Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

AUDITED FINANCIAL STATEMENTS
OF
ARIF HABIB DOLMEN REIT
MANAGEMENT LIMITED
FOR THE YEAR ENDED
JUNE 30, 2019

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Arif Habib Dolmen REIT Management Limited
Directors' Report
For the Year Ended 30th June 2019

The Board of Directors of Arif Habib Dolmen REIT Management Limited (RMC) are pleased to present the Financial Statements of the Company for the year ended on 30th June 2019.

Operational and Financial Results

Dolmen City REIT, remained the backbone of RMC's income. The Scheme's profit over the year has shown a growth of 35.89% amounting to PKR 6,869.59 million as compared to PKR 5,055.27 million during the same period last year.

With the increase in profitability of the Scheme, the RMC earned a management fee amounting to PKR 90.42 million (30 June 2018: 83.19 million). The administrative expenses of the RMC for the period were PKR 49.84 million (30 June 2018: PKR 46.64 million) which resulted in gross profit for the period amounting to PKR 49.57 million (30 June 2018: PKR 39.55 million). The finance cost for the period amounted to PKR 0.01 million (30 June 2018: PKR 59.73 million). The RMC has posted a profit after tax amounting to PKR 37.72 million as against the loss after tax amounting to PKR 136.28 million in the corresponding period. This has translated into earnings per share of PKR 1.89 for the period as against the loss per share of PKR 6.81 during the previous year.

It is encouraging to note that during the year in review, constructive reforms in the regulatory framework of REITs were made by the SECP which paved the way for operational strengthening of REIT's business. Under the overhauled Regulations, REITs are allowed to undertake secured bank borrowing up to 50% of the net asset value, issue Right units, invest surplus funds in money market funds among other changes but most importantly the requirement to get real estate transferred in the name of REIT's Trustee before IPO/financial closure has been abolished.

Future outlook

REITs are an important investment vehicle for the documentation of real estate sector and deepening of capital markets, therefore it is vital that REITs are supported at all levels. As of now, REITs are at a severe disadvantage in comparison to all other organizational forms such as proprietorship, partnership or a private or public limited company in Pakistan.

The recently promulgated Finance Act 2019 has amended the Division III, Part-1 of the First Schedule in the Income Tax Ordinance in order to harmonize the taxation of dividends at 15% rate. However there is no clarity whether dividends paid out by REITs will be subject to 15% rate.

Exuberant dividend taxation on investing in REITs (which is 25%; compared with 15% when investing in mutual funds – under Division III of the First Schedule, Part-I of the Income Tax Ordinance 2001 'ITO'); Capital Gains taxation on non-cash gains (under section 99A of the Second Schedule of the ITO) and Advance taxation (under section 236C and section 236K of the ITO) on transfers of property to REIT schemes (whereby property transfers in the name of REIT's Trustee is an additional step which is not required in any other form of organization) have almost halted growth of REITs.

It is important to note that in a real estate project, public money inevitably gets involved in the form of customer advances. Therefore, it is imperative that such business is undertaken by regulated corporate entities such as REITs. However, in order to promote them, it is essential that a level playing field is provided to investors and sponsors when exposed to a REIT business compared with other forms of real estate business conducted in Pakistan and tax dis-advantages faced by REITs are removed. Provincial governments should rationalize the taxation and duties implicated on the transfer of immovable property to and from REITs (including the Capital Value Tax, Registration fee and Stamp Duty) as implicated in the province of Sindh.

Like in every past year, we persevere in our effort to propose favorable changes in the taxation regime for REITs in the relevant sections of government.

There are numerous projects and opportunities we are considering which await rationalization of taxation regime towards REITs. We are optimistic that with a renewed interest by the government to identify and address impediments in growth of this important sector for documentation of economy, it will not be long before REITs will be the mode of choice for significant real estate transactions.

Related Party Transaction
In order to comply with REIT Regulations and the Code of Corporate Governance, the RMC presented all related party transactions before the Audit Committee and Board for their review and approval.

Acknowledgement

The Board would like to thank the Securities and Exchange Commission of Pakistan and other business partners for their continued cooperation and support. We also appreciate the effort put in by the management team

For and on behalf of the Board

Muhammad Ejaz
Chief Executive
September 17, 2019

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the members of Arif Habib Dolmen Reit Management Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Arif Habib Dolmen Reit Management Limited** (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors are responsible for overseeing the Company's financial reporting process.

Cont'd… P/2

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

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

Rahman

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Karachi

Date: 17 SEP 2019

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		Rupees	
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	5	**461,001**	526,467
Intangible assets	6	**14,431**	21,539
Long term deposit and receivables	7	**2,632,800**	2,376,000
Long term loans to employees	8	**19,000**	51,400
Formation cost receivable from Scheme	9	**-**	50,339,537
Deferred tax - net	10	**1,731**	8,444,990
		3,128,963	61,759,933
CURRENT ASSETS			
Mark-up accrued on bank deposits		**1,162,760**	4,292
Service fee receivable	11	**26,058,503**	27,348,915
Current portion of formation cost receivable from scheme	9	**50,339,537**	54,915,860
Current portion of long term loans to employees and advances	12	**10,432,588**	8,314,303
Prepayments and other receivables	13	**5,887,677**	3,693,119
Short term investment	14	**18,713,414**	119,009
Cash and bank balances	15	**103,862,596**	16,746,028
		216,457,075	111,141,526
TOTAL ASSETS		**219,586,038**	172,901,459
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	16	**500,000,000**	500,000,000
Issued, subscribed and paid-up capital	16	**200,000,000**	200,000,000
Reserves		**(5,609,571)**	(43,195,696)
		194,390,429	156,804,304
LIABILITIES			
CURRENT LIABILITIES			
Accrued expenses and other payables	17	**23,865,878**	15,217,476
Taxation - net		**1,329,731**	879,679
		25,195,609	16,097,155
CONTINGENCIES AND COMMITMENTS	18	**-**	-
TOTAL EQUITY AND LIABILITIES		**219,586,038**	172,901,459

The annexed notes from 1 to 31 form an integral part of these financial statements.

Chief Executive

Director

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	**2019**	2018
		Rupees	
Operating revenue - net	*19*	**99,415,490**	86,193,900
Administrative expenses	*20*	**(49,936,639)**	(46,643,488)
Loss on disposal of securities		**-**	(93,096,869)
Finance cost	*21*	**(5,648)**	(59,726,385)
Other income	*22*	**7,676,667**	733,576
Other operating expense		**(54,000)**	(950,000)
Profit / (loss) before taxation		**57,095,870**	(113,489,266)
Taxation	*23*	**(19,470,833)**	(22,793,749)
Profit / (loss) after taxation		**37,625,037**	(136,283,015)
Earnings / (loss) per share - Basic and diluted	*24*	**1.88**	(6.81)

The annexed notes from 1 to 31 form an integral part of these financial statements.

Chief Executive

Director

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	
Profit / (loss) after taxation	**37,625,037**	(136,283,015)
Other comprehensive loss		
Unrealised gain on re-measurement of investment measured at fair value through OCI	**-**	5,266
Reclassification adjustment relating to disposal of investment - net	**(38,912)**	(203,468,550)
	(38,912)	(203,463,284)
Total comprehensive income / (loss) for the year	**37,586,125**	(339,746,299)

The annexed notes from 1 to 31 form an integral part of these financial statements.

Chief Executive

Director

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	57,095,870	(113,489,266)
Adjustment for:		
- Depreciation	178,446	214,513
- Amortisation	7,108	10,609
- Dividend Income	(5,213)	-
- Interest on amortized cost	-	58,674,798
- Loss on remeasurement of investments	54,000	-
- Gain / (loss) on disposal of units	(34,663)	93,096,869
- Mark-up on long term loan	-	1,040,899
- Mark-up on bank deposit	(7,636,791)	(733,576)
	(7,437,113)	152,304,112
Cash generated from operating activities before working capital changes	49,658,757	38,814,846
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
- Service fee receivable	1,290,412	(5,420,685)
- Current portion of long term loans to employees and advances	(2,118,285)	(6,875,678)
- Prepayments and other receivables	(2,194,558)	(2,771,019)
	(3,022,431)	(15,067,382)
Increase / (decrease) in current liabilities		
- Accrued expenses and other payables	8,648,402	(3,209,523)
Cash generated from operations	55,284,728	20,537,941
- Long term loan to employees	32,400	4,600
- Long term deposits and receivables	(256,800)	-
- Markup paid	-	(1,170,970)
- Taxes paid	(10,577,522)	(9,721,443)
Net cash generated from operating activities	44,482,806	9,650,128
CASH FLOWS FROM INVESTING ACTIVITIES		
- Acquisition of property and equipment	(112,980)	(35,000)
- Proceeds' from of disposal investment made	118,577	-
- Investments in units of Pakistan Cash Management Fund	(4,431)	-
- Investments in units of Dolmen City REIT	(18,766,800)	-
- Dividend received	5,213	-
- Formation cost received from scheme	54,915,860	54,915,860
- Markup received	6,478,323	746,342
Net cash generated from investing activities	42,633,762	55,627,202
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short term loan	-	(65,000,000)
Net cash used in financing activities	-	(65,000,000)
Net increase in cash and cash equivalents	87,116,568	277,330
Cash and cash equivalents at beginning of the year	16,746,028	16,468,698
Cash and cash equivalents at end of the year	103,862,596	16,746,028

The annexed notes from 1 to 31 form an integral part of these financial statements.

Chief Executive **Director**

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Share Capital	Reserves: Capital Fair value Reserves	Reserves: Revenue Accumulated (loss) / profit	Total Reserve	Shareholder's Equity
	Rupees				
Balance as at June 30, 2017	200,000,000	203,502,196	93,048,407	296,550,603	496,550,603
Total comprehensive loss for the year					
Loss for the year	-	-	(136,283,015)	(136,283,015)	(136,283,015)
Other comprehensive loss	-	(203,463,284)	-	(203,463,284)	(203,463,284)
	-	(203,463,284)	(136,283,015)	(339,746,299)	(339,746,299)
Balance as at June 30, 2018	200,000,000	38,912	(43,234,608)	(43,195,696)	156,804,304
Total comprehensive profit for the year					
Profit for the year	**-**	**-**	**37,625,037**	**37,625,037**	**37,625,037**
Other comprehensive loss	**-**	**(38,912)**	**-**	**(38,912)**	**(38,912)**
	-	**(38,912)**	**37,625,037**	**37,586,125**	**37,586,125**
Balance as at June 30, 2019	**200,000,000**	**-**	**(5,609,571)**	**(5,609,571)**	**194,390,429**

The annexed notes from 1 to 31 form an integral part of these financial statements.

Chief Executive

Director

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. STATUS AND NATURE OF BUSINESS

Arif Habib Dolmen REIT Management Limited (the Company) was incorporated in Pakistan as a public limited company (un-quoted) on April 08, 2009 under the repealed Companies Ordinance, 1984 (now Companies Act 2017). The Company is a REIT Management Company, registered under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 with the Securities and Exchange Commission of Pakistan (SECP). The Certificate for commencement of business was obtained from SECP on September 07, 2009. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan.

The principle business of the Company is to launch Real Estate Investment Trust (REIT) Schemes and provide REIT management services in accordance with the Real Estate Investment Trust Regulations, 2015. The Company is rated AM2- (RMC) by JCR-VIS Credit Rating Company Limited.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statement have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017; Part VIII A of the repealed Companies Ordinance 1984.;

- The Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 (the NBFC Rules 2003); and

- The Real Estate Investment Regulations 2015. Where the provisions of and directives issued under Companies Act, 2017.

Where the provisions of and directives issued under Companies Act, 2017, Part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules 2003, the REIT Regulations 2015 differ from IFRS standards, the provisions of and directives issued under Companies Act, 2017, the NBFC Rules 2003, the REIT Regulations 2015 have been followed.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting 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 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 and underlying 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.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows: -

	Note
- Useful lives and residual values of property and equipment.	**3.1**
- Useful lives and residual values of intangible assets.	**3.2**
- Receivable, advances, prepayments and other receivables	**3.3**
- Provision for taxation	**3.5**
- Investments	**3.6**
- Impairment	**3.6**

2.5 Amendments / interpretation to existing standard and forthcoming requirements

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost include expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to statement of profit or loss account during the period in which they are incurred. Depreciation on all property and equipment is charged to statement of profit or loss account using the reducing balance method at the rates stated in note 5.

In respect of additions and disposals during the year, depreciation is charged from the date when the asset is available for use upto the date till the asset is disposed off.

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

Gains or losses on disposal of an item of property and equipment are recognized in the statement of profit or loss account.

3.2 Intangible asset

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates stated therein, after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortization on additions is charged from the date the assets are put to use while no amortisation is charged after the date the assets are disposed off. Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss account.

3.3 Receivable, advances, prepayments and other receivables

These are recognised initially at fair value and subsequently measured at amortized cost, using the effective interest rate method. Provision is made on the basis of lifetime Expected Credit Losses (ECL) that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

3.4 Revenue recognition

Management fee for providing REIT Management services and REIT advisory services are recognised when services are rendered.

Markup on bank deposits is recognised on a time proportion basis that takes into account the effective yield.

3.5 Taxation

Income tax expense comprises current and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

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

Deferred tax is charged or credited in the statement of profit or loss account, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

3.6 Financial instruments

a) *Initial Recognition*

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

b) **i)** *Classification of financial assets*

The Company classifies its financial instruments in the following categories:

- at fair value through profit and loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

ii) *Classification of financial liabilities*

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as 'instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

c) *Subsequent measurement*

i) *Financial assets at FVTOCI*

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income.

ii) *Financial assets and liabilities at amortised cost*

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) *Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income. Currently, there are no financial liabilities designated at FVTPL.

d) *Impairment of financial assets at amortised cost*

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost as fully explained in note 4.

e) *Derecognition*

i) *Financial assets*

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

ii) *Financial liabilities*

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss account and other comprehensive income.

3.7 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.8 Provisions

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

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank.

3.10 Staff retirement benefit

The Company contributes to Voluntary Pension Scheme (VPS) managed by an associated undertaking for its permanent employees. Both the employer and employee contribute 10% of salary to the scheme on monthly basis.

4 CHANGES IN ACCOUNTING POLICY

The Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' from July 01, 2018. Consequently, the following changes in accounting policies have taken place effective from July 01, 2018:

a) IFRS 9 - Financial Instruments

IFRS 9 - Financial Instruments (IFRS 9) replaced the majority of requirement of IAS 39 - Financial Instruments. Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities. It requires all fair value movements on equity investments to be recognised either in the profit or loss or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

In respect of retrospective application of IFRS 9, the Company has adopted modified retrospective approach as, permitted by this standard, according to which the Company is not required to restate the prior year results. There is no material impact of adoption of IFRS 9 on opening equity of the Company.

The impact of the adoption of IFRS 9 has been in the following areas:

i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

The following table below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at July 1, 2018:

Financial assets	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 1, 2018	Effect on July 01, 2018 on Retained Earning
Long term deposit and receivables	LR	AC	2,376,000	2,376,000	-
Long term loans to employees	LR	AC	51,400	51,400	-
Formation cost receivable from Scheme	LR	AC	50,339,537	50,339,537	-
Mark-up accrued on bank deposits	LR	AC	4,292	4,292	-
Service fee receivables	LR	AC	27,348,915	27,348,915	-
Current Portion of formation cost receivable from Scheme	LR	AC	54,915,860	54,915,860	-
Current portion of long term loans to employee and advances	LR	AC	8,314,303	8,314,303	-
Other receivables	LR	AC	3,131,197	3,131,197	-
Bank balances	LR	AC	16,726,028	16,726,028	-

- "LR" is loans and receivables
- "AC" is amortised cost

ii) **Hedge accounting**

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended June 30, 2019.

iii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model of IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12 - months ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure provision againstfinancial assets on the basis of lifetime ECLs.

Lifetime ECL is only recognised if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the customers) on ECLs.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Presentation of impairment

Provision against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the new impairment model

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. There is not impact of the new impairment model, defined by IFRS 9, on the Company's statement of financial for the year ended June 30, 2019.

b) IFRS 15 - Revenue from contracts with customers

IFRS 15 - Revenue from contracts with customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions involving Advertising Services. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services. However, the adoption of IFRS 15 does not have any impact on the reported revenue of the Company for the year ended June 30, 2019.

5 PROPERTY AND EQUIPMENT

	Furniture & fixture	Office equipment	Computer and allied equipment	Telecommunication equipment	Vehicles	Total
	------------------- Rupees -------------------					
As at June 30, 2019						
Cost	**46,420**	**42,500**	**1,150,433**	**324,500**	**202,500**	**1,766,353**
Accumulated depreciation	**(14,675)**	**(32,077)**	**(887,502)**	**(280,918)**	**(90,180)**	**(1,305,352)**
	31,745	**10,423**	**262,931**	**43,582**	**112,320**	**461,001**
Year ended June 30, 2019						
Opening net book value	**3,539**	**12,262**	**305,218**	**65,048**	**140,400**	**526,467**
Additions	**32,380**	**-**	**80,600**	**-**	**-**	**112,980**
Depreciation charge	**(4,174)**	**(1,839)**	**(122,887)**	**(21,466)**	**(28,080)**	**(178,446)**
Closing net book value	**31,745**	**10,423**	**262,931**	**43,582**	**112,320**	**461,001**
As at June 30, 2018						
Cost	14,040	42,500	1,069,833	324,500	202,500	1,653,373
Accumulated depreciation	(10,501)	(30,238)	(764,615)	(259,452)	(62,100)	(1,126,906)
	3,539	12,262	305,218	65,048	140,400	526,467
Year ended June 30, 2018						
Opening net book value	4,164	14,426	455,550	56,340	175,500	705,980
Additions	-	-	-	35,000	-	35,000
Depreciation charge	(625)	(2,164)	(150,332)	(26,292)	(35,100)	(214,513)
Closing net book value	3,539	12,262	305,218	65,048	140,400	526,467
As at June 30, 2017						
Cost	14,040	42,500	1,069,833	289,500	202,500	1,618,373
Accumulated depreciation	(9,876)	(28,074)	(614,283)	(233,160)	(27,000)	(912,393)
	4,164	14,426	455,550	56,340	175,500	705,980
Annual rates of depreciation	**15%**	**15%**	**33%**	**33%**	**20%**	

6	INTANGIBLE ASSETS	Note	2019	2018
			Rupees	
	Opening written down value as at 1 July		**21,539**	32,148
	Less: Amortization during the year		**(7,108)**	(10,609)
	Written down value as at 30 June		**14,431**	21,539
	Amortization		**33%**	33%

7	LONG TERM DEPOSIT AND RECEIVABLES	Note	2019	2018
	Long term receivables	*7.1*	**2,620,300**	2,363,500
	Security deposit with Central Depository Company of Pakistan Limited		**12,500**	12,500
			2,632,800	2,376,000

7.1 This represents amount extended to employees in accordance with the terms of employment and Company's policy to facilitate employees to finance motor vehicle on lease or on any other mode of Financing.

8	LONG TERM LOANS TO EMPLOYEES	Note	2019	2018
			Rupees	
	Unsecured-Considered good			
	Loans to employees		**526,400**	291,200
	Less: Current portion shown under current asset		**(507,400)**	(239,800)
			19,000	51,400

9	FORMATION COST RECEIVABLE FROM SCHEME	Note	2019	2018
	Formation cost of scheme	*9.1*	**50,339,537**	105,255,397
	Less: Current portion shown under current asset		**(50,339,537)**	(54,915,860)
			-	50,339,537

9.1 These represent preliminary expenses paid by the company for launching of Dolmen City REIT in accordance with REIT regulation 2015. This is interest free and receivable in equal amount paid annually over period of five years.

10	DEFERRED TAX - net	Note	2019	2018
			Rupees	
	Deferred tax assets - Deductible temporary differences			
	- Tax losses		-	8,462,232
	Deferred tax liabilities - Taxable temporary differences			
	- Property and equipment		**(6,369)**	(15,169)
	- Unrealized gain / (loss) on remeasurement of investments at fair value through profit or loss		**8,100**	(2,073)
			1,731	(17,242)
	Deferred tax asset - net		**1,731**	8,444,990

11	SERVICE FEE RECEIVABLE	Note	2019	2018
			Rupees	
	Service fee receivable	*11.1*	**26,058,503**	27,348,915

11.1 This includes Rs. 25.47 million (30 June 2018: Rs. 25.09 million) receivable from the Scheme in respect of fee. Under the provisions of REIT Regulations 2015, RMC is entitled to an annual management fee not exceeding three percent of Net Operating Income (NOI) of scheme. Management fee is charged on quarterly basis.

12 CURRENT PORTION OF LONG TERM LOANS TO EMPLOYEES AND ADVANCES

	Note	2019 Rupees	2018 Rupees
Unsecured - Considered good			
Current portion of loans to employees		**507,400**	239,800
Advances to:			
Employees	*12.1*	**9,925,188**	8,074,503
		10,432,588	8,314,303

12.1 This includes advance to chief executive officer of the Company amounting to Rs. 9.24 million (2018: Rs.7.43 million).

13 PREPAYMENTS AND OTHER RECEIVABLES

	Note	2019 Rupees	2018 Rupees
Prepayments		**304,292**	561,922
Other receivable			
Unsecured - Considered good			
- Javedan Corporation limited - a related party		**3,109,989**	3,109,989
- Arif Habib Dolmen City REIT scheme - a related party		**1,200,000**	-
- Vision View (Private) Limited		**1,250,000**	-
- Others		**23,396**	21,208
		5,583,385	3,131,197
		5,887,677	3,693,119

14 SHORT TERM INVESTMENT

	Note	2019	2018
Investments in mutual fund			
- measured at fair value through OCI	*14.1*	-	118,395
Investments in Dolmen City REIT Scheme			
- measured at fair value through Profit or loss	*14.2*	**18,712,800**	-
		18,712,800	118,395
Investment in Marginal Trading System	*14.3*	**614**	614
		18,713,414	119,009

14.1 *Investment initially designated at fair value through OCI*

2019	2018		2019	2018
-------Number of units--------				
-	2,250	Pakistan Cash Management Fund (a related party)	-	118,395

14.2 *Investment at fair value through profit or loss*

2019	2018		2019	2018
-------Number of units--------				
1,840,000	-	Dolmen City REIT (a related party)	**18,712,800**	-

14.2.1 Unrealized loss on remeasurement of short term investments as of the reporting date

	2019	2018
Market value of the investments	**18,712,800**	-
Cost of the investments	**18,766,800**	-
	(54,000)	-

		Note	2019	2018
			Rupees	
14.3	**Arif Habib Limited - an associated company**			
	Marginal Trading System (MTS)		**614**	614

15 CASH AND BANK BALANCES

	Note	2019	2018
Cash in hand		**30,000**	20,000
Cash at bank			
- Saving accounts	*15.1*	**103,832,468**	16,725,900
- Current accounts		**128**	128
		103,832,596	16,726,028
		103,862,596	16,746,028

15.1 These carry markup at the rates ranging from 9.5% to 12.0% (2018 : 4.0% to 5.0%) per annum.

16 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		2019	2018
-----Number of shares-----			Rupees	
		Authorised capital		
50,000,000	50,000,000	Ordinary shares of Rs.10/- each	**500,000,000**	500,000,000
		Issued, subscribed and paid up capital		
		Ordinary shares of Rs.10/- each		
20,000,000	20,000,000	For Cash	**200,000,000**	200,000,000

16.1 There is no agreement with shareholders for voting rights, board selection, rights of first refusal, and block voting.

17 ACCRUED EXPENSES AND OTHER PAYABLES

	Note	2019	2018
		Rupees	
Preliminary expenses payable	*17.1*	**522,410**	522,410
Accrued expense	*17.2*	**1,473,643**	1,380,281
Payable to Arif Habib Limited - a related party	*17.3*	**18,852,595**	-
Sales tax payable		**2,997,468**	13,309,490
Others		**19,762**	5,295
		23,865,878	15,217,476

17.1 These represent preliminary expenses payable by the company for launching of Dolmen City REIT in accordance with REIT regulation 2015.

17.2 It includes Rs. 0.283 million (2018: Rs. 0.196 million) payable to Rotocast Engineering a related party of the Company.

17.3 This represent payable against payment made by M/s. Arif Habib Limited, on behalf of the Company, for purchasing units acquired of Dolmen City REIT scheme.

18 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitment at year end.

19 OPERATING REVENUE - NET

	Note	2019	2018
		Rupees	
REIT management fee		**102,169,403**	94,009,107
REIT advisory fee		**10,170,000**	3,390,000
		112,339,403	97,399,107
Less: sales tax		**(12,923,913)**	(11,205,207)
		99,415,490	86,193,900

20 ADMINISTRATIVE EXPENSES

	Note	2019	2018
Salaries, allowances and benefits	*20.1*	**34,753,345**	29,461,631
Legal and professional		**2,948,110**	1,924,441
Rent expense		**2,760,615**	3,855,060
Communication		**465,068**	405,346
Advertisement expense		**54,360**	647,980
Travelling expense		**1,402,218**	2,503,633
Office maintenance charges		**1,920,367**	2,791,182
Printing and stationery		**249,291**	216,557
Insurance		**807,733**	1,608,516
Depreciation	*5*	**178,446**	214,513
Amortisation	*6*	**7,108**	10,609
Auditors' remuneration	*20.2*	**589,500**	483,200
Director meeting fee		**600,000**	650,000
Training and membership expense		**367,967**	188,145
Professional tax		**102,250**	102,250
Donation	*20.3*	**300,000**	300,000
Others		**2,430,261**	1,280,425
		49,936,639	46,643,488

20.1 Salaries and benefits include Rs. 2.12 million (2018: Rs. 2.03 million) in respect of voluntary pension scheme.

20.2 Auditors' remuneration

	Note	2019	2018
		Rupees	
Audit fee		**300,000**	215,000
Fee for review of condensed interim financial information		**125,000**	125,000
Fee for review of code of corporate governance		**75,000**	75,000
Other certification		**25,000**	-
Government levies		**32,000**	33,200
Out of pocket expenses		**32,500**	35,000
		589,500	483,200

20.3 None of the directors of the Company or their spouses had any interest in the donee organizations.

21 FINANCE COST

	Note	2019	2018
		Rupees	
Amortisation effect on long term loan		-	58,674,798
Mark-up on long term loan		-	1,040,899
Bank charges		**5,648**	10,688
		5,648	59,726,385

22 OTHER INCOME

	Note	2019	2018
		Rupees	
From financial assets			
Mark-up on bank deposit		**7,636,791**	733,576
Dividend income		**5,213**	-
Gain on disposal of short term investment		**34,663**	-
		7,676,667	733,576

23 TAXATION

	Note	2019	2018
Current tax - for the year	*23.1*	**11,115,603**	11,082,194
- for prior years		**(88,029)**	43,894
		11,027,574	11,126,088
Deferred	*10*	**8,443,259**	11,667,661
		19,470,833	22,793,749

23.1 The relationship between tax expense and accounting profit has not been presented in these financial statements as the Company's tax liability is subject to minimum tax in respect of tax deductible at source under section 153 of the Income Tax Ordinance, 2001.

24 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

	2019	2018
	Rupees	
Profit / (loss) after taxation	**37,625,037**	(136,283,015)
	Number of shares	
Weighted average number of ordinary shares	**20,000,000**	20,000,000
	Rupees	
Earning / (loss) per share - Basic	**1.88**	(6.81)

24.1 There is no dilutive effect on the basic earnings / (loss) per share of the Company, since there are no convertible instruments in issue as at June 30, 2019 and June 30, 2018 which would have any effect on the earnings / (loss) per share.

25 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

The aggregate amount charged in the financial statements for remuneration, including all benefits, to Chief Executive and Directors of the Company are given below:

	2019		
	Executive Director	**Non - Executive Directors**	**Other Executives**
		Rupees	
Remuneration	**7,200,000**	**-**	**11,085,738**
Meeting fee	**-**	**600,000**	**-**
Contribution to Voluntary Pension Scheme	**720,000**	**-**	**1,108,571**
Other benefits (25.1)	**2,346,776**	**-**	**3,091,888**
Total	**10,266,776**	**600,000**	**15,286,197**
Number of persons	**1**	**3**	**5**

	2018		
	Executive Director	Non - Executive Directors	Other Executives
		Rupees	
Remuneration	7,200,000	-	10,076,565
Meeting fee	-	650,000	-
Contribution to Voluntary Pension Scheme	720,000	-	1,037,340
Other benefits (25.1)	2,126,931	-	2,992,272
Total	10,046,931	650,000	14,106,177
Number of persons	1	2	4

25.1 Other benefits include health insurance and reimbursement on account of medical and vehicle related costs such as petrol, maintenance, insurance, and driver in accordance with the terms of appointment.

26 FINANCIAL RISK MANAGEMENT

26.1 The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods 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. The Board is responsible for developing and monitoring the Company's risk management policies.

a) Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of three types of risks: foreign currency risk, price risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

i) Foreign currency risk

Currency risk is a risk that a fair value of future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company is not exposed to currency risk as there are no foreign currency denominated financial instruments held by the Company as of the reporting date.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any fixed rate financial instrument therefore the Company is not exposed to fair value changes for fixed rate financial instrument. However variable rate financial instruments exposes the Company to fluctuation in cash flow due to change in market interest rate.

As of the reporting date the Company has following variable rate financial instruments.

	2019	2018
	Rupees	
Financial Assets		
Bank Balance - *pls account*	103,832,468	16,725,900

Cash flow sensitivity analysis

The following figures demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variable remaining constant on the Company's profit before taxation

	Increase/ Decrease in basis points	Effect on Profit / (loss) Before Taxation Rupees
30 June 2019	**+100**	**1,038,325**
	-100	**(1,038,325)**
30 June 2018	+100	167,259
	-100	(167,259)

Other price risk

The other price risk includes all other risk other than the interest rate risk and currency risk affecting the fair value or future cash flow of financial instrument because of change in market prices. The Company is not exposed to any significant other price risk as of the reporting date.

b) Credit risk

Credit risk is the risk of a financial loss resulting from the failure of a counterparty to settle its financial and contractual obligations to the Company, as and when they fall due.

The maximum exposure to credit risk at the reporting date is:

	2019	2018
	Rupees	
Formation cost receivable from scheme	50,339,537	105,255,397
Receivable	26,058,503	27,348,915
Other receivable	5,583,385	3,131,197
Long term deposit and receivables	2,620,300	2,363,500
Loan to employees	10,451,588	8,365,703
Bank balance	103,832,596	16,726,028
Long term deposit	12,500	12,500
Mark-up accrued	1,162,760	4,292
	200,061,169	163,207,532

Formation cost receivable from scheme, receivable and other receivable

	2019		2018	
	Gross	Impairment	Gross	Impairment
Not past due	50,339,537	-	105,255,397	-
Past due but less than one year	28,508,503	-	30,458,904	-
More than one year	3,109,989	-	21,208	-
	81,958,029	-	135,735,509	-

The aging analysis of balance due from Javedan Corporation Limited and Arif Habib Dolmen REIT scheme Limited, being related parties of the Company, are as follows:

	2019		2018	
	Gross	Impairment	Gross	Impairment
Not past due	-	-	-	-
Past due but less than one year	1,200,000	-	3,109,989	-
More than one year	3,109,989	-	-	-
	4,309,989	-	3,109,989	-

The highest aggregate amount outstanding during the year was Rs. 4.3 million (2018: Rs. 3.1 million).

Bank Balance

The bank balance represents low credit risk as this is placed with banks having good credit rating assigned by independent credit rating agency. The credit quality of bank balance can be assessed with reference to external credit ratings as follows:

Bank	Rating agency	Rating Short term	Long term
Summit Bank Limited	JCR-VIS	Suspended	Suspended
Askari Bank Limited	PACRA	A1+	AA+
Bank of Punjab	PACRA	A1+	AA
Bank Islami	PACRA	A+	A1
Meezan Bank	JCR-VIS	A-1+	AA+

c) **Liquidity risk**

Liquidity risk is a risk that the Company will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or another financial assets.

The Company closely monitors liquidity and cash flow positions and ensure that sufficient level of cash and cash equivalents are maintained by the Company to meet its liabilities as and when they fall due.

As of the reporting date the financial liabilities of the Company due within one year amounted to Rs. 20.78 million (30 June 2018: Rs. 1.78 million) and due after one year amounted to Rs. Nil (30 June 2018: Nil).

d) **Capital risk management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Company is not exposed to any significant capital risk as currently there are not outstanding borrowings.

27 **Fair value of financial instrument**

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

Fair value hierarchy

The fair values of the financial instruments have been analysed in various levels as

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

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

The Company's total investments constitutes investment at fair value through profit or loss, and the fair value of such investment is readily quoted. This investment is categorised as level 1 and level 3 investments in accordance with fair value method used. The fair value of such investment held was Rs.18,712,800 (2018:118,395) and Rs.614 (2018: 614) as at reporting date respectively. No level 2 investments were made during the year.

28 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, sponsors, directors and key management personnel. Transaction with related parties are carried out by the company at agreed terms with related parties. Details of transaction carried out with related parties if not disclosed elsewhere in these financial statement are as follows:

	2019	2018
Transaction during the year:	Rupees	
Rotocast Engineering Company (Private) Limited - (Associate company due to common directorship)		
Rent expense / paid	**2,760,615**	3,855,060
Payment of common shared expenses	**1,586,472**	2,387,084
Administration charges	**157,543**	215,814
Payment of administration charges	**149,977**	198,941
International Complex Projects Limited - (Associate company due to common directorship)		
Repayment of loan	-	1,018,753,131
Sale of DCR units	-	1,111,850,000
MCB Arif Habib Savings & Investment Limited - (Associate company due to common directorship)		
Employer's VPS contribution paid	**2,126,669**	2,027,444
Purchase of units	**4,431**	-
Redemption of units	**118,577**	-
Receipt of dividend	**5,213**	-
Dolmen City REIT - (A scheme managed by Arif Habib Dolmen REIT Management Limited)		
Purchase of units	**18,766,800**	-

29 NUMBER OF EMPLOYEES

The number of employees (including contractual employees) and average number of employees at year end and during the year respectively are as follows:

	2019	2018
	Number	
Total number of employees as at	**19**	18
Average number of employees during the year	**19**	18

30 DATE OF AUTHORISATION

These financial statements were authorised for issue on 17 SEP 2019 by the Board of Directors of the Company.

31 GENERAL

Figures have been rounded off to the nearest Rupee.

Chief Executive

Director