

**Y.B. Holdings
(Private) Limited**

**Financial Statements
For the year ended June 30, 2017**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Y.B. HOLDINGS (PRIVATE) LIMITED** (the Company) as at June 30, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a. in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b. in our opinion:
 - i the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - ii the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profits and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, cash flows and changes in equity for the year then ended; and
- d. in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner
Hena Sadiq

DM
Dated: 27 NOV 2017
Karachi

Y.B. HOLDINGS (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017


	Note	2017 Rupees	2016 Rupees
ASSETS			
Non current assets			
Property and equipment	4	7,418,994	3,565,713
Long term investments	5	14,738,148,815	14,738,148,815
Long term loans and deposit	6	412,500	1,497,500
		14,745,980,309	14,743,212,028
Current assets			
Due from a subsidiary company	7	20,000,000	20,000,000
Current portion of long term loans to employees	6	600,000	1,500,000
Other receivables		1,895,009	-
Taxation - net		394,091	-
Cash and bank balances	8	49,445	2,194,775
		22,938,545	23,694,775
Total assets		14,768,918,854	14,766,906,803
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	9	1,000,000	1,000,000
Capital reserve		13,042,496,486	13,042,496,486
Unappropriated profit		1,638,541,483	1,542,646,685
		14,682,037,969	14,586,143,171
Deferred liability			
Staff retirement gratuity	10	1,997,708	3,645,930
Current liabilities			
Loan from directors	11	2,750,000	98,250,000
Short term borrowings	12	73,163,433	66,098,244
Accrued and other liabilities	13	8,111,847	11,974,738
Mark-up accrued on short term borrowings		857,897	705,488
Taxation - net		-	89,232
		84,883,177	177,117,702
Total equity and liabilities		14,768,918,854	14,766,906,803

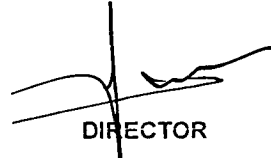
CONTINGENCIES AND COMMITMENTS

14

The annexed notes from 1 to 27 form an integral part of these financial statements

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CHIEF EXECUTIVE OFFICER


DIRECTOR

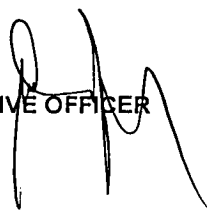
Y.B. HOLDINGS (PRIVATE) LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Dividend income		1,149,967,625	1,621,333,300
Administrative expenses	15	(146,674,885)	(156,452,891)
Other income	16	982,106	3,395,308
Operating income		<u>1,004,274,846</u>	<u>1,468,275,717</u>
Finance Cost		(3,880,048)	(4,759,538)
Profit before taxation		<u>1,000,394,798</u>	<u>1,463,516,179</u>
Taxation	17	-	-
Profit after taxation		<u>1,000,394,798</u>	<u>1,463,516,179</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>1,000,394,798</u></u>	<u><u>1,463,516,179</u></u>

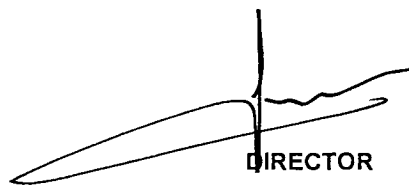
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CHIEF EXECUTIVE OFFICER



DIRECTOR



Y.B. HOLDINGS (PRIVATE) LIMITED
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,000,394,798	1,463,516,179
Adjustments for			
Gain on disposal of property and equipment		-	(575,252)
Other income		(982,106)	(2,820,056)
Finance cost		3,880,048	4,759,538
Depreciation		1,307,694	1,025,263
Provision for staff retirement gratuity		911,008	1,687,130
Operating cash flows before changes in working capital		1,005,511,442	1,467,592,802
(Increase) in current asset			
Other Receivable		(1,895,009)	-
Decrease in current liabilities			
Accrued and other liabilities		(3,862,891)	6,180,786
Cash generated from operations		999,753,542	1,473,773,588
Income tax paid		(483,323)	(855,642)
Finance cost paid		(3,727,639)	(5,883,321)
Gratuity Paid		(2,559,230)	-
Net cash generated from operating activities		992,983,350	1,467,034,625
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(5,160,975)	(2,582,760)
Proceeds from sale of property and equipment		-	1,750,000
Long term investments made		-	(659,939,440)
Long term loans and deposit given		1,985,000	(505,000)
Interest income received		982,106	2,820,056
Net cash used in investing activities		(2,193,869)	(658,457,144)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(904,500,000)	(570,000,000)
Loan from directors-repaid		(95,500,000)	(196,300,000)
Net cash used in financing activities		(1,000,000,000)	(766,300,000)
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(9,210,519)	42,277,481
Cash and cash equivalents at beginning of the year		(63,903,469)	(106,180,950)
Cash and cash equivalents at end of the year		(73,113,988)	(63,903,469)
Cash and cash equivalents comprise of:			
Cash and bank balances	8	49,445	2,194,775
Short term borrowings	12	(73,163,433)	(66,098,244)
		(73,113,988)	(63,903,469)

The annexed notes from 1 to 28 form an integral part of these financial statements

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CHIEF EXECUTIVE OFFICER

DIRECTOR

Y.B. HOLDINGS (PRIVATE) LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2017

	Share capital	Capital reserve	Unappropriated profit	Total
	----- Rupees -----			
Balance at July 1, 2015	1,000,000	13,042,496,486	649,130,506	13,692,626,992
Profit for the year	-	-	1,463,516,179	1,463,516,179
Other comprehensive income for the year	-	-	-	-
Transaction with owners:				
Dividend paid during the year			(570,000,000)	(570,000,000)
Balance at June 30, 2016	<u>1,000,000</u>	<u>13,042,496,486</u>	<u>1,542,646,685</u>	<u>14,586,143,171</u>
Profit for the year	-	-	1,000,394,798	1,000,394,798
Other comprehensive income for the year	-	-	-	-
Transaction with owners:				
Dividend paid during the year	-	-	(904,500,000)	(904,500,000)
Balance at June 30, 2017	<u>1,000,000</u>	<u>13,042,496,486</u>	<u>1,638,541,483</u>	<u>14,682,037,969</u>

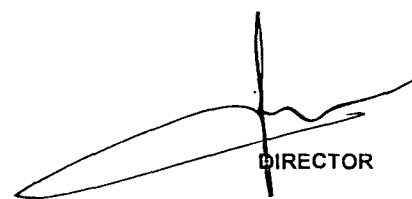
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CHIEF EXECUTIVE OFFICER



DIRECTOR



**Y.B. HOLDINGS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Y.B. Holdings (Private) Limited (the Company) was incorporated in Pakistan on August 16, 2013 as a private company limited by shares under the Companies Ordinance, 1984 (the Ordinance). The registered office of the Company is situated at 6-A, Muhammad Ali Society, A. Aziz Hashim Tabba Street, Karachi in the province of Sindh. The Company makes investment mainly in its group companies and earns dividend income on these investments.
- 1.2 In the year ended 2014, the members of Yunus Brothers Group transferred their shares held in the listed and unlisted group companies for the purpose of formation of Group under Section 59B(7) of Income Tax Ordinance, 2001. On May 26, 2014, the Securities and Exchange Commission of Pakistan (SECP) registered the Group under Regulation 4 of the Group Companies Registration Regulation, 2008 (the Regulations).
- 1.3 These are the separate financial statements of the Company in which investments in subsidiaries are accounted for at cost.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these financial statements have been prepared under the Companies Ordinance, 1984.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

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 Critical accounting estimates and judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the financial statements or where judgments were exercised in application of accounting policies pertains to disclosed in Note 3.1.

2.5 New accounting standards / Amendments to accounting standards that are effective for the year ended June 30, 2017

The following amendments to accounting standards are effective for the year ended June 30, 2017. These 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. Further certain improvements have also been made to existing standards that have not been enumerated here for brevity.

Amendments	Effective date (accounting periods beginning on or after)
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2016

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

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments and interpretations 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	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	a date to be determined. Earlier adoption is permitted.
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
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
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

Amendments / Interpretation

Effective date (accounting periods beginning on or after)

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 01, 2019

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment in value, if any. Depreciation is charged to income applying the straight line method at the rate mentioned in note 4 to the financial statements. Depreciation is charged from the month in which the asset is available for use while no depreciation is charged in the month in which an asset is disposed off.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

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

Asset's residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Assets are derecognized when disposed off or when no future economic benefits are expected from its use. Gains or losses on disposal of assets are recognised in profit and loss account as and when incurred.

3.2 Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment, if any.

3.3 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e., when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to income directly.

3.3.1 Loans and receivables

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

3.4 Impairment

The Company assesses at each reporting date whether there is any indication that non-financial 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 recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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4. PROPERTY AND EQUIPMENT

Particulars	2017							
	Cost			Accumulated depreciation			Carrying value at June 30, 2017	Depreciation rate per annum
	At July 01, 2016	Additions	At June 30, 2017	At July 01, 2016	Charge for the year	At June 30, 2017		
Rupees							%	
Computers and peripherals	756,508	238,400	994,908	559,395	162,126	721,521	273,387	33.33
Office equipment	101,731	27,550	129,281	67,820	34,676	102,496	26,785	33.33
Furniture and fixtures	221,173	-	221,173	41,651	22,117	63,768	157,405	10
Vehicles	4,018,379	4,895,025	8,913,404	863,212	1,088,775	1,951,987	6,961,417	20
	<u>5,097,791</u>	<u>5,160,975</u>	<u>10,258,766</u>	<u>1,532,078</u>	<u>1,307,694</u>	<u>2,839,772</u>	<u>7,418,994</u>	

Particulars	2016							
	Cost			Accumulated depreciation			Carrying value at June 30, 2016	Depreciation rate per annum
	At July 01, 2015	Additions / (disposal)	At June 30, 2016	At July 01, 2015	Charge for the year	At June 30, 2016		
Rupees							%	
Computers and peripherals	756,508		756,508	307,226	252,169	559,395	197,113	33.33
Office equipment	101,731		101,731	33,910	33,910	67,820	33,911	33.33
Furniture and fixtures	205,673	15,500	221,173	20,567	21,084	41,651	179,522	10
Vehicles	2,756,395	2,567,260 (1,305,276)	4,018,379	275,640	718,100 (130,528)	863,212	3,155,167	20
	<u>3,820,307</u>	<u>2,582,760</u>	<u>5,097,791</u>	<u>637,343</u>	<u>1,025,263</u>	<u>1,532,078</u>	<u>3,565,713</u>	

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5. LONG TERM INVESTMENTS

Investment in subsidiaries - at cost

2017 Number of Shares	2016 Number of Shares	Name of subsidiaries	Percentage holding (%)	2017 Rupees	2016 Rupees
Listed					
19,499,741	19,499,741	- Gadoon Textile Mills Limited	69.57	1,042,603,147	1,042,603,147
Un-listed					
200,000,000	200,000,000	- Lucky Textile Mills Limited	100	6,187,392,059	6,187,392,059
150,000,000	150,000,000	- Yunus Textile Mills Limited	100	5,204,753,000	5,204,753,000
38,837,287	38,837,287	- Y.B. Pakistan Limited	99.98	1,837,890,547	1,837,890,547
3,002,000	3,002,000	- Lucky Knits (Private) Limited	50.00	30,020,000	30,020,000
2,400,000	2,400,000	- Lucky Energy (Private) Limited	99.79	24,000,000	24,000,000
200,300	200,300	- Fashion Textile Mills (Private) Limited	100	51,683,034	51,683,034
30	30	- Lucky One (Private) Limited	90	3,000	3,000
13,355,010	13,355,010	- Lucky Landmark (Private) Limited	10	359,804,028	359,804,028
				14,738,148,815	14,738,148,815

5.1 As disclosed in note 1.2, the members of Yunus Brothers Group transferred their shares in the above mentioned entities to the Company which have been recognized as investments in the books of the Company at the carrying values of shares so transferred and consequently 'Capital Reserve' has been created in these financial statements.

	Note	2017 Rupees	2016 Rupees
6. LONG TERM LOANS AND DEPOSIT			
Unsecured - considered good			
Loan to employees	6.1	1,000,000	2,985,000
Current portion shown under current assets		(600,000)	(1,500,000)
		400,000	1,485,000
Security deposit		12,500	12,500
		412,500	1,497,500

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

7. DUE FROM A SUBSIDIARY COMPANY

This amount represents unsecured interest free loan given to a subsidiary company, Lucky One (Private) Limited which is receivable on demand.

	2017 Rupees	2016 Rupees
8. CASH AND BANK BALANCES		
Cash in hand	40,650	28,608
Cash at bank - saving accounts	8,795	2,166,167
	49,445	2,194,775

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9. SHARE CAPITAL

Authorised share capital

2017 Number of Shares	2016 Number of Shares		2017 Rupees	2016 Rupees
<u>100,000</u>	<u>100,000</u>	Ordinary shares of Rs. 10/- each	<u>1,000,000</u>	<u>1,000,000</u>

Issued, subscribed and paid up

2017 Number of Shares	2016 Number of Shares		2017 Rupees	2016 Rupees
<u>100,000</u>	<u>100,000</u>	Ordinary shares of Rs.10/- each fully paid in cash	<u>1,000,000</u>	<u>1,000,000</u>

The Company has only one class of ordinary shares which carry no 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 meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	2017 Rupees	2016 Rupees
10. STAFF RETIREMENT GRATUITY		
At July 01,	3,645,930	1,958,800
Charge for the year	911,008	2,006,900
Gratuity paid	(2,559,230)	-
Gratuity transferred	-	(319,770)
At June 30,	<u>1,997,708</u>	<u>3,645,930</u>

11. LOAN FROM DIRECTORS
- Unsecured

These loans have been obtained from directors as interest free loans. The repayment term of these loans have not yet been determined. Details of loan are as follows;

	Note	2017 Rupees	2016 Rupees
Muhammad Yunus Tabba		106,250	12,043,750
Muhammad Sohail Tabba		306,250	12,243,750
Imran Yunus Tabba		56,250	11,993,750
Jawed Yunus Tabba		306,250	12,243,750
Muhammad Ali Tabba		774,655	14,708,105
Amina Abdul Aziz Bawany		261,805	7,223,755
Mariam Tabba Khan		261,805	7,223,755
Rahila Aleem		261,805	7,223,755
Zulekha Tabba Maskatiya		261,805	7,223,755
Kulsum Razzak		153,125	6,121,875
		<u>2,750,000</u>	<u>98,250,000</u>

12. SHORT TERM BORROWINGS

Running finance under mark-up arrangement	12.1	<u>73,163,433</u>	<u>66,098,244</u>
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12.1 The Company has arranged running finance facility from a commercial bank on mark-up basis to the extent of Rs. 200 million (2016: 100 million). The rate of mark-up is three months KIBOR + 0.2% per annum and is secured against pledged of personal securities of directors of the Company.

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	2017 Rupees	2016 Rupees
13. ACCRUED AND OTHER LIABILITIES		
Salaries and benefits	7,164,692	11,000,000
Withholding tax	-	17,355
Audit fee	770,000	770,000
Legal and consultancy fee	35,000	35,000
Others	142,155	152,383
	<u>8,111,847</u>	<u>11,974,738</u>

14. CONTINGENCIES AND COMMITMENTS

During the year, an amendment was introduced in the Income Tax Ordinance 2001 (the Ordinance) via the Finance Act 2016 which imposed tax on inter-corporate dividends, previously exempt to companies designated as a Group under section 59B of the Ordinance. The Company has challenged the application of the aforementioned amendment in the Sindh High Court and has been granted a stay in this respect."

There were no commitments as at June 30, 2016 and June 30, 2017.

	Note	2017 Rupees	2016 Rupees
15. ADMINISTRATIVE EXPENSES			
Directors' remuneration	19.	91,947,647	100,201,223
Salaries and benefits	15.1	46,829,094	45,057,886
Legal and professional		2,683,200	60,000
Fees and subscription		-	850,910
Auditors' remuneration		770,000	770,000
Communication		723,893	803,329
Travelling and accommodation		544,760	6,685,568
Depreciation	4	1,307,694	1,025,263
Printing and stationery		733,976	304,113
Vehicles running		994,555	536,447
Insurance		63,830	58,085
Others		76,236	100,067
		<u>146,674,885</u>	<u>156,452,891</u>

15.1 These include Rs. 911,008 (2016: Rs. 2,006,900) in respect of staff retirement gratuity.

16. OTHER INCOME

- From financial asset

Interest Income on saving account	982,106	2,820,056
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- From non-financial asset

Gain on disposal of property and equipment	-	575,252
	<u>982,106</u>	<u>3,395,308</u>

17. TAXATION

The dividend income of the Company was exempt from tax under Clause 103(A) of Second Schedule of the Income Tax Ordinance, 2001 which states that any income derived from inter-corporate dividend within the group companies entitled to group relief under Section 59B are exempt from tax. This clause was amended via Finance Act 2016, against which the Company has been granted a stay, as disclosed in Note 14. Provision for current tax pertains to income from sources other than the inter-corporate dividend income.

FYA

18. **TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of subsidiary companies, associated undertakings and companies with common directorship and key management personnel . The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

Relationship with the Company	Nature of transaction	2017 Rupees	2016 Rupees
Subsidiaries			
Yunus Textile Mills Limited	- Dividend received	599,980,000	800,973,300
Lucky Textile Mills Limited	- Dividend received	549,987,625	699,984,250
Gadoon Textile Mills Limited	-Reimbursement of Expenses	1,195,885	-
Y.B. Pakistan Limited	- Dividend received	-	120,395,590
Associates company			
Lucky Cement Limited	-Reimbursement of Expenses	1,336,879	-
Directors	- Loan repaid	95,500,000	196,300,000

19. **REMUNERATION OF DIRECTORS AND EXECUTIVES**

	2017			2016		
	Directors	Executives	Total	Directors	Executives	Total
	Rupees			Rupees		
Managerial remuneration	79,000,000	42,840,427	121,840,427	90,000,000	38,482,800	128,482,800
Bonus	-	-	-	-	1,135,000	1,135,000
Gratuity	-	-	-	-	2,029,700	2,029,700
Other benefits	12,947,647	1,042,925	13,990,572	10,201,223	360,000	10,561,223
	91,947,647	43,883,352	135,830,999	100,201,223	42,007,500	142,208,723
Number of persons	4	4	8	4	4	8

20. **FINANCIAL INSTRUMENTS BY CATEGORY**

The financial risk management policies have been applied for line items below:

	2017 Rupees	2016 Rupees
Financial assets as per balance sheet measured at amortized cost		
Due from a subsidiary company	20,000,000	20,000,000
Long term loans including current portion	1,000,000	2,985,000
Security deposit	12,500	12,500
Cash and bank balances	49,445	2,194,775
	21,061,945	25,192,275
Financial liabilities as per balance sheet measured at amortized cost		
Loan from directors	2,750,000	98,250,000
Short term borrowings	73,163,433	66,098,244
Mark-up accrued on short term borrowings	857,897	705,488
Accrued and other liabilities	8,111,847	11,957,383
	84,883,177	177,011,115

DPK

21. 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 risk-taking activities are governed by appropriate policies and procedures and the financial risks are identified, measured and managed in accordance with Company's policies and risk appetite. The Board of Directors has overall responsibility for establishment and oversight of the Company's financial risk management policies. The risks to which Company is exposed and management of these risks is stated below:

21.1 Market risk

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.

21.1.1 Interest rate risk

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 short term borrowings. The Company mitigates its interest risk through obtaining benefit of lower rates available to the Group as a whole.

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, 2017 would decrease/increase by Rs. 877,360 (2016: Rs. 678,021). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

21.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at the reporting date, the Company is not exposed to currency risk as all the transactions were carried out in Pakistani Rupees.

21.1.3 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 the reporting date, the Company is not exposed to equity price risk as all the investments in subsidiaries are measured at cost. These investments are of strategic nature and as such, the risk profile is not comparable to regular equity risk.

21.2 Credit risk management

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties to the financial instruments fails to perform as contracted.

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.

21.2.1 Credit risk related to financial assets

The Company credit risk is primarily attributable to its bank balances, due from a subsidiary company, long term loans and security deposits. The credit risk on bank balances is limited because the counter party is a bank with high short term credit rating of A1+ and long term rating of AA+.

Due from subsidiary company represents a loan of Rs. 20,000,000 receivable from a subsidiary company being managed under the group and is therefore considered as secured and recoverable. Long term loans represent loan to employees and are secured against their gratuity balances. In addition to that , deposits are placed with Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transaction and settlement of listed securities, if any.

DYA

21.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios and overall funding mix.

The Company manages liquidity risk, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analysis how management monitors net liquidity based on details of the remaining contractual maturities of financial liabilities. The amount disclosed are the contractual undiscounted cash flows.

At June 30, 2017	Maturity up to one year	Maturity after one year	Total
	----- Rupees -----		
Financial liabilities			
Loans from directors	2,750,000	-	2,750,000
Short term borrowings	73,163,433	-	73,163,433
Mark-up accrued on short term borrowings	857,897	-	857,897
Accrued and other liabilities	8,111,847	-	8,111,847
	<u>84,883,177</u>	<u>-</u>	<u>84,883,177</u>
At June 30, 2016			
Financial liabilities			
Loans from directors	98,250,000	-	98,250,000
Due to subsidiary company	66,098,244	-	66,098,244
Mark-up accrued on short term borrowings	705,488	-	705,488
Accrued and other liabilities	11,957,383	-	11,957,383
	<u>177,011,115</u>	<u>-</u>	<u>177,011,115</u>

22. DETERMINATION OF FAIR VALUES

22.1 Fair value of financial instruments

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 financial statements approximate their fair values except for the investment which is stated at cost.

22.2 Fair value hierarchy

The fair values of the financial instruments have been analyzed 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).

As at June 30, 2017, the Company does not hold any financial instrument which has been carried at fair value.

DYA

23. CAPITAL MANAGEMENT

The capital base of the Company comprises of share capital, capital reserves and borrowings. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The Company's objectives, policies and processes for managing capital are as follows: -

- The primary objective of the Company's capital management is to maintain healthy capital ratios and optimal capital structures in order to maximize shareholder value and reduce the cost of capital.
- The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or return capital to shareholders.

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

24. NUMBER OF EMPLOYEES

The average number of employees during the year ended June 30, 2016 were 11 (2016: 7) and number of employees as at June 30, 2017 are 11 (2016: 7).

25. SUBSEQUENT EVENTS

The Board of Directors proposed a final dividend for the year ended June 30, 2017 of Rs.8,000 per share (2016: Rs. 9045 per share) amounting to Rs. 800,000,000 (2016: Rs. 904,500,000) at their meeting held on 27 Nov 17 for approval of members at the Annual General Meeting. These financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

26. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 27 NOV 2017 by the Board of Directors of the Company.

27. GENERAL

Figures have been rounded off to the nearest Rupee.

DYA

CHIEF EXECUTIVE OFFICER

DIRECTOR