LUCKY ENERGY (PRIVATE) LIMITED
UNCOSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

ASSETS	Note	2018 Rupees	2017 Rupees
Non current assets			
Plant and equipment	4	**2,334,229,369**	2,487,450,026
Long term investment	5	**849,287,029**	745,391,742
Long term loan	6	**46,933,594**	43,777,254
		3,230,449,992	3,276,619,022
Current assets			
Stores, spares and loose tools	7	**145,566,163**	80,791,252
Trade receivables	8	**485,381,751**	206,564,566
Loans, advances and prepayment	9	**110,044,524**	53,240,110
Short term investments	10	**5,900,948,762**	9,685,074,351
Sales tax refundable - net of provision		**3,079,527**	2,489,091
Cash and bank balances	11	**4,333,445**	32,333,446
		6,649,354,172	10,060,492,816
TOTAL ASSETS		**9,879,804,164**	13,337,111,838
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	12	**24,000,000**	24,000,000
General reserve		**3,300,000,000**	3,300,000,000
Unappropriated profit		**5,458,408,421**	8,481,108,962
		8,782,408,421	11,805,108,962
Non current liabilities			
Staff retirement gratuity	13	**21,330,143**	20,681,790
Deferred tax	14	**25,583,908**	10,040,006
Long term loan	15	**400,000,000**	-
		446,914,051	30,721,796
Current liabilities			
Trade and other payables	16	**185,985,609**	152,977,599
Short term borrowings	17	**452,592,755**	1,321,017,950
Accrued markup		**11,903,327**	13,606,093
Provision for taxation	25	**-**	13,679,438
		650,481,691	1,501,281,080
TOTAL EQUITY AND LIABILITIES		**9,879,804,164**	13,337,111,838
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes from 1 to 37 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

LUCKY ENERGY (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Revenue - net	19	**2,201,509,908**	1,592,769,590
Generation cost	20	**(1,752,105,974)**	(1,313,945,990)
Gross profit		**449,403,934**	278,823,600
Administrative expenses	21	**(18,623,425)**	(23,004,830)
Other operating expenses	22	**(55,192,140)**	(24,837,787)
Other income	23	**192,497,521**	154,382,417
Operating profit		**568,085,890**	385,363,400
Finance cost	24	**(64,391,006)**	(5,067,204)
Share of profit from an associate - net of tax	5	**241,180,578**	152,370,742
Profit before taxation		**744,875,462**	532,666,938
Taxation	25	**(737,786)**	(23,719,444)
Profit after taxation		**744,137,676**	508,947,494
Earnings per share - basic and diluted	26	**310.06**	212.06

The annexed notes from 1 to 37 form an integral part of these unconsolidated financial statements.

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CHIEF EXECUTIVE OFFICER **DIRECTOR**

LUCKY ENERGY (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Profit after taxation		**744,137,676**	508,947,494
Other comprehensive income			
Items that will not be reclassified subsequently to unconsolidated statement of profit and loss			
Gain / (Loss) on remeasurement of defined benefits obligation - net of deferred tax	13.2	**3,126,298**	(679,415)
Items that will be reclassified subsequently to unconsolidated statement of profit and loss			
Share of other comprehensive income from associates		**207,834**	-
Unrealized (loss) / gain on revaluation of available for sale investment	10.1	**(3,770,172,349)**	2,145,690,023
		(3,766,838,217)	2,145,010,608
Total comprehensive income for the year		**(3,022,700,541)**	2,653,958,102

The annexed notes from 1 to 37 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

LUCKY ENERGY (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	General reserve	Unappropriated profit	Total
	------ Rupees ------			
Balance at June 30, 2016	**24,000,000**	**3,300,000,000**	**5,827,150,860**	**9,151,150,860**
Profit for the year	-	-	508,947,494	508,947,494
Other comprehensive income for the year	-	-	2,145,010,608	2,145,010,608
Total comprehensive income	-	-	2,653,958,102	2,653,958,102
Balance at June 30, 2017	**24,000,000**	**3,300,000,000**	**8,481,108,962**	**11,805,108,962**
Profit for the year	-	-	744,137,676	744,137,676
Other comprehensive income for the year	-	-	(3,766,838,217)	(3,766,838,217)
Total comprehensive income	-	-	(3,022,700,541)	(3,022,700,541)
Balance at June 30, 2018	**24,000,000**	**3,300,000,000**	**5,458,408,421**	**8,782,408,421**

The annexed notes from 1 to 37 form an integral part of these unconsolidated financial statements.

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CHIEF EXECUTIVE OFFICER **DIRECTOR**

LUCKY ENERGY (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		744,875,462	532,666,938
Adjustments for			
Depreciation	4.1	224,803,842	82,342,292
Provision for staff retirement gratuity	13.3	5,691,717	4,543,006
Dividend income	23	(196,853,510)	(115,923,262)
Unwinding of interest on loan to an associated company	23	(3,156,340)	(2,944,072)
Share of profit from an associated company	5	(241,180,578)	(152,370,742)
Unrealized loss / (gain) on remeasurement of short term investments	23	13,953,240	(35,515,083)
Finance cost	24	64,391,006	5,067,204
Loss on disposal of operating fixed assets	22	-	270,537
Exchange loss	22	10,706,954	6,713,975
		(121,643,669)	(207,816,145)
Operating cash flows before working capital changes		623,231,793	324,850,793
Changes in working capital			
Increase in current assets:			
Stores, spares and loose tools		(64,774,911)	(9,813,765)
Trade receivables		(278,817,185)	(22,056,204)
Loans, advances and prepayment		(14,729,291)	(23,470,473)
Increase / (decrease) in current liabilities:			
Trade and other payables		33,008,010	(302,060,671)
		(325,313,377)	(357,401,113)
		297,918,416	(32,550,320)
Finance cost paid		(66,093,772)	(34,532,880)
Staff retirement gratuity paid	13.3	(1,822,373)	(3,424,460)
Taxes paid		(41,733,573)	(11,326,714)
Net cash generated from / (used in) operating activities		188,268,698	(81,834,374)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(71,583,185)	(639,911,969)
Proceeds on disposal of plant and equipment		-	677,025
Dividend received		334,446,635	115,923,262
Investments in an associate		-	(160,000)
Net cash generated from / (used in) investing activities		262,863,450	(523,471,682)

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	Note	2018 Rupees	2017 Rupees
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowing repaid	17	**(187,904,802)**	(175,051,098)
Long term loan obtained during the year		**400,000,000**	-
Net cash generated from / (used in) financing activities		**212,095,198**	(175,051,098)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**663,227,346**	(780,357,154)
Cash and cash equivalents at beginning of the year		**(1,013,430,970)**	(233,073,816)
Cash and cash equivalents at end of the year		**(350,203,624)**	(1,013,430,970)
Cash and cash equivalents			
Cash and bank balances	11	**4,333,445**	32,333,446
Running Finance	17	**(354,537,069)**	(1,045,764,416)
		(350,203,624)	(1,013,430,970)

The annexed notes from 1 to 37 form an integral part of these unconsolidated financial statements.

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CHIEF EXECUTIVE OFFICER **DIRECTOR**

1. STATUS AND NATURE OF BUSINESS

Lucky Energy (Private) Limited (the Company) was incorporated in Pakistan on July 24, 1993 as a public company limited by shares under the Companies Act, 2017 (previously Companies Ordinance, 1984) and was later converted to private company limited by shares on December 04, 2000. The principal activity of the Company is to generate and supply electric power to group companies. The registered office of the Company is situated at LA-2/B, Block 21, F.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.

The Company is a part of Y.B. Group (The Group) registered under the Income Tax Ordinance, 2001 Y.B. Holdings (Private) Limited is the parent company of the Group.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated 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) 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 unconsolidated financial statements have been prepared under the historical cost convention except;

- Staff retirement gratuity that are carried at present value;
- Certain investments are carried at fair value;
- Loan to associated company stated at its present value; and
- Investment in an associate has been carried at equity method of accounting.

2.3 Functional and presentation currency

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

2.4 Amendments to accounting standards and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's unconsolidated financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017

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	Effective from accounting period beginning on or after:
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017

Certain annual improvements have also been made to a number of IFRSs.

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of unconsolidated financial statements of the Company.

Further, the disclosure requirements contained in the fifth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

Amendments to accounting standards and IFRS interpretations that are not yet effective

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

	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 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 1 January 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 negative compensation and modifications of financial	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
IFRS 16 'Leases' This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	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.

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	Effective from accounting period beginning on or after:
IFRIC 22 'Foreign Currency Transactions and Advance Consideration' Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency	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

Certain annual improvements have also been made to a number of IFRSs.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are the same as those applied in the preparation of the unconsolidated financial statements of the Company for the year ended June 30, 2017 and are enumerated as follows:

3.1 Property, plant and equipment

3.1.1 Operating fixed assets

Operating fixed assets (except CWIP) are stated at cost less accumulated depreciation and impairment loss, if any. CWIP is stated at cost less impairment as disclosed in note 3.1.2

Depreciation is charged on full year basis when the asset is available for use to unconsolidated statement profit and loss applying reducing balance method at rates stated in 4.1. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each reporting date.

Maintenance and repairs are charged to unconsolidated statement of profit and loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets, if any, are taken to the unconsolidated statement of profit and loss

An item of operating fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the unconsolidated profit and loss account in the year in which the asset is derecognised.

The assets' residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of operating fixed assets as at June 30, 2018 did not require any adjustment as its impact is considered insignificant.

3.1.2 Capital work in progress

Capital work in progress is stated at cost accumulated up to the reporting date and represents expenditure incurred on operating fixed assets in the course of construction. These expenditures are transferred to relevant category of operating fixed assets as and when the assets are available for intended use.

3.1.3 Impairment

The Company assesses at each reporting date whether there is any indication that assets 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 unconsolidated 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 had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

The gain or loss on disposal or retirement of an assets represented by the difference between the sale proceed and the carrying amount of the asset is recognized as an income or expense.

3.2 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company lose control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognizing the financial instruments are taken to unconsolidated statemetn of profit and loss.

3.2.1 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the unconsolidated financial statements, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liabilities simultaneously.

3.2.2 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 Company commits to purchase 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 profit or loss, where the transaction costs are charged off to the unconsolidated statement of profit and loss.

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

3.2.2.1 Recognition

Investments in associates

Associates are entities over which the Company exercises significant influence. Investment in associates (except for available for sale investment) is accounted for using equity basis of accounting, under which the investment in associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the associate after the date of acquisition. The Company's share of profit or loss of the associate is recognised in the Company's profit and loss account. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the associate arising from changes in the associates' other comprehensive income that have not been recognised in the associate's profit or loss. The Company's share of those changes is recognised in other comprehensive income of the Company.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognised in unconsolidated statement of profit and loss.

Available for sale investments

These are initially measured at their fair value plus directly attributable transaction cost and at subsequent reporting dates measured at fair values and gains or losses from changes in fair values other than impairment loss are recognized in unconsolidated statement other comprehensive income until disposal at which time these are recycled to unconsolidated statement of profit and loss. Impairment loss on investments held for sale is recognized in the unconsoildated statement of

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Company as 'at fair value through profit or loss' or 'available for sale'.

3.2.2.2 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 the extent of the carrying amount that would have been determined had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

Impairment testing of trade receivables and other receivables is described in note 3.10.

3.2.2.3 Derecognition

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

3.3 Stores, spares and loose tools

These are stated at weighted average cost which is determined using moving average method. Items in transit are stated at invoice value plus other charges incurred thereon until the reporting date.

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

3.4 Trade other receivables

Trade and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified. Other receivable are recognised and carried at cost which approximate its fair value.

3.5 Taxation

The profits and gains derived by the Company from power generation are exempt from Income Tax under Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Minimum tax based on turnover under Section 113 is also not leviable on the Company.

The charge for current taxation, in respect of profits and gains derived from sources other than power generation, is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. Further, the Company does not claim any expenses against profits and gains derived from sources other than power generation, so no deferred tax is recognised on such profits and gains.

Deferred tax is recognised using the liability method for all the temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purpose of unconsolidated statement of cash flow, cash and cash equivalents consist of cash in hand, cash at bank and running finance.

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3.7 Dividend and other appropriations

Dividend and other appropriations are recognised as a liability in the unconsolidated financial statements in the period in which the dividend and other appropriations are approved by the Company's shareholders.

3.8 Staff retirement benefit

The main features of the scheme operated by the company for its employees are as follows:

Defined benefit plan

The Company operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at reporting date end under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at June 30, 2018.

Remeasurement changes which comprise actuarial gains and losses and the return on plan assets, if any, (excluding interest) are recognized immediately in unconsolidated statement of other comprehensive income.

3.9 Trade and other payables

Trade and other payables are measured 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 Company or not.

3.10 Provision

Provisions are recognized in the unconsolidated statement of financial position when the Company has a present, legal or constructive obligation as a result of a past event , 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. However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.11 Foreign currency transaction and translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into Pak Rupees at the rates prevailing on the reporting date.

Gains and losses arising on retranslation are included in unconsolidated statement of profit or loss.

3.12 Revenue recognition

Revenue from supply of electricity and steam is recognised at each month end.

Dividend income is recognized when the right to receive dividend is established.

Profit on bank deposits are accrued on time proportion basis by reference to the principal outstanding and at the applicable effective interest rate.

3.13 Earnings per share

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

3.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

3.15 Key accounting judgments and estimates

The preparation of unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount 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 the 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 underlying the assumptions are reviewed on an on-going 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 Company's unconsolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

a) determining the residual values and useful lives of the operating fixed assets (note 3.1);
b) provisions - for slow moving stores and spares (note 3.3);
c) provisions - doubtful advances (note 3.10); and
d) accounting for staff retirement gratuity (notes 3.8).

	Note	2018 Rupees	2017 Rupees
4. PLANT AND EQUIPMENT			
Operating fixed assets	4.1	**2,234,386,291**	727,715,220
Capital work in progress	4.2	**99,843,078**	1,759,734,806
		2,334,229,369	2,487,450,026

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4.1 OPERATING FIXED ASSETS

2018

Particulars	COST: At July 01, 2017	COST: Additions / (Impairment)	COST: At June 30, 2018	DEPRECIATION: At July 01, 2017	DEPRECIATION: For the year	DEPRECIATION: At June 30, 2018	Carrying value at June 30, 2018	Annual depreciation rate
	Rupees							%
Plant and machinery	1,189,637,928	1,231,296,551 (27,359,924)	2,393,574,555	472,630,292	194,830,417	667,460,709	1,726,113,846	10
Office equipment	2,786,666	1,964,657	4,751,323	1,555,026	319,629	1,874,655	2,876,668	10
Furniture and fixtures	1,588,920	204,187	1,793,107	740,972	105,213	846,185	946,922	10
Computers	2,934,730	981,767	3,916,497	1,887,312	669,631	2,556,943	1,359,554	33
Vehicles	16,851,375	7,623,000	24,474,375	9,270,797	3,040,718	12,311,515	12,162,860	20
Building and Civil Works	-	516,764,675	516,764,675	-	25,838,234	25,838,234	490,926,441	5%
	1,213,799,619	1,731,474,913 (27,359,924)	2,945,274,532	486,084,399	224,803,842 -	710,888,241	2,234,386,291	

2017

Particulars	COST: At July 01, 2016	COST: Additions / (Disposals)	COST: At June 30, 2017	DEPRECIATION: At July 01, 2016	DEPRECIATION: For the year / (Adjustments on disposal)	DEPRECIATION: At June 30, 2017	Carrying value at June 30, 2017	Annual depreciation rate
	Rupees							%
Plant and machinery	1,034,947,630	164,151,352 (9,461,054)	1,189,637,928	401,443,595	79,700,189 (8,513,492)	472,630,292	717,007,636	10
Office equipment	2,786,666	-	2,786,666	1,418,177	136,849	1,555,026	1,231,640	10
Furniture and fixtures	1,588,920	-	1,588,920	646,755	94,217	740,972	847,948	10
Computers	2,269,974	664,756	2,934,730	1,371,419	515,893	1,887,312	1,047,418	33
Vehicles	12,954,500	3,896,875	16,851,375	7,375,653	1,895,144	9,270,797	7,580,578	20
	1,054,547,690	168,712,983 (9,461,054)	1,213,799,619	412,255,599	82,342,292 (8,513,492)	486,084,399	727,715,220	

4.1.1 Plant and machinery includes generators part which has been impaired and written off during the year for which insurance claim has been received by the Company.

4.1.2 Plant and machinery have been installed at a land owned by related parties.

4.1.3 Additions to plant and equipment include transfer of Rs. 1,750 million (2017: 164.15 million) from capital work in progress.

4.1.4 Depreciation for the year has been allocated as under :

	Note	2018 Rupees	2017 Rupees
Generation cost	20	223,709,369	79,700,189
Administrative expenses	21	1,094,473	2,642,103
		224,803,842	82,342,292

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		Note	2018 Rupees	2017 Rupees
4.2	**CAPITAL WORK IN PROGRESS**			
	Generator parts		**77,579,979**	956,552,198
	Building		**21,044,230**	516,764,675
	Stores and spares for installation of generators		**1,218,869**	3,483,125
	Chiller and reverse osmosis plant		**-**	276,407,917
	Advance to suppliers		**-**	6,526,891
			99,843,078	1,759,734,806

		Note	2018 Rupees	2017 Rupees
5.	**LONG TERM INVESTMENT**			
	Investments in subsidiary - at cost			
	Lucky Wind Power (Private) Limited	5.1	**100,000**	100,000
	Investment in an associate – on equity method			
	Yunus Energy Limited (YEL)	5.2	**849,187,029**	745,391,742
			849,287,029	745,491,742

5.1 This represents the Company's Investment in its wholly owned subsidiary Yunus Wind Power (Private) Limited of 10,000 shares of Rs. 10 each.

5.2 Yunus Energy Limited (YEL)

	Note	2018	2017
Number of shares held	5.3	**61,152,500**	61,152,500
Cost of investment (Rupees)		**611,525,000**	611,525,000
Ownership interest (%)		**20.00%**	20.00%
Balance at July 01		**745,391,742**	592,861,000
Investment made during the year		**-**	160,000
Share of post acquisition profit - net of tax		**241,180,578**	152,370,742
Share of other comprehensive income		**207,834**	-
Dividend received		**(137,593,125)**	-
Balance at June 30		**849,187,029**	745,391,742

Summarised financial highlights of YEL as at June 30, 2018 and the related share of the Company are as follows:

	2018 Rupees	2017 Rupees
Total assets	**12,392,073,323**	12,836,390,937
Total liabilities	**(8,272,754,880)**	(9,236,048,932)
Net assets	**4,119,318,443**	3,600,342,005
Company's share of net assets	**823,863,689**	720,068,401
Net revenue	**2,601,285,233**	1,865,024,618
Profit for the year	**1,205,902,892**	720,042,132
Other comprehensive income for the year	**1,039,171**	-

5.3 The Company has signed sponsors support agreement whereby 31,220,415 shares (51% of shareholding) of Yunus Energy (Private) Limited (2017: 31,220,415 shares (51% of shareholding) have been pledged being a contractual commitment amounting to Rs. 312.2 million with a Bank on behalf of Yunus Energy Limited.

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		Note	2018 Rupees	2017 Rupees
6.	**LONG TERM LOAN**			
	Considered good	6.1	**46,933,594**	43,777,254
	To Lucky Knit (Private) Limited- an associated company			
6.1	**Movement of loan**			
	Balance at July 01		**43,777,254**	40,833,182
	Unwinding of interest		**3,156,340**	2,944,072
	Balance at June 30	6.1.1	**46,933,594**	43,777,254

6.1.1 The loan is unsecured and interest free maturing in the year 2040 as per the terms of agreement.

		2018 Rupees	2017 Rupees
7.	**STORES, SPARES AND LOOSE TOOLS**		
	In hand		
	Stores	**15,498,153**	2,015,490
	Spares	**106,804,670**	110,077,224
	Loose tools	**915,949**	546,341
		123,218,772	112,639,055
	In transit	**54,195,194**	-
	Provision for slow moving and obsolete stores, spares and loose tools	**(31,847,803)**	(31,847,803)
		145,566,163	80,791,252

		2018 Rupees	2017 Rupees
8.	**TRADE RECEIVABLES**		
	Related parties - unsecured		
	Gadoon Textile Mills Limited	**106,707,402**	103,348,379
	Lucky Textile Mills Limited	**98,043,643**	89,484,168
	Lucky Knits (Private) Limited	**5,444,487**	3,453,909
	Lucky One (Private) Limited	**-**	10,278,110
	Lucky Landmark (Private) Limited	**275,186,219**	-
		485,381,751	206,564,566

8.1 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 485.381 million (2017 : Rs. 206.56 million). There is no past due debt from the related parties.

		Note	2018 Rupees	2017 Rupees
9.	**LOANS, ADVANCES AND PREPAYMENT**			
	Loan to employees	9.1	**7,120,734**	7,257,146
	Income tax refundable		**58,362,115**	16,186,992
	Advance to suppliers		**18,017,611**	8,674,700
	Advance to associates	9.2	**26,511,258**	20,121,272
	Prepaid insurance		**-**	1,000,000
	Others		**32,806**	-
			110,044,524	53,240,110

9.1 These loans are secured against gratuity of employees and are deductible against their monthly salary.

9.2 It includes advances given to Yunus Wind Power Limited and Gadoon Textile Mills Limited, associated companies.

	Note	2018 Rupees	2017 Rupees
10. SHORT TERM INVESTMENTS			
Available for sale - Investment in associate	10.1	5,832,496,699	9,602,669,048
Fair value through profit or loss	10.2	68,452,063	82,405,303
		5,900,948,762	9,685,074,351

10.1 Available for sale - Investment in associate - Lucky Cement Limited (LCL)

	2018	2017
Shares held - Number	11,482,875	11,482,875
Fair value of investment - Rupees	5,832,496,699	9,602,669,048

The movement of investment in an associate is as follows:

	2018	2017
Balance as at July 01	9,602,669,048	7,456,979,025
Unrealized (loss) / gain on revaluation of investment	(3,770,172,349)	2,145,690,023
Balance as at June 30	5,832,496,699	9,602,669,048

10.2 Fair value through profit or loss

Par value per share/unit Rupees	2018 Number of shares / units	2017 Number of shares / units	Name of the investee company / fund	2018	2017
100	112,375	112,375	First Habib Income Fund	12,099,364	11,557,719
10	661,097	661,097	Meezan Balanced Fund	10,399,061	12,845,121
10	100,000	100,000	Hub Power Company Limited	9,216,000	11,743,000
10	50,000	50,000	Pakistan Telecommunication Company Limited	572,000	780,500
10	355,610	355,610	International Steels Limited	36,165,638	45,478,963
				68,452,063	82,405,303

	2018	2017
11. CASH AND BANK BALANCES		
Cash in hand	-	1,509,564
Cash at banks with current accounts	4,333,445	30,823,882
	4,333,445	32,333,446

12. SHARE CAPITAL

2018 Number of shares	2017 Number of shares		2018 Rupees	2017 Rupees
		Authorised capital		
10,000,000	10,000,000	Ordinary shares of Rs. 10 each	100,000,000	100,000,000
		Issued, subscribed and paid up		
		Ordinary shares of Rs.10/- each		
1,200,000	1,200,000	- fully paid in cash	12,000,000	12,000,000
1,200,000	1,200,000	- fully paid as bonus shares	12,000,000	12,000,000
2,400,000	2,400,000		24,000,000	24,000,000

The Company has one class of ordinary shares which carry no right to fixed income. The Company has not reserved shares for issuance under options and sales contracts.

	Note	2018 Rupees	2017 Rupees
13. STAFF RETIREMENT GRATUITY			
Defined benefit obligation (staff gratuity) - unfunded		21,330,143	20,681,790

13.1 Principal assumption used in valuation of staff retirement gratuity

	2018	2017
- Discount rate (per annum) (%)	9.00%	8.00%
- Expected long-term rate of increase in salary level per annum (%)	9.00%	8.00%

13.2 Movement in defined benefit obligation

	Note	2018	2017
Present value of defined benefit obligation as at July 01		20,681,790	18,883,829
Current service cost		4,110,069	3,298,065
Interest cost		1,581,648	1,244,941
Benefits paid		(1,822,373)	(3,424,460)
Actuarial (gain) / loss recognised	13.5	(3,220,991)	679,415
Present value of defined benefit obligation as of June 30		21,330,143	20,681,790

13.3 Movement in net liability in the unconsolidated statement of financial position

	Note	2018	2017
Opening balance of net liability at July 01		20,681,790	18,883,829
Charge for the year	13.4	5,691,717	4,543,006
Benefits paid during the year		(1,822,373)	(3,424,460)
Actuarial (gain) / loss recognised	13.5	(3,220,991)	679,415
Closing balance of net liability as June 30		21,330,143	20,681,790

13.4 The following amounts have been recognised in the unconsolidaetd statement of profit and loss in respect of the gratuity scheme:

	2018 Rupees	2017 Rupees
Current service cost	4,110,069	3,298,065
Interest cost	1,581,648	1,244,941
	5,691,717	4,543,006

13.5 Actuarial (gain) / loss recognised in unconsolidated statement of other comprehensive income during the year

	2018	2017
Financial assumptions	1,001,452	745,980
Demographic assumptions	-	-
Experience assumptions	-	-
- Due to actual salary increase	128,834	557,294
- Due to actual withdrawals	(4,510,925)	67,138
- Due to other reasons	159,648	(690,997)
	(3,220,991)	679,415

13.6 Sensitivity analysis

Significant actuarial assumptions for the determination of the staff retirement gratuity are discount rate, expected rate of salary increase, mortality and withdrawal rate. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

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Particulars	Impact	Present value of Obligation Rupees	Change %
Current liability		21,330,143	
Discount rate	Increase by 1%	19,798,933	-7.18%
	decrease by 1%	23,117,077	8.38%
Salary increase rate	Increase by 1%	23,177,759	8.66%
	decrease by 1%	19,720,837	-7.54%
Withdrawal rate	Increase by 10%	21,324,457	-0.03%
	decrease by 10%	21,335,877	0.03%
Mortality rate	1 year mortality age set back	21,330,465	0.00%
	1 year mortality age set forward	21,329,822	0.00%

14. DEFERRED TAX

This comprise of the following:

	Note	2018 Rupees	2017 Rupees
Deferred tax liability arising on taxable temporary differences			
Investment in associates		17,824,652	10,040,006
Accelerated depreciation allowance on intangible assets		8,386,332	-
		26,210,984	10,040,006
Deferred tax assets arising in respect of deductible temporary differences			
Staff retirement gratuity- net of deferred tax		(627,076)	-
		25,583,908	10,040,006

15. LONG TERM LOAN

	Note	2018 Rupees	2017 Rupees
Long-term financing facility	15.2	400,000,000	-

15.1 Reconciliation of liabilities arising from long term financing activities

The table below details changes in the Company's liabilities arising from the financing activities, including both cash and non-cash changes, if any. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Company's unconsolidated statement of cash flows as cash flows from financing activities.

		Cash flows (Rupees)		
	July 1, 2017	Obtained	Repaid	June 30, 2018
Long-term financing facility	-	400,000,000	-	400,000,000

15.2 Facility is secured against first pari passu hypothecation charge over present and future operating fixed assets of the Company. The loan is subject to mark-up at a rate of 3 month average KIBOR plus 0.35% per annum and is repayable after 15 months of date of receipt of loan.

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		Note	2018 Rupees	2017 Rupees
16.	**TRADE AND OTHER PAYABLES**			
	Trade creditors		30,902,636	8,260,500
	Gas bills payable		122,224,240	111,730,730
	Payables - Capital work in progress		-	8,260,181
	Workers' Profit Participation Fund	16.1	32,844,094	19,907,192
	Others		14,639	4,818,996
			185,985,609	152,977,599

16.1 Workers' Profit Participation fund

	2018	2017
Balance at July 01	19,907,192	12,190,702
Interest on funds utilized in the Company's business	897,946	576,256
	20,805,138	12,766,958
Paid to workers during the year	(17,585,946)	(10,713,041)
Allocation for the year	29,624,902	17,853,275
Balance at June 30	32,844,094	19,907,192

17. SHORT TERM BORROWINGS

From a banking company - secured

	Note	2018	2017
Running Finance	17.2	354,537,069	1,045,764,416
Finance against imported merchandise - foreign currency	17.3	98,055,686	275,253,534
		452,592,755	1,321,017,950

17.1 Reconciliation of liabilities arising from short term financing activities

The table below details changes in the Company's liabilities arising from the financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

		Cash flows (Rupees)		Non-cash flows (Rupees)	
	July 1, 2017	Obtained	Repaid	Foreign exchange loss	June 30, 2018
Finance against imported merchandise - foreign currency	275,253,534	143,882,865	(331,787,667)	10,706,954	98,055,686

17.2 It represents facility availed from the banking companies at interest rates ranging at 6.70% per annum (2017: ranging from 6.24% to 6.54%) against charge on plant and machinery.

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

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 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 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.

18.1.2 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 480 per person to 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 believes that the case will be decided in favour of the company as a result the company has not made any provision in these unconsolidated financial statements.

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18.1.3 Tax assessments of the Company 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.

The Company 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 as stated in note 18.1.1.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.

18.1.4 The Company 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 Company intends to file an appeal in the High Court of Sindh. Management of the company is confident that the matter would be decided in their favor, hence no provision have been made in these unconsolidated financial statements.

18.1.5 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.

The Company 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.

The company 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 unconsolidated 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.

	2018 Rupees	2017 Rupees
18.1.6 Bank guarantees issued on behalf of the Company in favour of :		
Sui Southern Gas Company Limited	**799,251,904**	796,482,120
Excise and Taxation Officer Government of Sindh	**12,500,000**	10,500,000
	811,751,904	806,982,120
United Bank Limited (for contractual commitment of Yunus Energy Limited)	**110,000,000**	110,000,000

18.2 Commitments

Letters of credit against imports of:		
Generator and its Spare parts	**86,200,000**	9,108,506
Chiller	-	37,677,100

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	Note	2018 Rupees	2017 Rupees
19. REVENUE - NET			
Sale of electricity		2,179,995,197	1,830,170,228
Sale of Chill water		243,523,719	-
Sale of steam		17,972,667	17,513,212
		2,441,491,583	1,847,683,440
Less: sales tax		(239,981,675)	(254,913,850)
		2,201,509,908	1,592,769,590

	Note	2018 Rupees	2017 Rupees
20. GENERATION COST			
Gas charges		1,208,372,689	984,713,932
Stores, spares and loose tools		176,294,124	148,705,944
Depreciation	4.1.4	223,709,369	79,700,189
Salaries, wages and benefits	20.1	62,995,105	54,959,826
Oil and lubricants		30,206,582	28,486,673
Repairs and maintenance		24,999,231	9,231,181
Insurance		20,026,135	6,711,678
Rent, rates and taxes		240,000	1,436,567
Generation duty		2,632,039	-
Transportation charges and other expenses		2,630,700	-
		1,752,105,974	1,313,945,990

20.1 Salaries, wages and benefits include Rs. 5.09 million (2017: Rs. 4.09 million) in respect of staff retirement gratuity.

	Note	2018 Rupees	2017 Rupees
21. ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	21.1	6,888,690	6,054,258
Fees and subscription		2,479,143	3,614,253
Vehicles running		2,064,491	3,291,287
Depreciation	4.1.4	1,094,473	2,642,103
Legal and professional		627,800	2,263,150
Travelling and conveyance		2,427,562	1,995,079
Printing and stationery		414,003	772,751
Insurance		-	736,495
Telephone and postage		520,731	654,363
Audit fee	19.2	472,000	400,000
Others		1,634,532	581,091
		18,623,425	23,004,830

21.1 Staff salaries and benefits include Rs. 0.60 million (2017: Rs. 0.45 million) in respect of staff retirement gratuity.

	Note	2018 Rupees	2017 Rupees
21.2 Audit Fee			
Statutory audit fee		400,000	350,000
Sindh sales tax		32,000	28,000
Out of pocket		40,000	22,000
		472,000	400,000

	Note	2018 Rupees	2017 Rupees
22. OTHER OPERATING EXPENSES			
Workers' profit participation fund	16.1	29,624,902	17,853,275
Exchange loss		25,567,238	6,713,975
Loss on operating fixed assets		-	270,537
		55,192,140	24,837,787

	Note	2018 Rupees	2017 Rupees

23. OTHER INCOME

Income from financial assets

	Note	2018 Rupees	2017 Rupees
Dividend		196,853,510	115,923,262
Unrealised (loss) / gain on remeasurement of short term investments		(13,953,240)	35,515,083
Unwinding of interest on loan to an associated company	6.1	3,156,340	2,944,072
Income on long term investment		-	-
Income on insurance claims		4,565,446	-
Others		1,875,465	-
		192,497,521	154,382,417

24. FINANCE COST

	2018 Rupees	2017 Rupees
Mark-up on finance	61,045,978	-
Workers' profit participation fund	897,946	576,256
Bank charges and guarantee commission	2,447,082	4,490,948
	64,391,006	5,067,204

25. TAXATION

	2018 Rupees	2017 Rupees
Current		
- for the year	-	15,373,070
- prior year	(14,711,424)	(1,693,632)
	(14,711,424)	13,679,438
Deferred	15,449,210	10,040,006
	737,786	23,719,444

Profits and gains derived by the Company from electric power generation project are exempt from tax under clause 132 of the Second Schedule to the Income Tax Ordinance, 2001. Tax charge for prior year represent tax on receipt of dividend and interest income. Tax charge for the current year is Nil due to tax credit of section 65B .

26. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company which is computed as follows :

	2018	2017
Profit after taxation (Rupees)	744,137,676	508,947,494
Weighted average ordinary shares outstanding during the year (Number)	2,400,000	2,400,000
Earnings per share - basic and diluted (Rupees)	310.06	212.06

27. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied for line items below:

	2018 Rupees	2017 Rupees
Financial assets		
Short term investments at fair value		
At available for sale	5,832,496,699	9,602,669,048
At fair value through profit and loss	68,452,063	82,405,303
	5,900,948,762	9,685,074,351
At amortised cost		
Long term loan	46,933,594	43,777,254
Trade receivables	485,381,751	206,564,566
Loan to employees	7,120,734	7,257,146
Bank balances	4,333,445	32,333,446
	6,444,718,286	9,975,006,763

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	2018 Rupees	2017 Rupees
Financial liabilities at amortised cost		
Trade and other payables	**185,985,609**	152,977,599
Short term borrowings	**452,592,755**	1,321,017,950
Accrued markup	**11,903,327**	13,606,093
	650,481,691	1,487,601,642

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. The Company consistently manages its exposure to financial risk in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All related transactions are carried out within the parameters of these policies.

28.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, price risk and interest rate risk.

28.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Majority of the interest rate risk rises from loan to associated company recorded at their present values.

Interest rate sensitivity analysis

At June 30, 2018, if interest rates on Company's net borrowings had been higher / lower by 100 basis points with all other variables held constant, profit for the year would have been lower / higher by Rs. 8.52 million (2017: Rs. 13.21) mainly as a result of higher / lower interest exposure on variable rate financial instruments.

28.1.2 Foreign exchange risk

Foreign 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. Company's exposure to the risk of changes in foreign exchange rates relates primarily to amount payable in foreign currency in respect of short term borrowings.

Foreign currency sensitivity analysis

At June 30, 2018, if the Rupee had weakened/strengthened by 5% against the US dollar with all other variables held constant, profit for the year would have been lower/higher by Rs.4.90 million (2017: Rs.13.76 million), mainly as a result of foreign exchange gain/(loss) on amount of short term borrowings.

28.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at June 30, 2018, the Company has investment in shares of listed companies and units of mutual funds of Rs. 68.45 million (2017: Rs. 82.41). If equity share / unit prices had been 1 percent higher / lower and all other variables were held constant, the Company's profit for the year ended June 30, 2018 would increase/decrease by Rs 0.69 million (2017: Rs. 0.82 million).

28.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties to the financial instruments fails to perform as contracted. Out of the total financial assets of Rs. 6,444 million (2017: 9,975 million), the financial assets which are subject to credit risk amounted to Rs. 536.6 million (2017: Rs. 282.6 million). The management believes that the Company is not exposed to major concentration of credit risk. The management monitors and limits the Company's exposure to credit risk through monitoring of clients credit exposure review.

The Company has adopted a policy of only dealing with credit worthy counterparties for sales as a means of mitigating the risk of financial loss from defaults.

The credit risk on long term loans, trade debts and cash at bank is continuously monitored directly by Board of directors of the Company mainly through regular assessment of ageing analysis of outstandiing balances. These balances are due from group companies, therefore, as at year end the Company is not exposed to significant credit risk due to default by counter party.

The Company's geographic exposure is limited to Pakistan only as there are no export sales of the Company during the year.
The Company manages the risk by having bank balances only with highly rated banks having international reputation and recognition. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Name of Bank	Rating agency	Credit Rating	
		Short term	Long term
Habib Metropolitan Bank Limited	PACRA	A1+	AA+

28.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company'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 Company's reputation.

Liquidity risk table

Following tables detail Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

At June 30, 2018	Maturity up to one year	Maturity after one year	Total
	----------Rupees----------		
Financial assets			
Trade receivables	485,381,751	-	485,381,751
Long term loan	-	46,933,594	46,933,594
Loan to employees	7,120,734		7,120,734
Short term investments	5,900,948,762	-	5,900,948,762
Bank balances	4,333,445	-	4,333,445
	6,397,784,692	46,933,594	6,444,718,286
Financial liabilities			
Trade and other payables	185,985,609	-	185,985,609
Short term borrowings	452,592,755	-	452,592,755
Accrued markup	11,903,327	-	11,903,327
Long term loan	400,000,000	-	400,000,000
	650,481,691	-	650,481,691

At June 30, 2017	Maturity up to one year	Maturity after one year	Total
	---------- Rupees ----------		
Financial assets			
Trade receivables	206,564,566	-	206,564,566
Long term loan	-	43,777,254	43,777,254
Loan to employees	7,257,146	-	7,257,146
Short term investments	9,685,074,351	-	9,685,074,351
bank balances	32,333,446	-	32,333,446
	9,931,229,509	43,777,254	9,975,006,763
Financial liabilities			
Trade and other payables	152,977,599	-	152,977,599
Short term borrowings	1,321,017,950	-	1,321,017,950
Accrued markup	13,606,093	-	13,606,093
	1,487,601,642	-	1,487,601,642

The Company has sufficient resources to pay off these obligations and therefore there is no liquidity risk.

29. Determination of fair values

Fair value of financial instruments

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

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

29.1 Fair value hierarchy

The fair value of the financial instruments have been analysed in various fair value levels as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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: inputs for asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	---------- Rupees ----------			
Investments				
Fair value through profit and loss	68,452,063	-	-	68,452,063
Available for sale	5,832,496,699	-	-	5,832,496,699
Long term loan	-	-	46,933,594	46,933,594
	5,900,948,762	-	46,933,594	5,947,882,356

There were no transfers between Level 1 and 2 during the year.

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30. CAPITAL DISCLOSURE

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as profit after taxation divided by total shareholders' equity. There were no changes to the Company's approach to capital management during the period and the Company is not subject to externally imposed capital requirements.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance.

31. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise group companies, associated undertakings and key management personnel of the Company. The group / associated undertakings / companies are considered as such due to common directorship. The Company continues to have a policy whereby all transactions with related parties / undertakings are entered on commercial / agreed basis. Transactions between the Company and the related parties are carried out as per agreed terms.

31.1 Associated Company due to common directorship

During the year the company transacted with following companies which are associated company due to common directorship:

- Lucky Textile Mills Limited
- Lucky Knits Private Limited
- Gadoon Textile Mills Limited
- Lucky Landmark (Private) Limited
- Lucky One (Private) Limited
- Lucky Foods (Private) Limited
- Lucky Cement Limited
- Yunus Energy Limited
- Yunus Wind Power Limited

31.2 Transactions with related parties not mentioned else where in the unconsolidated financial statements, are as follows:

Relationship with the Company	Nature of transactions	2018 Rupees	2017 Rupees
Associated companies	**Sale of electricity/chill water**		
	Lucky Textile Mills Limited	548,694,052	398,082,441
	Lucky Knits Private Limited	38,433,315	38,434,442
	Gadoon Textile Mills Limited	1,093,554,336	1,095,577,477
	Lucky Landmark (Private) Limited	505,466,951	-
	Lucky One (Private) Limited	-	39,688,797
	Lucky Foods (Private) Limited	-	6,017,863
	Sale of Steam		
	Lucky Textile Mills Limited	9,166,874	7,774,865
	Lucky Knits Private Limited	-	440,105
	Gadoon Textile Mills Limited	6,194,380	6,753,600
	Share of profit on long term investment		
	Yunus Energy Limited	241,180,578	152,370,742
	Share of OCI on long term investment		
	Yunus Energy Limited	207,834	-
	Interest income on long term loan		
	Lucky Knits Private Limited	3,156,340	2,944,072

R/A

Relationship with the Company	Nature of transactions	2018 Rupees	2017 Rupees
	Dividend received		
	Lucky Cement Limited	195,208,875	114,828,750
	Yunus Energy Limited	137,593,125	-
	Advance given		
	Yunus Wind Power Limited	235,000	4,897,896
	Investment made during the year		
	Yunus Energy Limited	-	160,000

32. REMUNERATION OF CEO, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the unconsolidated financial statements for the year for remuneration, including benefits, to chief executive officer (CEO) and executives of the Company were as follows:

	2018	2017
	---------- Rupees --------	
	---------- Executives --------	
Remuneration	12,915,870	10,704,636
Leave encashment	758,749	892,053
Staff retirement gratuity	366,247	892,053
	14,040,866	12,488,742
Number of persons	11	6

The CEO of the company does not charge any remuneration to the Company. No remuneration or any other amount was paid to directors during the year.

33. PRODUCTION CAPACITY

	2018	2017
Installed generation capacity (in KwHs)	**439,787,040**	295,825,200
Electricity generated (in KwHs)	**216,939,363**	184,446,796

The company has been producing electricity as per the requirement of its customers. However, the decreased electricity generation is due to installed backup generators and generators own shaft torques.

34. NUMBER OF EMPLOYEES

	2018			2017		
	Factory	Others	Total	Factory	Others	Total
Number Of Employees						
-At June 30	104	16	120	76	14	90
-Average during	90	15	105	78	14	92

35. SIGNIFICANT CONTRACT AND TRANSACTIONS:

35.1 During the year, the company entered into an agreement with Lucky Landmark (Private) Limited-an associated co, for supply of chilled water. Increase in revenue due to this contract amounts to 243 million which constitutes approximately 11% of the total revenue for the current year

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

B/A

36. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on ________________ by the Board of Directors of the Company.

37. GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER DIRECTOR