		-- Rupees in '000' --	
At July 01		169,283	224,626
Reversal during the year	36	-	(55,343)
At June 30		169,283	169,283

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18. SHORT TERM INVESTMENTS

Number of shares 2018	Number of shares 2017		Note	Market Values 2018	Market Values 2017
				-- Rupees in '000' --	
		Held to maturity			
		Term deposit receipts	18.1	410,000	-
		At fair value through profit or loss - held for trading			
		Ordinary shares / units of listed securities			
112,375	112,375	First Habib Income Fund		12,099	11,557
661,097	661,097	Meezan Balanced Fund		10,399	12,845
100,000	100,000	Hub Power Company Limited		9,216	11,743
50,000	50,000	Pakistan Telecommunication Company Limited		572	781
355,810	355,610	International Steels Limited		36,166	45,479
				478,452	82,405

18.1 These carry profit rate of 6.1% per annum having maturity till July 2018.

19. CASH AND BANK BALANCES

	Note	2018	2017
		-- Rupees in '000' --	
Cash			
- in hand	19.1	297,651	31,230
- in transit		146,207	42,000
		443,858	73,230
Cash at banks			
- Current accounts	19.2	454,283	1,254,709
- Deposit accounts	19.3	692,678	1,196,641
- Foreign currency		25,264	189,339
		1,372,225	2,640,689
		1,816,083	2,713,919

19.1 It includes balances in foreign currency amounting to Rs. 253.38 million (2017 : Rs.1.58 million)

19.2 It includes balances in foreign currency bank account amounting to Rs. 31.511 million (2017 : Rs. 231.34 million)

19.3 Deposit accounts carries mark-up at rates ranging from 3.75% to 7% (2017; 3.75% to 7%) per ennum.

20. This represents transfer from investment property held for sale to investment property.

21. SHARE CAPITAL

2018 (Number of shares)	2017 (Number of shares)		2018	2017
			-- Rupees in '000' --	
		Authorized		
100,000	100,000	Ordinary shares of Rs. 10/- each	1,000	1,000
		Issued, subscribed and paid up		
100,000	100,000	Ordinary shares of Rs.10/- each fully paid in cash	1,000	1,000

21.1 The Holding Company has only one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Holding Company. All shares rank equally with regard to the Holding Company's residual assets.

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22. LONG-TERM LOANS AND ADVANCES

	Note	2018	2017
		-- Rupees in '000' --	
From banking companies / financial institutions - secured	22.1	13,908,189	13,933,750
From directors - unsecured	22.2	123,872	53,335
Long term advance from customers	22.3	1,263,715	1,233,893
		15,295,776	15,220,978
Less : Current portion		(1,388,507)	(1,132,573)
		13,907,269	14,088,405

22.1 These loans carry markup at the rata of SBP refinance rate for 10 years plus 0.5%, SBP refinance rate for 7 years plus 0.5%, SBP rate plus 0.3%, markup ranging from 2.1% to 2.3%, average 6 months KIBOR plus 0.25% and at 3 months KIBOR plus 3%. Loans ara secured against first pari passu hypothecation charge over receivables, all present and future fixed and current, tangible and intangible assets, specific charga on certain plant end machinery and constructive mortgage charga over commercial land. The group haa also created a lien on their project accounts and has the right of set-off, transfer and appropriation in the event of a default.Loans are repayable on quarterly and semi annually basis.

22.2 These represents interest free loans repayable after June 30, 2019.

22.3 Long term advance from customers	Note	2018	2017
		-- Rupees in '000' --	
Sale of retail area		-	893,200
Allotment of apartments		1,263,715	340,693
		1,263,715	1,233,893

23. DEFERRED LIABILITIES

	Note	2018	2017
Deferred tax liability	23.1	816,006	705,849
Liability under leasehold land	23.2	102,096	34,800
Others		-	-
		918,102	740,849

23.1 Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of following:

	2018	2017
	-- Rupees in '000' --	
Taxable temporary differences arising on:		
- Accelerated tax depreciation on property, plant and equipment	784,219	707,551
- Accelerated tax depreciation on intangibia asset	8,386	(1)
- investment in associates	155,531	101,358
- Long term investments	100,952	107,888
	1,049,088	916,796
Deductible temporary differences arising on:		
- Provision against staff retirement gratuity	(103,847)	(86,312)
- Provision against long term advances	(12,647)	(12,605)
- Provision against stores and spares	(9,883)	(11,160)
- Provision against doubtful receivables	(14,803)	(14,755)
- Others	(91,902)	(88,115)
	(233,082)	(210,947)
	816,006	705,849

23.2 This represents amount payable to Alternate Energy Development Board (AEDB) between 2028 to 2038.

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24. RETIREMENT BENEFIT OBLIGATION

	Note	2018	2017
		-- Rupees in '000' --	
Staff retirement gratuity			
Present value of retirement benefit obligation	24.1	2,002,786	1,645,328

24.1 Movement in the net liability recognised in the consolidated statement of financial position are as follows

	Note	2018	2017
At July 01,		1,645,328	1,528,248
Net charge for the year	24.2	636,053	523,709
Acquisition through business combination/ merger		28,714	-
Actuarial loss recognized in other comprehensive income	24.3	(45,787)	(172,728)
Payments made during the year		(261,522)	(233,901)
At June 30,		2,002,786	1,645,328

24.2 The amounts recognised in the consolidated statement of profit and loss account against retirement benefit schemes are as follows:

	2018	2017
Current service cost	500,950	399,554
Interest cost	135,102	123,947
	636,052	523,501

24.3 Total remeasurements recognized in consolidated other comprehensive income

	2018	2017
Actuarial gains/loss arising on:		
- financial assumptions	(94,643)	(170,327)
- demographic assumptions	3,028	-
- experience adjustments	45,828	(2,401)
	(45,787)	(172,728)

24.4 Principal actuarial assumptions used are as follows;

	2018	2017
Expected rate of increase in salary level	6.75% to 10%	8% to 9.25%
Valuation discount rate	7.75% to 10%	8% to 9.25%
Mortality rate	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05

24.5 Description of the risks to the Group

The retirement benefit scheme exposes the Group to the following risks;

Longevity risk: The risk arises when the actual lifetime of retirees is longer than expectation. The risk is measured at the plan level over the entire retiree population.

Salary increase risk: The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than the expectation and impacts the liability accordingly.

Withdrawal risk: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

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24.6 Sensitivity

Sensitivity of the respective liability with respect to mentioned variables is not presented as each subsidiary variable differs from each other and it is not practicable to calculate the consolidated sensitivity.

25. TRADE AND OTHER PAYABLES

	Note	2018	2017
		– Rupees in '000' –	
Trade creditors		2,747,683	3,106,462
Advance from customer		290,895	297,677
Accrued expenses		5,175,956	3,725,894
Workers' Profit Participation Fund	25.1	609,403	414,024
Workers' Welfare Fund		269,162	233,851
Unearned income		52,173	4,941
Advance against expenses		14,452	4,083
Others		3,405,853	2,423,050
		12,565,577	10,209,982

25.1 Workers' Profit Participation Fund

	Note	2018	2017
At July 01		414,024	422,891
Allocation for the year	34	464,723	296,536
Workers' Profit Participation Fund recoverable from CPPA		61,318	-
		940,065	719,427
Interest on funds utilised in the Group's businesses		46,984	21,493
Payments made to the fund		(377,646)	(326,896)
At June 30		609,403	414,024

26. SHORT TERM LOANS

These are unsecured interest free loans obtained from directors. These loans are payable on demand.

27. SHORT TERM BORROWINGS

	Note	2018	2017
		– Rupees in '000' –	
From banking companies - secured			
- Local currency			
Short term finance	27.1	5,339,750	1,500,000
Running finance	27.2	8,837,053	3,433,012
- Foreign currency			
Export refinance	27.3	3,805,157	3,381,668
Import refinance	27.4	98,056	6,277,564
		18,080,016	14,592,244

27.1 This represents short term finance facilities from various banks having markup ranging between KIBOR - 0.12% to KIBOR + 0.00% per annum (2017:KIBOR + 0.06% to KIBOR + 0.12% per annum and 3 months KIBOR + 0.2% per annum). These are secured by hypothecation of stock and charge on receivables and plant and machinery.

27.2 These facilities carry markup at rates ranging from 1 to 3 months KIBOR + 0.00% to 0.25% (2017 : 1 to 3 months KIBOR + 0.00% to 0.20%) and at rates ranging between 6.30% to 6.70% (2017 : 6.24% to 6.54%) per annum. These are secured by way of hypothecation charge over movables assets, stock, receivables, other receivables, export bills, import documents, equitable mortgage charge over land of the group and pledge of personal shares of directors and personal guarantee of directors.

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27.3 These facilities carry markup at LIBOR + bank's spread (which is decided at the time of disbursement) and at the rate of 0.1% to 0.5% + SBP Export Refinance Rate (2017 : LIBOR + bank's spread (which is decided at the time of disbursement) and at the rate of 0.1% to 0.5% + SBP Export Refinance Rate). These are secured by way of joint pari passu charged against hypothecation of movable assets & stock-intrade, receivables and other current assets of the holding company. Repayment is made from receipt / collection of export proceeds.

27.4 It represents facility outstanding against import of various stores and spares subject to markup @ 1% per annum approximately. It is secured against hypothecation on stores and spares.

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 Outstanding guarantees given on behalf of GTML (a subsidiary) by banks in normal course of business amounting to Rs. 990.04 million (2017: Rs. 949.04 million).

28.1.2 In prior years, GTML (a subsidiary) was charged by Sui Northem Gas Pipeline Limited (SNGPL) with an amount of Rs. 168 million on account of under billing of gas. The Company lodged a complaint with the Appellate Authority (the Authority) against SNGPL and on January 21, 2010, the Authority partly admitted the plea of the Company and allowed partial relief of Rs. 53.89 million. The Company has paid Rs. 113.63 million in prior years. Subsequent to the decision of the Authority, both the Company (to claim additional relief) and SNGPL (against the relief provided) have filed appeals with higher authorities against the decision. Management is of the view that no further liability will arise as it is expected that the final outcome of this case will be in its favour.

28.1.3 GTML (a subsidiary) filed a suit before the High Court of Sindh, challenging the applicability of Gas Infrastructure Development Cess (GIDC) Act, 2011. The Sindh High Court has restrained the Federation and gas companies from recovering GIDC over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GIDC as a tax was not levied in accordance with the Constitution and hence not valid.

In September 2014, the Federal Government promulgated GIDC Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the ground that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the said Ordinance was approved in the Parliament and became an Act.

GTML has challenged GIDC Act, 2015 and filed writ petition in the Peshawar High Court (PHC) challenging the vires and legality of the levy and demand of GIDC including its retrospective application. The Court has granted stay against charging of the GIDC under the said Act.

On May 31, 2017, PHC dismissed the said petition, however, the Company has obtained interim relief from the payment of GIDC Cess through monthly bills. Further, the Company has filed Civil Petition for Leave to Appeal (CPLA) in honourable Supreme Court, against the said order of PHC.

Since this issue is being faced by industry at large, management is of the view that there is no need to maintain any provision against this liability. The management is confident that decision of the case will be in its favour.

28.1.4 National Accountability Bureau (NAB) had filed a reference on February 2, 2016 against executives of GTML (a subsidiary) in the Accountability Court (Peshawar), alleging that the subsidiary purchased electricity from Peshawar Electric Supply Company (PESCO) at a cheaper price and at the same time it sold the electricity to PESCO at a higher price. The management believes that the allegations are false, unsubstantiated and unfounded. The case is devoid of merits as the Company sold the electricity after required approvals, licenses and at price on which all captive power plants were selling electricity to distribution companies in accordance with approved policy of Government of Pakistan.

28.1.5 The Finance Act 2010 had introduced Clause 126F in Part I of Second Schedule of Income Tax Ordinance, 2001 (the Ordinance) exempting the tax on profits and gains derived by a tax payer located in the 'war on terror' affected areas of Khyber Pakhtunkhwa. As a result of this change, the income of GTML (a subsidiary) including tax on export proceeds for tax years 2010 to 2012 were exempt. However, the said clause does not specifically address the exemption of turnover tax under Section 113. In this regard, some companies located in the affected areas filed a petition in Peshawar High Court against the recovery of turnover tax seeking a declaration regarding Section 113 and 159 as discriminatory and contrary to the Constitution and the Court granted a relief restraining the recovery of turnover tax. The Company along with other companies in the affected areas also filed the petition on the same grounds. The Peshawar High Court in its order dated July 19, 2012, directed the respondents to extend the benefit to the Company. Subsequently, the Chief Commissioner Inland Revenue filed an appeal in the Supreme Court of Pakistan against the Company and other tax payers of the affected areas, which is pending for adjudication.

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Through the Finance Act, 2015, a sub clause (XX) of clause 11(A) of the Second Schedule to the Ordinance has been added which gives relief to GTML that Section 113 does not apply to the tax payers falling under clause 126F. However, the matter of tax charged on other than local sales i.e. tax on export, is still pending for adjudication.

Based on the judgment of the Peshawar High Court management believes that the subsidiary will not be subject to tax on export sales and hence, has not made any provision on account of tax on export sales for the years ended June 30, 2010, 2011 and 2012.

28.1.6 The Additional Commissioner Inland Revenue, Peshawar has passed an order u/s 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) disallowing sales made to customers outside specified area as defined vide Clause 126F, Part I of Second Schedule to the Ordinance in the light of Federal Board of Revenue's Circular no.14 of 2011 dated October 08, 2011 and levied tax thereon amounting to Rs. 90 million. Subsequently, the order has been set-aside by Commissioner Inland Revenue and directed for fresh assessment proceedings. The hearing of re-assessment proceedings have already been completed, order of which is awaited. However, GMTL (a subsidiary) has also filed writ petition before the High Court of Peshawar to challenge the vires of Circular no.14 of 2011 issued for clarification under Clause (126F) which creates the anomaly and misinterpretation of said clause. The matter is pending for adjudication.

Based on the opinion of tax advisors of the subsidiary, the management believes that the aforementioned matters will ultimately be decided in the favour of the subsidiary. Accordingly, no provision is required to be made against the said amounts in these consolidated financial statements.

28.1.7 The Income Tax return of Fazal Textile Mills Limited now merged with GTML (a subsidiary) for the tax year 2013 was amended under section 122(5A) by Additional Commissioner Income Revenue (ACIR) vide its order dated March 4, 2014 on account of certain disallowances primarily against Workers Welfare Fund (WWF). The Company filed an appeal against the amended order against which Commissioner Inland Revenue Appeals (CIRA) allowed some relief to the Company. Both the Company and tax department being dissatisfied had filed an appeal in the Appellate Tribunal which is pending adjudication. On the other hand Federal Board of Revenue (FBR) has selected said return for the audit under sections 177 and 214C. In pursuance to the aforementioned audit the amended assessment order was further amended by the Deputy Commissioner Inland Revenue (DCIR) making additions of Rs 1.625 million on account of certain disallowed expenses, levied WWF of Rs. 9.156 million and also restricted tax refundable to the amount of advance tax thereby reducing it by Rs. 48.885 million. The Company had filed an appeal before CIRA against the said audit on the grounds that the assessment was prejudicially re-amended without evaluating current status. The appeal is pending adjudication.

Based on the opinion of tax advisors of the subsidiary, the management believes that the aforementioned matters will ultimately be decided in the favour of the Company. Accordingly, no provision is required to be made against the said amounts in thesa financial statements.

28.1.8 The Assistant Commissioner Inland Revenue (ACIR), Peshawar, has passed an order for the Tax Year 2015 which was under audit. GTML (a subsidiary) has preferred an appeal before the Commissioner Inland Revenue (Appeals) (CIRA) against the frivolous demand created by the ACIR. CIRA has given partial relief and the tax demand has now been reduced to Rs. 482 million. The Company has filed a second appeal before the Appellate Tribunal Inland Revenue (ATIR) for relief of remaining unjustified additions, which is pending for hearing. According to the Company's legal counsel, the Company has a strong legal ground and there is likelihood that the same will be decided in its favour. Therefore no additional provisions has been recorded.

28.1.9 On November 10, 2016, Supreme Court of Pakistan passed an order that the Workers' Welfare Fund (WWF) is a fee, not a tax and the amendments made through Finance Act, 2006 and 2008 were declared invalid in the said order. Therefore, the management of LEPL (a subsidiary) believes that in the light of the aforementioned judgment, all cases pertaining to WWF, pending for adjudication would be decided in the favour of the company.

28.1.10 In the month of April 2016, the Government of Sindh made an upward revision in the EOBI Act thereby increasing the per worker cost from Rs.480 per person to Rs.780 per person. A case has been filed in Sindh High Court for which a stay order is issued. Based on the opinion of legal advisor the management of LEPL (a subsidiary) believes that the case will be decided in favour of the company as a result the company has not made any provision in these financial statements.

28.1.11 Tax assessments of LEPL (a subsidiary) are deemed to have been finalized up to tax year 2007 under Section 120 of Income Tax Ordinance, 2001. The taxation authorities amended assessments of the tax years 2008 to 2012 under Section 122(1) of the Ordinance and demand for income tax in respect of deemed markup on interest free loan given or taken from associates, and Workers' Welfare Fund (WWF) amounting to Rs. 55.696 million and Rs. 14.091 million respectively have been raised for these tax years.

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The subsidiary filed appeals before the Commissioner Inland Revenue (Appeals) against the said orders which have been decided in favor of the Company and the tax demands raised have been deleted except for demand in respect of WWF for which the appeal of the company is pending adjudication in the supreme court of Pakistan.

The tax department also filed appeal for the tax year 2011 in Appellate Tribunal Inland Revenue (ATIR) challenging deletion of deemed interest income on interest free loans given or taken from associates which is pending for hearing. However, in other cases the same court (as against the Lahore High Court) has principally decided that the amendments made in the WWF Ordinance by the Finance Acts 2006 and 2008 were within the Constitutional authority and hence the tax department can charge the same in the cases of taxpayer who fall within the ambit of such amendments.

28.1.12 LEPL (a subsidiary) filed a suit in 2008 in High Court of Sindh for declaration that the Company is an Independent Power Project (IPP) and not Captive Power Project (CPP) for the purpose of tariff rate. On May 27, 2015, High Court of Sindh decided the matter against the Company and declared it as a (CPP) for the purpose of gas charges. As a result of this decision, the differential amount has been paid to SSGC.

However, in connection with above case, SSGC has also demanded late payment surcharge on the rate differential liability amounting to Rs. 104 million. Based on the opinion of its legal advisor, the subsidiary intends to file an appeal in the High Court of Sindh. Management of the subsidiary is confident that the matter would be decided in their favor, hence no provision have been made in these consolidated financial statements.

28.1.13 Under the Gas infrastructure Development Cess Act, 2011, Government of Pakistan levied Gas Infrastructure Development (GID) Cess on gas bills at the rate of Rs. 13 per MMBTU on all industrial consumers. In the month of June 2012, the Federal Government revised GID Cess rate from Rs. 13 per MMBTU to Rs. 200 per MMBTU.

LEPL (a subsidiary) filed a suit before the High Court of Sindh, challenging the applicability of Gas Infrastructure Cess Act 2011. The Sindh High Court has restrained the Federal Government and gas companies from recovering GID Cess over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the GID cess as a tax was not levied in accordance with the Constitution and hence not valid.

In September 2014, the Federal Government promulgated Gas Infrastructure Cess (GIDC) Ordinance No. VI of 2014 to circumvent decision of the Supreme Court on the ground that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the said Ordinance was approved in the parliament and became an Act.

LEPL (a subsidiary) challenged GIDC Act, 2015 and filed writ petition in the Sindh High Court (SHC) challenging the vires and legality of the levy and demand of GIDC including its retrospective effect. The court has granted stay against charging of the GIDC under the said Act. Based on the advice of legal advisors of the Company, the management is confident of a favourable outcome of the case, hence no provision made in these financial statements.

On October 26, 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh and is pending for adjudication.

28.1.14 The regional head Karimabad and Nazimabad region Employee Old-Age Benefits Institution (EOBI) issued show cause and demand notice for Rs.16,815 million and Rs. 7,672 million respectively against LTML (a subsidiary) on account of short payment of contributions for the period July 2007 to June 2010 on the basis of assessment. These demands were challenged before the Institution in accordance with Section 33 of the EOBI Act, 1976. However, the petition was dismissed on whimsical grounds. LTML (a subsidiary) has filed appeal before the Board of Trustees as per Section 35 of the said Act. During the pendency of the said appeal the officers of EOBI resorted to make recovery through coercive process of Land Revenue Act against which constitutional petition No. 2799 of 2012 was filed in the Sindh High Court and ad-interim injunction was obtained which is continuing till date. The appeal filed by the subsidiary was heard by the Board and dismissed. Accordingly the subsidiary has filed another Constitutional Petition No. 2579 of 2013 in the Sindh High Court for redressal of its grievance.

Both the cases have been clubbed and both the cases will be heard and decided by a single order. Interim injunction has been granted thereby restraining EOBI to take any coercive action. This order is continuing and in full force. The subsidiary has not made any provision against such demand in these consolidated financial statements as legal counsel expects favourable outcome of the case.

28.1.15 LTML (a subsidiary) has issued post dated cheques of Rs. 1,203 million (2017: Rs. 787.737 million) to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

28.1.16 LTML (a subsidiary) has submitted a bank guarantee on behalf of LWPL (a subsidiary) in favour of Directorate of Alternative Energy, Energy Department, Government of Sindh, representing an amount equivalent to USD 25,000 (2017: USD 25,000) amounting to Rs. 3.04 million (2017: Rs. 2.62 million). This guarantee was one of the requirements of Letter of Intent.

28.1.17 During the year 2017, an amendment was introduced in the Income Tax Ordinance 2001 (the Ordinance) via Finance Act 2016 which imposed tax on inter-corporate dividends, previously exempt to companies designated as a Group under section 59B of the Ordinance. YB Holding has challenged the application of the aforementioned amendment in the Sindh High Court and has been granted a stay in this respect. The matter is still pending for adjudication before the Honourable Sindh High Court. Based on the opinion of the tax advisors of the Company, the management is confident that the decision in the above stated case would be in favour of the Company and as such no provision is required to be made in these financial statements.

28.1.18 LEPL (a subsidiary) has submitted a bank guarantee on behalf of YWPL (a subsidiary) in favour of Directorate of Alternative Energy, Energy Department, Government of Sindh, representing an amount equivalent to USD 25,000 (2017: USD 25,000) amounting to Rs. 3.04 million (2017: Rs. 2.62 million). This guarantee was one of the requirements of Letter of Intent.

28.1.19 During the year, the Additional Commissioner (Audit) Inland Revenue amended the assessment for the tax years 2016 and 2017 of YB Pakistan (a subsidiary) challenging the exemption of Inter Corporate Dividend and requiring the subsidiary to pay Super Tax u/s 4-B of Income Tax Ordinance, 2001. However the subsidiary has also filed a petition before the High Court of Sindh to challenge the assessment order, claiming that the entire income pertains to the exempt dividend income and therefore levy of Super Tax is not applicable on the income of the subsidiary. Based on opinion of the tax advisors of the subsidiary, the management is confident that the decision in above stated case would be in favor of the subsidiary and as such no provision is required to be made in these financial statements.

		2018	2017
		-- Rupees in '000' --	
28.2	**Commitments**		
28.2.1	**Commitments under letters of credit**		
	Capital commitments		
	Plant and machinery under letters of credit	**662,806**	49,124
	Other capital expenditure	**172,215**	27,747
	Other commitments		
	Raw material, stores, spares and packing material	**604,712**	601,879
	Others	**1,129,475**	648,043
28.2.2	**Commitments with Collector of Custom**		
	Indemnity bonds issued	**5,202,134**	4,255,186
	Post dated cheques	**1,834,869**	1,604,822

28.2.3 The Group's share in associates' commitments is Rs. 343.20 million (2017: 307.35 million).

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	2018	2017
	– Rupees in '000' –	
28.2.4 Guarantees issued	2,355,527	2,118,425
28.2.5 Other commitments		
Foreign currency forward contracts	-	9,503,079
Export bills discounted with recourse	2,858,151	1,704,933

28.2.6 During the period, YBHPL (a subsidiary) has issued a Bank Guarantee of Rs. 7.6 million in favor of Nazir of Sindh High Court in accordance with the directions of the High Court of Sindh.

28.2.7 During the period, YBHPL (a subsidiary) has issued a Bank Guarantee of Rs. 5.2 million, on behalf of M/s. Lucky Wind Power Limited (an associated undertaking) in favor of Directorate of Alternative Energy, the Energy Department of Government of Sindh in relation to the setup of renewable energy facility in the province of Sindh.

28.2.8 GTML (a subsidiary) has outstanding contractual commitment under sponsors support agreement, for debt servicing of two loan installments upto Rs. 338 million on behalf of YEL, (a subsidiary).

29. REVENUE

	Note	2018	2017
		– Rupees in '000' –	
Export sales		58,023,905	48,887,279
Sale of electricity		3,013,342	2,146,852
Sale of chili water		223,239	-
Service income		122,958	41,202
Local sales		15,652,243	13,828,416
Processing fee		118,645	176,714
License		1,373,403	-
Gas topups		7,901	8,476
Branding income		29,827	4,620
Brand activation		19,614	7,903
		78,585,077	65,101,462

30. SALES TAX, COMMISSION AND DISCOUNTS

	2018	2017
Sales tax	501,241	338,540
Commission	428,567	423,397
Sales discount	590,217	382,842
	1,520,025	1,144,779

31. COST OF GENERATING REVENUE

	Note	2018	2017
Opening - finished goods		3,446,474	2,873,044
Directly attributable cost for generating revenue	31.1	61,872,871	52,439,315
Stock destroyed- finished goods		(31,242)	-
Cost of finished goods purchased		1,544,414	1,589,508
		66,832,517	56,901,867
Closing - finished goods		(2,834,298)	(3,446,474)
		63,998,219	53,455,393

RxA

31.1 Directly attributable cost for generating revenue

	Note	2018	2017
		-- Rupees in '000' --	
Raw and packing materials consumed	31.1.1	34,359,237	27,756,053
Stores and spares consumed		7,272,896	6,681,141
Salaries, wages and benefits	31.1.2	7,633,742	6,679,236
Utilities		5,982,656	5,873,477
Knitting, dyeing, printing and processing charges		1,748,453	2,211,802
Repairs and maintenance		326,774	226,832
Travelling, conveyance and entertainment		285,941	275,680
Depreciation - Investment properties	8.2	292,753	48,520
Depreciation - Property, plant and equipment	5.1	3,042,593	2,367,990
Amortization	7.1.1	1,978	1,901
Insurance		241,050	185,885
Rent, rates and taxes		12,850	10,039
Legal and professional		12,508	4,592
Fees and subscription		7,893	8,301
Vehicles running		48,554	43,490
Entertainment		24,383	28,657
Provision against slow moving stores and spares	12.1	43,064	13,601
Printing and stationery		9,034	9,006
Loss on disposal of biological assets		6,736	27,838
Fabric and yarn testing charges		14,886	16,785
Mixing charges		31,004	31,533
Generation duty		2,632	-
Common area management fees		30,905	-
License fees		4,242	684
Customer cards		2,438	631
Staff training expenses		-	172
Others		182,329	355,833
		61,621,531	52,859,679
Work in process			
Opening		2,950,506	2,530,142
Stock destroyed- work in process		(4,727)	-
Closing	13	(2,694,439)	(2,950,506)
		251,340	(420,364)
		61,872,871	52,439,315

31.1.1 Raw and packing materials consumed

	Note	2018	2017
At July 01		10,698,791	8,129,538
Stock destroyed- raw material		(359,437)	-
Purchases and purchase expenses		37,073,838	30,325,308
		47,413,192	38,454,844
At June 30	13	(13,053,955)	(10,698,791)
		34,359,237	27,756,053

31.1.2 It includes Rs. 447.72 million (2017: Rs. 370.04 million) in respect of staff retirement gratuity.

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	Note	2018	2017
		-- Rupees in '000' --	

32. ADMINISTRATIVE EXPENSES

	Note	2018	2017
Salaries and benefits	32.1	**1,691,066**	1,473,071
Travelling and conveyance		**136,598**	133,449
Legal and professional		**67,829**	60,062
Postage, telegram, telephone and electricity		**94,622**	120,682
Vehicles running		**45,444**	44,676
Provision against doubtful debts	14.2	**87,615**	35,053
Provision against doubtful advances	15.1	**7,609**	-
Fee and subscription		**93,343**	96,492
Insurance		**38,348**	31,936
Printing and stationary		**30,129**	24,206
Repair and maintenance		**42,597**	48,883
Entertainment		**33,679**	21,772
Rent, rates and taxes		**20,111**	8,032
Auditors' remuneration	32.2	**12,262**	10,995
Advertisement, books and periodicals		**264**	1,659
Depreciation - Investment properties	8.2	**152,708**	47,252
Depreciation - Property, plant and equipment	5.1	**147,549**	128,240
Amortization	7.1.1	**8,148**	8,388
Others		**215,067**	171,168
		2,924,988	2,466,016

32.1 It includes Rs. 144.39 million (2017: Rs.118.18 million) in respect of staff retirement gratuity.

32.2 Auditors' remuneration

	2018	2017
Statutory audit fee	**9,143**	8,221
Half year review and other certifications	**486**	486
Out of pocket expenses	**2,339**	2,030
Sindh Sales Tax	**294**	258
	12,262	10,995

33. SELLING AND DISTRIBUTION EXPENSES

	Note	2018	2017
Transportation and freight		**1,146,352**	950,979
Salaries and benefits	33.1	**516,689**	442,462
Commission		**191,718**	174,760
Promotion and exhibition		**338,245**	254,836
Clearing, forwarding and other distribution cost		**42,333**	38,732
Travelling and conveyance		**31,002**	20,782
Communication		**22,790**	20,885
Vehicles running		**7,124**	6,364
Export development surcharge		**105,335**	96,628
Depreciation	5.1	**11,785**	11,805
Insurance		**9,608**	7,556
Fee and subscriptions		**25,285**	18,592
Bank charges on export documents		**24,962**	14,377
Entertainment		**108**	32
Printing and stationary		**392**	168
Repairs and maintenance		**126**	77
Claims		**3,917**	5,435
Others		**17,426**	14,321
		2,495,197	2,078,791

33.1 It includes Rs. 44.49 million (2017: Rs. 29.10 million) in respect of staff retirement gratuity.

34. MARKETING EXPENSES

	Note	2018	2017
		-- Rupees in '000' --	
Marketing expenses		29,533	6,693
Salaries and benefits		13,500	-
Event management services		44,614	1,247
Travelling and conveyance		255	-
		87,902	7,940

35. OTHER OPERATING EXPENSES

	Note	2018	2017
Exchange loss		124,920	33,323
Workers' Profit Participation Fund	25.1	464,723	296,536
Workers Welfare Fund		82,365	-
Donations	35.1	321,279	345,095
Loss on disposal of operating fixed assets - net		7,096	16,146
Operating assets written off		-	2,995
Realised loss on forward contracts		4,534	-
Infrastructure cess		11,373	13,268
Others		97,086	121,145
		1,113,376	828,508

35.1 Include donations amounting to Rs.165 million (2017: Rs.130 million) to Aziz Tabba Foundation (ATF) - a related party. Mr. Muhammad Yunus Tabba, Chairman of the Board of Directors of the Holding Company, is the Chairman of ATF and Mr. Muhammad Ali Tabba, the Chief Executive of the Holding Company, is the Vice Chairman of ATF. Further, Mr. Muhammad Sohail Tabba, Mr. Muhammad Jawed Tabba, Mr, Imran Yunus Tabba, Mrs. Rahila Aleem, Mrs. Mariam Tabba Khan and Mrs. Zulekha Tabba, the Directors of the Holding Company, are the Directors of ATF.

36. OTHER INCOME

	Note	2018	2017
		-- Rupees in '000' --	
Dividend income		711,636	432,532
Unrealised (loss) / gain on revaluation of investment		(13,953)	35,515
Profit on deposits with bank		107,012	54,327
Reversal of provisions against other receivable	17.2	-	55,343
Rental Income		70,262	47,376
Income on insurance claims		4,565	-
Export rebate		2,255,009	272,940
Duty drawback on exports sales		1,068,566	436,102
Realised gain on forward contracts		-	4,800
Liability written off		15,032	12,736
Recovery from doubtful debtors		-	328
Delayed energy payment		-	5,462
Gain on sale of available-for-sale investments		-	105,895
Gain on disposal of property, plant and equipment		421,174	332,904
Reversal of Workers Welfare Fund		-	220,686
Exchange gain		486,221	-
Scrap sales		39,461	34,862
Unrealised gain on revaluation of biological assets		41,527	39,698
Other		16,355	12,166
		5,222,867	2,103,672

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	2018	2017
	-- Rupees in '000' --	

37. FINANCE COST

	2018	2017
Markup on loans	964,117	735,809
Markup on short term borrowings	705,927	465,081
Bills discounting and other bank charges	271,047	137,854
Markup on Workers' Profit Participation Fund	46,984	21,493
Others	6,831	6,384
	1,994,906	1,366,621

38. TAXATION

	2018	2017
Current year	1,245,789	677,285
Prior year	(10,734)	(264,732)
Deferred tax	104,698	57,483
	1,339,753	470,036

Income from subsidiaries falls under normal tax regime and final tax regime whereas income of some of the subsidiaries are either exempt from tax or taxed under foreign tax laws (in case of foreign subsidiaries) and as such presenting relationship between income tax expense and accounting profit is not practicable.

39. EARNINGS PER SHARE

Basic and diluted

		2018	2017
Profit attributable to owners of the Holding Company	Rupees in '000'	8,728,942	6,508,935
Weighted average number of ordinary shares outstanding during the year		100,000	100,000
Earnings per share - basic and diluted	Rupees in '000'	87.29	65.09

39.1 There is no dilutive effect on the earnings per share of the Group.

40. REMUNERATION OF DIRECTORS AND EXECUTIVES

	2018			2017		
	Directors	Excecutives	Total	Directors	Excecutives	Total
	Rupees in '008'					
Remuneration	181,880	493,596	594,598	96,250	436,785	533,035
House Rent	-	146,787	146,787	-	141,903	141,903
Utilities	-	40,585	48,586	-	39,132	39,132
Bonus	-	37,878	37,678	-	44,396	44,396
Conveyance	-	820	828	-	719	718
Medical	-	4,871	4,871	-	3,599	3,599
Gratuity	-	51,278	51,278	-	33,427	33,427
Leave Encashment	-	9,219	9,210	-	8,188	0,188
Other Benefits	19,913	9,152	29,065	12,948	1,163	14,111
	120,913	793,977	914,898	109,198	709,310	818,508
Number of persons	12	282	274	12	249	258

The Chief Executive Officer of the Holding Company does not take any remuneration. The remuneration of CEO's and directors of individual subsidiaries have been included under the heading 'Executives'.

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41. TRANSACTIONS WITH RELATED PARTIES

The related parties of the group comprises of associated undertakings, directors and key management personnel. The transaction between the Group and the related parties are carried out as per agreed terms.Significant transactions with related parties not disclosed elsewhere in financial statements are as follows:

Name and relationship with the Group	Nature of transaction	2018	2017
		-- Rupees in '000' --	
Associated companies			
-Shareholding			
ICI Pakistan Limited	- Purchases	1,967,599	1,316,649
	- Sales	213,688	-
Lucky Cement Limited	- Purchases	87,652	116,519
	- Dividend received	822,396	375,578
	- Reimbursement of expense	3,339	2,042
Triple Tree Associates	- Share of profit	46,112	290,712
	- Loan recovered	10,263	41,351
Energas Terminal (Pvt) Ltd	- Loan disbursed	20,000	-
Lucky Commodities	- Coal Purchases	3,835	
Kia Lucky Motors	- Purchase of vehicle	1,999	-
	- Advance against Shares	31,800	-
Tricom Solar Power	- Advance against shares	4,534	-
Tricom Wind Power	- Advance against shares	1,797	
Directors	- Loan obtained	362,438	175,931
	- Loan repaid	192,721	215,659

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	2018	2017
	-- Rupees in '000' --	

42. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

42.1 Financial instruments by category

Financial assets

	2018	2017
Loans and receivables		
Long-term deposit	52,369	51,588
Long-term loans and advances	293,031	224,721
Trade debts	15,916,315	6,354,320
Loans and advances	226,371	276,946
Security and trade deposits	156,522	82,297
Other receivables	869,930	331,201
Cash and bank balances	1,816,083	2,713,919
	19,330,621	10,034,992
Available-for-sale investments	20,986,509	34,581,294
Held for trading - investments at fair value through profit or loss	68,452	82,405
Held to maturity - investments at cost	410,000	-
	40,795,582	44,698,691

Financial liabilities

	2018	2017
At amortised cost		
Long-term loans including current portion	14,032,061	13,987,085
Long term deposits	428,959	432,986
Trade and other payables	11,329,492	9,255,406
Short term loans	350,796	208,927
Accrued markup	234,617	179,489
Short-term borrowings	18,080,016	14,592,244
	44,455,941	38,656,137

42.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management. The responsibility includes developing and monitoring the Group's risk management policies. To assist the Board in discharging its oversight responsibility, the Board of Directors and the management of individual subsidiaries have been made responsible for identifying, monitoring and managing the Group's financial risk exposures. The Group's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

42.2.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur e financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The Group does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Group arises principally from loans and receivables financial assets (note 42.1). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2018	2017
	-- Rupees in '000' --	
Long-term deposits	52,369	51,588
Long-term loans	293,031	224,721
Trade debts	15,916,315	6,354,320
Loans and advances	226,371	276,946
Security and trade deposits	156,522	82,297
Other receivables	669,930	331,201
Bank balances	1,372,225	2,713,919
	18,666,763	10,034,992

The trade debts are due from foreign and local customers for export and local sales respectively. Management assesses the credit quality of local and foreign customers, taking into account their financial position, past experience and other factors. All subsidiaries manage impairment risk in trade debts individually and it is not practicable to provide Group ageing analysis. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings. Loans are secured as these are either disposed to the employees of the Group and thus are considered as secured.

42.2.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements, which includes short-term borrowings and discounting of foreign receivables. The following are the contractual maturities of financial liabilities excluding the impact of netting agreements:

June 30, 2016	Maturities			
	Within 1 year	More than 1 year and less than 5 years	More than 5 years	Total
	Rupees in '000			
Financial liabilities				
Long-term loans	1,388,507	5,270,032	7,373,522	14,032,061
Long term deposits	-	428,959	-	428,959
Trade and other payables	11,329,492	-	-	11,329,492
Short term loans	350,796	-	-	350,796
Accrued markup	234,617	-	-	234,617
Short-term borrowings	18,080,016	-	-	18,080,016
	31,383,428	5,698,991	7,373,522	44,455,941

June 30, 2017	Maturities			
	Within 1 year	More than 1 year and less than 5 years	More than 5 years	Total
	---------------------- Rupees in '000 ----------------------			
Financial liabilities				
Long-term loans	1,132,573	5,480,990	7,373,522	13,987,085
Long term deposits	-	432,986	-	432,986
Trade and other payables	9,713,360	-	-	9,713,360
Short term loans	208,927	-	-	208,927
Accrued markup	179,489	-	-	179,489
Short-term borrowings	14,316,990	-	-	14,316,990
	25,551,339	5,913,976	7,373,522	38,838,837

42.2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The fair value of equity securities exposed to price risk are as follows:

	2018	2017
	-- Rupees in '000' --	
Available for sale investments	20,986,509	34,581,294
Investment at fair value through profit or loss - held for trading	68,452	82,405

In case of 10% increase / decrease in fair value of equity securities on June 30, 2018, consolidated profit and loss for the year would be increased / decreased by Rs. 6.85 million (2017 : 8.24 million) and consolidated other comprehensive income for the year would be increased / decreased by Rs. 2,098.65 million (2017: Rs. 3,362.20 million) as a result of gain / loss.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and short-term borrowings from financial institutions. At the reporting date the Group does not have any fixed rate financial instrument. Interest rate risk profile of the Group's variable interest rate bearing financial instruments are:

	Carrying Amount	
	2018	2017
	-- Rupees in '000' --	
Variable rate instruments		
Long term loans	**13,908,189**	13,933,750
Short term borrowings		
- KIBOR based	**14,176,803**	4,933,012
- LIBOR based	**3,903,213**	9,659,232

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rate at the reporting date would not affect consolidated statement of profit

Cash flow sensitivity analysis for variable rate instruments

A increase / decrease of 100 basis points in KIBOR / SBP refinance rate based financial liabilities and 25 basis points change in LIBOR based financial liabilities at the reporting date would have (decreased) / increased consolidated equity and consolidated statement of profit or loss by Rs. 319.88 million (2017: Rs. 285.26 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as in 2017.

42.2.4 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Group is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. The Group does not enter into forward foreign exchange contracts for foreign purchases and payables, as it is not allowed by the State Bank of Pakistan. However, the Group enters into forward foreign exchange contracts to cover its exposure to foreign currency sales and receivables. As at June 30, 2018, the financial assets and liabilities exposed to currency risk are as follows:

	2018	2017	2018	2017
	--- USD ---		--- PKR in '000 ---	
Trade debts	97,600,658	2,507,509,058	11,852,178	262,659,712
Trade and other payable				
Foreign currency bank accounts	624,126	336,980	75,769	35,316
Import loan	(1,262,000)	(56,693,242)	(153,207)	(5,973,773)
Export finance	(1,276,064)	(4,349,219)	(155,157)	(456,666)
Accrued mark-up	(8,484)	(225,659)	(1,030)	(23,694)
	--- EURO ---		--- PKR in '000 ---	
Trade debts	8,096,026	604,592,740	1,145,239	71,481,000
Foreign currency bank balance	1,434,000	-	202,667	-
Import loan	(1,249,000)	(273,610)	(176,521)	(32,696)
Accrued mark-up	-	(636)	-	(76)
	--- GBP ---		--- PKR in '000 ---	
Trade debts	-	-	-	-
	--- CHF ---		--- PKR in '000 ---	
Import loan	-	(44,776)	-	(4,914)
Accrued mark-up	-	(449)	-	(49)

The following significant exchange rates applied during the year:

	Average rates		Reporting date rate	
	2018	2017	2018	2017
US Dollars to PKR	**109.91**	104.81	**121.6 / 121.4**	105.00 / 104.80
CHF to PKR	**0.87**	105.26	**0.8450 / 0.8275**	109.75 / 109.54
Euro to PKR	**131.12**	112.75	**141.57 / 141.33**	120.14 / 119.91

As at June 30, 2018, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollars, Swiss Franc and Euros with all variables held constant, consolidated profit and loss for the year would have been lower / higher by Rs. 62.15 million (2017: Rs. 32.76 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in 2017.

43. FAIR VALUE ESTIMATION

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.

43.1 Fair value of financial assets and financial liabilities

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 June 30, 2018, financial assets are classified in hierarchy levels as follows:

	Level 1	Level 2	Level 3	Total
	Rupees in '000'			
Equity securities				
Available for sale	20,986,509	-	-	20,986,509
At fair value through profit and loss	68,452	-	-	68,452
June 30, 2018	21,054,961	-	-	21,054,961
Equity securities				
Available for sale	34,581,294	-	-	34,581,294
At fair value through profit and loss	82,406	-	-	82,406
June 30, 2017	34,663,700	-	-	34,663,700

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

43.2 Fair value measurement of Group's investment properties

The fair value measurement of investment properties as at June 30, 2016 was performed by Joseph Lobo (Private) Limited, independent valuer not related to the Group. Joseph Lobo (Private) Limited is on panel of Pakistan Banks Association and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of the office premises and shops was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property, condition, size, utilization, and other relevant factors. In estimating the fair value of the office premises and shops, the highest and best use of these premises is their current use.

Investment properties are classified under the following fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	Rupees in '000'			
Investment properties				
2018	-	16,986	-	16,986
2017	-	16,732	-	16,732

There were no transfers within any level during the year.

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43.3 Fair value measurement of Group's biological assets

The Group's Biological assets are stated at revalued amounts. The fair value measurement of the Group's biological assets as at June 30, 2018 was performed by Sadruddin Associates (Private) Limited, independent valuer not related to the Group and have appropriate qualification and experience in the fair value measurement of biological asset.

	Level 1	Level 2	Level 3	Total
	Rupees in '000'			
Biological assets at fair value				
2018	-	266,114	-	266,114
2017	-	163,053	-	163,053

There were no transfers within any level during the year.

44. CAPITAL RISK MANAGEMENT

The objective of the Group when managing capital, i.e., its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders or issue new shares or make restructuring in the Group by means of merger or formation of new companies.

45. NUMBER OF EMPLOYEES

June 30,	2018			2017		
	Factory	Headoffice	Total	Factory	Headoffice	Total
Total	12,318	1,306	13,624	12,490	1,405	13,895
Average	12,389	1,362	13,751	12,043	1,496	13,539

46. SIGINIFICANT CONTRACT AND TRANSACTION

46.1 During the year, the share price of Lucky Cement Limited has fallen by Rs 328.33 having a significant adverse impact on consolidated statememt of other comprehensive income.

46.2 During the year, a fire incident took place on April 26, 2018 at one of the warehouse of a group due to which the company suffered a cumulative loss amounting to Rs. 400.64 million which was claimed under insurance from the insurance company. As of reporting date, the group has received Rs. 200 million wheras Rs. 200.64 is still outstanding.

47. PRODUCTION CAPACITY

47.1 Energy Sector	Note	2018	2017
PRODUCTION CAPACITY (kWh)			
Installed Capacity (kWh)		438,439,787	438,295,825
Average Utilisable Capacity* (kWh)		135,780,000	135,780,000
Actual production including NPMV** (kWh)	47.1.1	137,336,047	137,303,555

47.1.1 It includes non-project missed volumes (NPMV) which is compensation of loss of revenue due to Non Project Events (NPEs) solely attributable to the power purchaser.

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47.2 Textile Sector

	Unit	2018	2017
Cloth			
Capacity	Metres	**62,221,000**	50,504,000
Production	Metres	**56,640,000**	44,750,000
Yarn			
Capacity	Kgs	**72,532,000**	59,870,000
Production*	Kgs	**62,066,000**	56,876,000
Spinning			
Total number of spindles installed		**-**	321,676
Number of shifts worked per day		**3**	3
Number of days worked		**365**	365
Number of shifts worked		**1,094**	1,093
Average number of spindles worked		**352,519,113**	346,194,195
Installed capacity after conversion into 20's	Kgs	**-**	133,423,624
Actual production after conversion into 20's	Kgs	**132,048,782**	130,251,254
Actual production	Kgs	**81,335,356**	77,607,237
Knitting			
Installed capacity	Kgs	**4,482,000**	4,482,000
Actual Production**	Kgs	**2,948,851**	2,480,826
Dying			
Installed capacity	Kgs	**3,588,000**	3,588,000
Actual Production	Kgs	**2,944,121**	2,531,190
Stitching			
Installed capacity	Dz	**600,000**	600,000
Actual Production	Dz	**538,505**	500,625

	Unit	2018	2017
Weaving			
Installed Looms		**1,025**	1,025
Worked Looms		**1,025**	1,025
Installed Capacity	Metres	**60,000,000**	60,000,000
Actual Production***	Metres	**58,170,152**	49,422,731
Processing			
Installed Capacity	Metres	**72,000,000**	72,000,000
Actual Production***	Metres	**62,098,471**	64,275,361

*Production is lower due to normal maintenance and various product mix involved.

**The knitting capacity has not been used during the year because the Company outsourced its knitting production in order to achieve lower cost of production.

***The reason for the decrease in Processing production is mainly because of the decrease in Commercial processing orders during the year as compared to the last year.

It is difficult to describe precisely the production capacity in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist per inch, raw material used, etc.

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48. **Corresponding figures**

Following reclassifications have been made in the comparative financial statements:

Reclassfied from	Reclassfied to	Rupees in '000'
Short-term investments	Long-term investments	15,687,379
Deferred liabilities	Retirement benefit obligation	1,645,328
Trade and other payables	Unclaimed dividend	15,354
Trade and other payables	Short-term borrowings	275,254
Long-term loans and advances	Trade and other payables	17,881
Loans and advances	Trade and other payables	26,785
Trade deposits and short-term prepayments	Trade and other payables	52,436
Trade deposits and short-term prepayments	Other receivables	234,573
Revenue	Other income - Export rebate	272,940
Revenue	Other income - Duty drawback on exports sales	436,102
Revenue	Sales tax, commission and discounts	291,464
Selling and distribution expenses	Sales tax, commission and discounts	50,982

Other than the reclassifications mentioned above, there are certain other immaterial reclassification in comparative financial statements.

49. **DATE OF AUTHORIZATION FOR ISSUE**

These consolidated financial statements were authorized for issue on 22 OCT 2018 by the Board of Directors of the Holding Company.

50. **GENERAL**

Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

CHIEF EXECUTIVE

DIRECTOR