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

	Note	2018 Rupees	2017 Rupees
ASSETS			
Non current assets			
Operating fixed assets	4	**399,990,897**	399,795,405
Project under development	5	**614,240,404**	317,208,245
Investment properties	6	**6,004,856,570**	6,281,644,243
		7,019,087,871	6,998,647,893
Current asset			
Stores, spares and loose tools	7	**7,153,632**	-
Trade receivables	8	**466,058,604**	-
Loans, advances, prepayments and other receivables	9	**64,031,811**	8,835,818
Due from an associated undertaking	10	**6,947,991**	1,051,341
Cash and bank balances	11	**32,984,015**	2,903,108
		577,176,053	12,790,267
Investment properties - 'held for sale'	12	-	36,681,015
Total assets		**7,596,263,924**	7,048,119,175
EQUITY AND LIABILITIES			
Share capital	13	**1,350,474,000**	1,350,474,000
Reserves		**1,083,565,904**	201,328,065
		2,434,039,904	1,551,802,065
Non current liabilities			
Long term loan	14	**750,000,333**	1,125,000,333
Long term security deposits	15	**424,009,449**	428,035,754
Staff retirement gratuity	16	**51,246,000**	-
Deferred tax	17	**11,887,790**	-
		1,237,143,572	1,553,036,087
Current liabilities			
Current portion of long term loan	14	**500,000,000**	375,000,000
Due to associated undertakings	18	**2,208,360,832**	2,792,970,513
Short term borrowings	19	**591,466,975**	712,064,874
Accrued markup	20	**31,989,066**	34,649,948
Trade and other payables	21	**471,068,708**	28,595,688
Provision for tax- net of advance		**122,194,867**	-
		3,925,080,448	3,943,281,023
Total equity and liabilities		**7,596,263,924**	7,048,119,175
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

LUCKY LANDMARK (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Revenue - net	23	1,691,535,472	20,998,668
Operational expenses	24	(560,134,984)	(124,323,928)
Gross profit / (loss)		1,131,400,488	(103,325,260)
Administrative expenses	25	(111,223,783)	(5,466,428)
Marketing expenses	26	(75,085,431)	(7,939,190)
Operating profit / (loss) before taxation		945,091,274	(116,730,878)
Finance cost	27	(136,136,853)	(21,909,011)
Other income		8,568,610	86,000
Gain on sale of banking enclave		404,284,190	326,473,037
Profit before taxation		1,221,807,221	187,919,148
Provision for taxation	28	(334,422,970)	(210,847)
Profit after taxation		887,384,251	187,708,301
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss account			
Actuarial loss on defined benefit obligation		(5,378,350)	-
Deferred tax		231,938	-
Total comprehensive income for the year		882,237,839	187,708,301

The annexed notes from 1 to 38 form an integral part of these financial statements.

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CHIEF EXECUTIVE **DIRECTOR**

LUCKY LANDMARK (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,221,807,221	187,919,148
Adjustments for:		
Depreciation - Investment properties	292,752,877	49,060,023
Depreciation - Operating fixed assets	79,039,729	19,209,008
Finance cost	136,136,853	21,909,011
Gain on sale of banking enclave	(404,284,190)	(326,473,037)
Gratuity expense	20,069,090	-
	1,345,521,580	(48,375,847)
Increase in current assets		
Stores, spares and loose tools	(7,153,632)	-
Trade receivables	(466,058,604)	-
Loans, advances, other receivables and prepayments	(64,031,811)	-
Due from an associated undertaking	(5,896,650)	(1,051,341)
	(543,140,697)	(1,051,341)
Increase / (decrease) in current liabilities		
Due to associated undertakings	(130,895,320)	778,943,122
Trade and other payables	442,473,020	27,595,688
Security deposits (paid) / received	(4,026,305)	327,081,980
	307,551,395	1,133,620,790
Cash generated from operations	1,109,932,278	1,084,193,602
Finance cost paid	(138,797,735)	(12,577,008)
Gratuity paid	(2,915,800)	-
Taxes paid	(191,272,557)	(9,046,666)
Net cash generated from operating activities	776,946,186	1,062,569,928
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(79,235,221)	(419,004,413)
Additions to project under development	(297,032,159)	4,975,892,527
Investment properties	-	(6,330,704,266)
Net cash used in investing activities	(376,267,380)	(1,773,816,152)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loan	(250,000,000)	-
Net cash used in investing activities	(250,000,000)	-
Net increase / (decrease) in cash and cash equivalents	150,678,806	(711,246,224)
Cash and cash equivalents at beginning of the year	(709,161,766)	2,084,458
Cash and cash equivalents at end of the year	(558,482,960)	(709,161,766)

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	2018 Rupees	2017 Rupees
Cash and cash equivalents comprise the following:		
Cash and bank balances	32,984,015	2,903,108
Short term borrowings	(591,466,975)	(712,064,874)
	(558,482,960)	(709,161,766)

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

		Reserves		
	Share capital	Amalgamation reserves	Accumulated profits	Total reserves
	Rupees			
Balance as at June 30, 2016	1,350,474,000	15,954,000	(2,334,236)	1,364,093,764
Profit after taxation	-	-	187,708,301	187,708,301
Other comprehensive income	-	-	-	-
Balance as at June 30, 2017	**1,350,474,000**	**15,954,000**	**185,374,065**	**1,551,802,065**
Profit after taxation	-	-	887,384,251	887,384,251
Other comprehensive income	-	-	(5,146,412)	(5,146,412)
Balance as at June 30, 2018	**1,350,474,000**	**15,954,000**	**1,067,611,904**	**2,434,039,904**

The annexed notes from 1 to 38 form an integral part of these financial statements.

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CHIEF EXECUTIVE **DIRECTOR**

LUCKY LANDMARK (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. STATUS AND NATURE OF BUSINESS

1.1 Lucky Landmark (Private) Limited (the Company) was incorporated in Pakistan on September 15, 2014 as a private company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Company is to carry out the business of construction, development, project management of real estate and sale / let and lease the project. The registered office of the Company is situated at LA-2/B, Block 21, Federal B Industrial Area, Karachi, in the province of Sindh.

Currently, the Company and Lucky Textile Mills Limited (LTML) are investors under a tripartite agreement with Lucky One (Private) Limited (LOPL) for the construction of Lucky One Project situated at LA-2B block 21, Federal B Industrial Area, Karachi in the province of Sindh.

The Company is a part of Y.B. Group (The Group) registered under Section 59AA of the Income tax Ordinance, 2001 as Group. Y.B. Holdings (Private) Limited is the parent company of the Group.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These 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) asnotified 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 financial statements have been prepared under the historical cost convention except and staff retirement gratuity which is stated at present value.

2.3 Functional and presentation currency

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

2.4 New accounting standard / amendments and IFRS interpretation 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 financial statements other than certain additional disclosures.

Amendments / Interpretation	Effective date (accounting periods beginning on or after)
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
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.

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

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

2.4.2 Amendments to accounting standards and IFRS Interpretation 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 financial statements other than certain additional disclosures.

Amendments / Interpretation	Effective date (accounting periods 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	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.
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

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

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation is charged from the month when the asset is available for use and ceased from the month of disposal, to statement of comprehensive income applying reducing balance method at rates stated in note 4. 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 statement of profit or loss and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

3.2 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 as detailed in note 5 to the financial statements. Land is stated at cost.

3.3 Investment Properties

Investment properties are properties held to earn rentals. The investment properties of the Company comprises of mall building and free hold land. These are stated (except free hold land) at cost less accumulated depreciation and impairment loss, if any. Free hold land is stated at cost.

Depreciation is charged from the month when the asset becomes investment property and ceased from the month of disposal, to statement of profit or loss by applying reducing balance method at rates stated in 6. 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.

3.4 Impairment

Financial assets

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.

Non-financial assets

The Company assesses at each reporting date whether there is any indication that assets except stores, spares and loose tools 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 statement of profit or 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 statement of comprehensive income.

3.5 Cash and cash equivalents

Cash and cash equivalents for purpose of statement of cash flow include cash in hand and accounts held with banks.

3.6 Investment properties - 'held for sale'

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets (or disposal group) are measured at lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in statement of profit or loss. Assets classified as held for sale are not depreciated.

3.6 Share capital

Ordinary shares are classified as equity and are recorded at their face value.

3.7 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved for distribution to shareholders.

3.7 Borrowing and their costs

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently at amortized cost. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset.

3.8 Long term security deposits

Liability for security deposit are measured at cost which is the fair value of the consideration received at reporting date against future services.

3.9 Accrued and other payable

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

3.10 Provisions

Provision is recognized when, as a result of past event, the company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Subsequently, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.11 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Income from licensing, chill water, gas and branding are recorded on accrual basis.

Interest income is recognised on a time proportionate basis using the effective rate of return.

3.12 Taxation

Current tax

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credits and rebates available, if any or on turnover at the specified rates or Alternate Corporate Tax as defined in Section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise due to assessment framed / finalized during the year.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profits and taxable temporary differences will be available against such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

3.13 Foreign currency transactions and translation

Foreign currency transactions 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 are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in income currently.

3.14 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

3.15 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.16 Staff retirement gratuity

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 each year 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 on defined benefit plan are recognized immediately in statement of other comprehensive income.

3.17 Key accounting judgments and estimates

The preparation of 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 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) accounting for staff retirement gratuity (notes 3.16).
c) assumptions and estimates used in the recognition of current and deferred taxation (note 3.12)
d) determining the residual values and useful lives of the investment properties (note 3.3);

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4.1 *Operating fixed assets*

Particulars	Cost at July 1, 2017	Additions during the year	Cost at June 30, 2018	Accumulated depreciation at July 1, 2017	Depreciation for the year	Accumulated depreciation at June 30, 2018	Carrying value at June 30, 2018	Annual rate of depreciation
	Rupees							%
Plant & machinery	218,004,150	12,702,550	230,706,700	5,550,833	22,238,473	27,789,306	202,917,394	10
Computers & Printers	70,179,847	23,999,769	94,179,616	5,849,347	27,074,234	32,923,581	61,256,035	33
Furniture & Fixtures	421,084	1,551,165	1,972,249	27,347	76,574	103,921	1,868,328	10
Office Equipments	32,640,156	10,096,235	42,736,391	813,057	3,644,418	4,457,475	38,278,916	10
Vehicles	8,570,246	22,670,453	31,240,699	497,371	2,116,655	2,614,026	28,626,673	20
Building management system	24,244,921	8,215,049	32,459,970	1,404,358	5,926,183	7,330,541	25,129,429	20
Security management system	64,944,009	-	64,944,009	5,066,695	17,963,192	23,029,887	41,914,122	30
	419,004,413	**79,235,221**	**498,239,634**	**19,209,008**	**79,039,729**	**98,248,737**	**399,990,897**	

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Particulars	Cost at July 1, 2016	Additions during the year	Cost at June 30, 2017	Accumulated depreciation at July 1, 2016	Depreciation for the year	Accumulated depreciation at June 30, 2017	Carrying value at June 30, 2017	Annual rate of depreciation
	----------	----------	----------	Rupees	----------	----------	----------	%
Plant & machinery	-	218,004,150	218,004,150	-	5,550,833	5,550,833	212,453,317	10
Computers & Printers	-	70,179,847	70,179,847	-	5,849,347	5,849,347	64,330,500	33
Furniture & Fixtures	-	421,084	421,084	-	27,347	27,347	393,737	10
Office Equipments	-	32,640,156	32,640,156	-	813,057	813,057	31,827,099	10
Vehicles	-	8,570,246	8,570,246	-	497,371	497,371	8,072,875	20
Building management system	-	24,244,921	24,244,921	-	1,404,358	1,404,358	22,840,563	20
Security management system	-	64,944,009	64,944,009	-	5,066,695	5,066,695	59,877,314	30
	-	419,004,413	419,004,413	-	19,209,008	19,209,008	399,795,405	

4.1.1 During the year, operating fixed assets amounting to Rs 35.253 million have been transferred from Lucky One (Private) Limited.

4.1.2 Depreciation for the year has been allocated as under :

	Note	2018 Rupees	2017 Rupees
Operational expenses	24	**73,278,656**	17,898,580
Administrative expenses	25	**5,761,073**	1,310,428
		79,039,729	19,209,008

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5. PROJECT UNDER DEVELOPMENT

5.1 This represents work on the Lucky One Project (the Project) which is being constructed on adjacent plots of land owned by the Company and Lucky Textiles Mills Limited (LTML) respectively. The Project is a residential project under construction comprising seven buildings, each having 28 floors and a mall at podium level. The construction and operations of the project is being supervised by Lucky One (Private) Limited - a company incorporated specially for construction and supervision of the project in accordance with the terms of tripartite agreement with LTML and the Company.

	Note	2018 Rupees	2017 Rupees
Civil works	5.2	508,450,103	5,030,451,765
Land		105,790,301	553,850,615
Finance charges		-	1,094,307,318
Project insurance		-	22,721,790
		614,240,404	6,701,331,488
Transfer to investment properties			-
Land		-	(443,501,527)
Civil works		-	(4,779,367,984)
Finance charges		-	(1,085,299,990)
Project insurance		-	(22,534,765)
		-	(6,330,704,266)
Transfer to 'investment properties held for sale'			
Land		-	(3,130,366)
Civil works		-	(27,237,196)
Finance charges		-	(6,185,029)
Project insurance		-	(128,424)
		-	(36,681,015)
Sale of Banking enclave area			
Land		-	(1,428,421)
Civil works		-	(12,428,641)
Finance charges		-	(2,822,299)
Project insurance		-	(58,601)
		-	(16,737,962)
Balance at June 30		614,240,404	317,208,245

5.2 This represents civil work under progress on two residential towers (Tower A and Tower B) out of total seven towers to be constructed under the project. As at June 30, 2018, 28 floors of Tower A were completed to the extent of grey structure only and work in the basement area was under progress in Tower B.

6. INVESTMENT PROPERTIES

	Note	2018 Rupees	2017 Rupees
Land	12.1	444,864,001	443,501,527
Mall building	6.1	5,901,805,469	5,887,202,739
		6,346,669,470	6,330,704,266
Accumulated depreciation	6.1	(341,812,900)	(49,060,023)
	6.2	6,004,856,570	6,281,644,243

6.1

	Note	2018 Rupees	2017 Rupees
<u>Mall Building - Cost</u>			
Civil works		4,791,222,820	4,779,367,984
Finance charges		1,087,991,988	1,085,299,990
Project insurance		22,590,661	22,534,765
	12.1	5,901,805,469	5,887,202,739
<u>Accumulated depreciation</u>			
Balance at July 01		49,060,023	-
Charge for the year	24	292,752,877	49,060,023
Balance at June 30		(341,812,900)	(49,060,023)
Net balance at June 30		5,559,992,569	5,838,142,716
Rate of depreciation		5%	5%

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6.2 The free hold land and mall building was revalued by the professional valuer M/s.Iqbal Nanjee & Co. on June 30, 2017. As per valuation, the fair value of land and mall building at year end amounted to Rs.4,927 million and Rs. 8,894 million respectively.

	Note	2018 Rupees	2017 Rupees
7. STORES, SPARES AND LOOSE TOOLS			
Stores		4,911,957	-
Spares		2,020,769	-
Loose tools		220,906	-
		7,153,632	-
8. TRADE RECEIVABLES - unsecured			
Trade receivables- considered good	8.1	466,058,604	-

8.1 This includes balance of Rs. 27.095 million (2017: Nil) outstanding from Lucky Entertainment (Private) Limited in respect of licence, CAM, Chill water and other utilties.

	Note	2018 Rupees	2017 Rupees
9. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advance income tax - net of provision		-	8,835,818
Advance sales tax		40,422,730	
Advance to suppliers		20,337,379	-
Prepaid insurance		610,897	-
Advance to employees		2,576,805	-
Other receivables		84,000	
		64,031,811	8,835,818
10. DUE FROM AN ASSOCIATED UNDERTAKING			
Lucky Entertainment (Private) Limited	10.1	6,947,991	1,051,341

10.1 This represents receivable in respect of salaries paid on behalf on Lucky Entertainment (Private) Limited.

	Note	2018 Rupees	2017 Rupees
11. CASH AND BANK BALANCES			
Cash at bank- Current account		32,661,930	2,832,008
Cash in hand		322,085	71,100
		32,984,015	2,903,108
12. INVESTMENT PROPERTIES - 'HELD FOR SALE'			
Balance at July 01		36,681,015	-
Investment properties classifed as 'held for sale'		-	53,418,977
Investment property sold during the year		(20,715,810)	(16,737,962)
Re-classifed to Investment properties	12.1	(15,965,205)	-
Balance at June 30		-	36,681,015

12.1 The following was reclassifed to investment properties during the year:

Land	1,362,475	-
Civil works	11,854,836	-
Finance charges	2,691,998	-
Project insurance	55,896	-
	15,965,205	-

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		2018 Rupees	2017 Rupees

13. SHARE CAPITAL

Authorized capital

2018 Number of shares	2017 Number of shares		2018 Rupees	2017 Rupees
50,750,000	50,750,000	Ordinary shares of Rs. 100/- each	5,075,000,000	5,075,000,000

Issued, subscribed and paid up capital

2018 Number of shares	2017 Number of shares		2018 Rupees	2017 Rupees
4,000	4,000	Ordinary shares of Rs. 100/- each fully paid issued for consideration in cash	400,000	400,000
13,500,740	13,500,740	Ordinary shares of Rs. 100/- each fully paid issued for consideration other than cash	1,350,074,000	1,350,074,000
13,504,740	13,504,740		1,350,474,000	1,350,474,000

13.1 Y.B Holdings (Private) Limited (the Holding Company) hold 13,358,970 (2017: 13,358,970) ordinary shares of the Company.

13.2 The Company has one class of ordinary shares which do not carry right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company. All shares ranked equally with regards to Company's residual assets.

14. LONG TERM LOAN- Secured

	Note	2018 Rupees	2017 Rupees
Balance at July 01	14.1	1,500,000,333	1,500,000,333
Repayments made during the year		(250,000,000)	-
Balance at June 30		1,250,000,333	1,500,000,333
Current portion		(500,000,000)	(375,000,000)
		750,000,333	1,125,000,333

14.1 This represents Long Term Financing Facility (LTFF) from a banking company for a period of 5 years (including 2 years of grace period) for construction of the Project with principal payable in quarterly installments. The loan is subject to markup at the rate of average 6 months KIBOR plus 0.25% and is secured against constructive mortgage charge over commercial land bearing plot # LA-2B Block 21, Federal B Industrial Area, Karachi and hypothecation charge over all present and future assets.

14.2 Reconciliation of liabilities arising from long term financing activities

The table below details changes in the Company's liabilities arising from the long term financing activities. 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.

	July 1, 2017	Cash flows Obtained	Cash flows Repaid	June 30, 2018
Long term loan	1,500,000,333	-	(250,000,000)	1,250,000,333

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15. LONG TERM SECURITY DEPOSITS
Un-secured

This represent amount received from customers against allotment of shops under lease agreement and are repayable upon the expiry / termination of the tenancy agreement.

	Note	2018 Rupees	2017 Rupees
16. STAFF RETIREMENT GRATUITY			
Present value of defined benefit obligation	16.1	51,246,000	-

16.1 The Projected Unit Credit method based on following significant assumptions was used for valuation of the scheme. The basis of recognition together with details as per actuarial valuation are as under:

	2018	2017
Discount rate	9%	-
Salary increase rate	9%	-
Withdrawal rate	Moderate	-
Mortality rate	SLIC 2001-05	-

	Note	2018 Rupees	2017 Rupees
16.1.1 Movement in liability during the year			
Balance at July 01		-	-
Expense recognised in profit and loss	16.1.2	20,069,090	-
Total remeasurement loss recognised in comprehensive income	16.1.3	5,378,350	-
Benefits paid		(2,915,800)	-
Transfer from Lucky One (Private) Limited		28,714,360	-
Balance at June 30		51,246,000	-

	2018 Rupees	2017 Rupees
16.1.2 Expense recognised in statement in profit or loss		
Current service cost	17,616,009	-
Interest cost	2,453,081	-
	20,069,090	-

	2018 Rupees	2017 Rupees
16.1.3 Total remeasurement recognised in other comprehensive income		
Actuarial loss on liability arising on financial assumptions	5,378,350	-

16.1.4 Sensitivity analysis

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:

	Change in assumption %	Increase / (decrease) in defined benefit obligation — Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	1	(7,550,117)	1,281,891
Salary growth rate	1	1,233,171	(7,583,496)

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

16.1.5 The gratuity scheme exposes the Company to the following risks:

Longevity risk: The risk arises when the actual lifetime of retirees is longer than expectation. This 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 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.

16.1.6 The weighted average duration of defined benefit obligation as at June 30, 2018 is 9.26 years (2017: Nil).

	Note	2018 Rupees	2017 Rupees
17. DEFERRED TAX			
This comprise of the following:			
Deferred tax liability arising on taxable temporary differences			
Accelerated depreciation allowance on operating fixed assets		12,859,453	-
Deferred tax assets arising in respect of deductible temporary differences			
Staff retirement gratuity- net of deferred tax		(971,663)	-
		11,887,790	-

	Note	2018 Rupees	2017 Rupees
18. DUE TO ASSOCIATED UNDERTAKINGS			
Unsecured - interest free			
Lucky One (Private) Limited	18.1	2,208,360,832	2,791,560,753
Lucky Energy (Private) Limited		-	1,409,760
		2,208,360,832	2,792,970,513

18.1 The balance mainly includes supervision fees payable amounting to Rs 13.3 million, an amount of short contribution made by the Company (net of sales proceeds from sale of banking enclave) for the construction of the project amounting to Rs 2,131 million and the amounts charged against utilities and salaries.

	Note	2018 Rupees	2017 Rupees
19. SHORT TERM BORROWINGS			
Running finance	19.1	591,466,975	712,064,874

19.1 The Company has arranged running finance facility from a bank amounting to Rs. 720 million from a banking company. The facility is subject to a mark-up of 3 months KIBOR + 0.25% per annum payable quarterly. The borrowing is secured against equitable mortgage charge over land of the Company.

	2018 Rupees	2017 Rupees
20. ACCRUED MARKUP		
Accrued markup on:		
Long term loan	20,552,534	23,934,246
Short term borrowings	11,436,532	10,715,702
	31,989,066	34,649,948

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21. TRADE AND OTHER PAYABLES

	Note	2018 Rupees	2017 Rupees
Trade payables		244,314,892	-
Accrued expenses		68,398,654	4,771,500
Advance from customers		12,313,044	20,887,287
Amount outstanding against common area maintenance(CAM)	21.1	34,664,948	-
Sales tax payable		84,464,605	2,176,901
Salaries payable		14,851,305	-
Audit fees payable	25.3	944,000	760,000
Unearned income		5,376,789	-
Withholding tax payable		2,336,863	-
Advance from employees		3,403,608	-
		471,068,708	28,595,688

21.1 Breakup is as follows:

	Note	2018 Rupees	2017 Rupees
Amount attributible to recovery of CAM		551,634,288	-
Less: attributible expenses			
Salaries and benefits	21.1.1	(149,133,701)	-
Wages and benefits		(31,817,325)	-
Utilities		(218,562,285)	-
Stores spares and loose tools consumption		(40,411,408)	-
Cleaning and Janitorial		(44,404,326)	-
Security		(31,095,391)	-
Travelling and conveyance		(1,078,627)	-
Repairs and maintenance		(466,277)	-
	21.1.2	34,664,948	-

21.1.1 This includes staff retirement gratuity expense charged amounting to Rs 12.71 million (2017: Nil)

21.1.2 This represents balance from tenants against CAM as per the licensing agreement to be adjusted in future periods.

	Note	2018 Rupees	2017 Rupees

22. CONTINGENCIES AND COMMITMENTS

There was no contingency or commitment as at June 30, 2018 and 2017.

23. REVENUE - NET

		2018 Rupees	2017 Rupees
License		1,397,739,163	-
Chilled water		236,453,152	-
Gas top-ups		7,901,354	8,475,763
Branding income		29,827,474	4,619,785
Brand activation		19,614,329	7,903,120
		1,691,535,472	20,998,668

24. OPERATIONAL EXPENSES

	Note	2018 Rupees	2017 Rupees
Salaries and benefits		3,504,682	-
Wages and benefits		-	-
Utilities		150,302,494	10,083,539
Depreciation - Investment properties	6.1	292,752,877	49,060,023
Depreciation - Operating fixed assets	4.1.2	73,278,656	17,898,580
Stores spares and loose tools consumption		12,729,335	-
Mall Inauguration expenses		-	41,515,945
Insurance expense		27,366,940	4,645,150
Branding expenses		-	1,120,691
Travelling and conveyance		200,000	
Repairs and maintenance		-	-
		560,134,984	124,323,928

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		Note	2018 Rupees	2017 Rupees
25.	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	25.1	74,163,817	-
	Rates and taxes		14,631,208	-
	Depreciation - Operating fixed assets	4.1.2	5,761,073	1,310,428
	Printing and stationery		544,434	-
	Travelling and conveyance		3,488,430	-
	Vehicle running expenses		857,161	-
	Communication and networking		1,586,670	-
	Entertainment		2,223,788	-
	Insurance		2,336,836	-
	Legal and professional charges		2,643,259	3,396,000
	Donation and charity	25.2	547,300	-
	Auditors' remuneration	25.3	944,000	760,000
	Others		1,495,807	-
			111,223,783	5,466,428

25.1 This includes staff retirement gratuity expense amounting to Rs 6.24 million (2017: Nil)

25.2 None of the directors and their spouses had any interest in the donee's fund.

		Note	2018 Rupees	2017 Rupees
25.3	**Auditors' remuneration**			
	Statutory audit fees		700,000	600,000
	Other services		100,000	100,000
	Sindh sales tax		64,000	48,000
	Out of pocket		80,000	12,000
			944,000	760,000
26.	**MARKETING EXPENSES**			
	Marketing expenses		16,715,850	6,692,590
	Salaries and benefits	26.1	13,500,125	-
	Event management services		44,614,456	1,246,600
	Travelling and conveyance		255,000	
			75,085,431	7,939,190

26.1 This includes staff retirement gratuity expense amounting to Rs 1.12 million (2017: Nil)

			2018 Rupees	2017 Rupees
27.	**FINANCE COST**			
	Markup on:			
	- long term loan		91,178,492	14,728,767
	- short term borrowings		44,863,779	6,934,022
	Bank charges		94,582	246,222
			136,136,853	21,909,011
28.	**TAXATION**			
	Current			
	- for the year		321,263,401	210,847
	- prior year		1,039,841	-
			322,303,242	210,847
	Deferred		12,119,728	-
			334,422,970	210,847

28.1 The Company has finalized its tax assesment upto tax year 2017.

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29. RELATED PARTY TRANSACTIONS

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.

29.1 Associated Company due to common directorship

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

- Lucky One (Private) Limited
- Lucky Entertainment (Private) Limited
- Lucky Energy (Private) Limited
- Gadoon Textile Mills Limited

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

Name of Related Party Associated companies - Common directorship	Nature of Transaction	2018 Rupees	2017 Rupees
Lucky One (Private) Limited	Utilities purchased	-	9,639,676
	Supervision fees	689,413	3,081,716
Lucky Entertainment (Private) Limited	Advance against License	-	5,211,387
	Utilities Reimbursement	10,457,420	1,072,327
	Services provided	10,377,522	-
	Licence Fee	24,336,182	-
	CAM Charges Reimbursement	29,669,212	-
	Chilled Water Charges	13,213,804	-
	Expenses paid on behalf	6,947,991	-
Lucky Energy (Private) Limited	Utilities purchased	261,943,234	-
	Chilled water purchased	243,523,719	-
Gadoon Textile Mills Limited	Purchase of Vehicles	1,490,883	-
	Professional Charges	1,800,000	-

30. REMUNERATION OF CEO, DIRECTORS AND EXECUTIVES

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

	2018	2017
	Rupees	
	Executives	
Remuneration	36,977,766	-
Bonus	4,716,509	
Staff retirement gratuity	3,247,856	-
Leave encashment	1,280,922	-
	46,223,053	-
Number of persons	15	-

30.1 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.

30.2 In addition to the above, the executives were provided with the Company maintained cars as per the Company's policy.

31. **SIGNIFICANT CONTRACT AND TRANSACTION:**

During the year ended, the Company's operational activities were fully functional for the complete financial year as compared to two months activity in the previous year. As a result, the Company generated operational profit of Rs 945.091 million (2017 : operational loss of Rs 116.730 million).

32. **NUMBER OF EMPLOYEES**

The total number of employees at June 30, 2018 and 2017 respectively are as follows:

	2018			2017		
	Mall staff	**Admin staff**	**Total**	**Mall staff**	**Admin staff**	**Total**
Number Of Employees						
-At June 30	270	95	365	-	-	-
-Average during	135	48	183	-	-	-

33. **FINANCIAL INSTRUMENTS BY CATEGORY**

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

Financial assets measured at amortised cost

Trade receivables	466,058,604	-
Advance to employees	2,576,805	-
Other receivables	84,000	-
Due from an associated undertaking	6,947,991	1,051,341
Cash at bank	32,661,930	2,832,008
	508,329,330	3,883,349

Financial liabilities measured at amortised cost

Long term loan	1,250,000,333	1,500,000,333
Short term borrowings	591,466,975	712,064,874
Due to associated undertakings	2,208,360,832	2,792,970,513
Long term security deposits	424,009,449	428,035,754
Accrued mark-up	31,989,066	34,649,948
Trade and other payables	371,954,196	5,531,500
	4,877,780,851	5,473,252,922

34. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company finances its operations through equity and short term financing with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the Company is exposed to market risk, credit risk and liquidity risk. The Company's financial liabilities comprise of running finance facility obtained from a commercial bank, markup accrued on running finance facility and trade and other payables. The main purpose of these financial liabilities is to raise finance for the operations of the Company. The Company has various financial assets such as trade receivable, advance to employees, due from associated undertaking and bank balances which are directly related to its operations. The Company's management oversee the risks and provide assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite. The Board of Directors of the Company has overall responsibility for establishment and oversight of the Company's financial risk management policies. The policies for managing each of these risks are summarized below:

34.1 **Market risk management**

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

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34.1.1 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on long term loan and short term borrowings. The Company mitigates its risk through obtaining benefit of lower rates financing in view of leverage available in shape of liquid assets which is offered as security against financing.

Interest rate sensitivity analysis

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended June 30, 2018 would decrease/increase by Rs. 18.414 million (2017: Rs.18.37 million).This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

34.1.2 Foreign exchange risk management

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 in foreign currencies. As at year end, the Company is not exposed to foreign currency risk.

34.1.3 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 is not exposed to equity price risk.

34.2 Credit risk management

Concentration of credit risk arise when a number of counterparties 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.

34.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter party to the financial instrument fails to perform as contracted. The financial assets which are subject to credit risk amounted to Rs.508.4 million (2017: Rs. 3.8 million).

The Company is exposed to credit risk from its operating activities primarily for receivables and balances with banks. Company's bank balances are not significantly exposed to credit risk as they have maintained accounts with a bank having good credit rating.

34.3 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. Shareholders of the Company are continuously providing financial support to the Company for meeting its financial obligations. The following are the contractual maturities of financial liabilities:

	2018		
Financial liabilities	**Total amount**	**Upto one year**	**more than one year**
	.... Rupees		
Long term	1,250,000,333	500,000,000	750,000,333
Short term borrowings	591,466,975	591,466,975	-
Due to associated undertakings	2,208,360,832	2,208,360,832	-
Long term security deposits	424,009,449	424,009,449	-
Accrued markup	31,989,066	31,989,066	-
Trade and other payables	371,954,196	371,954,196	-
	4,877,780,851	4,127,780,518	750,000,333

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Financial liabilities	2017		
	Total amount	Upto one year	more than one year
	....	Rupees	....
Long term loan	1,500,000,333	375,000,000	1,125,000,333
Due to associated undertakings	2,792,970,513	2,792,970,513	-
Short term borrowings	712,064,874	712,064,874	-
Long term security deposits	428,035,754	428,035,754	-
Accrued markup	34,649,948	34,649,948	-
Trade and other payables	28,595,688	28,595,688	-
	5,496,317,110	4,371,316,777	1,125,000,333

34.4 Determination of fair values

34.4.1 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

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

34.4.2 Fair value hierarchy

The fair values 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 the asset or liability that are not based on observable market data (unobservable inputs).

At June 30, 2018, the Company does not hold any financial instruments which have been carried at fair values.

35. CAPITAL RISK MANAGEMENT

The objectives of the Company when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The capital structure of the Company consists of share capital and reserves as well as borrowings. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

The Company is not subject to any externally imposed capital requirements.

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on ________________________ by the Board of Directors of the Company.

37. RECLASSIFICATION

Comparative figures have been re-arranged and re-classified for the purpose of better presentation, the effect of which is not material.

38. GENERAL

The figures have been rounded off to nearest Rupee.

CHIEF EXECUTIVE **DIRECTOR**