AUDITED FINANCIAL STATEMENTS
OF
ARIF HABIB DOLMEN REIT
MANAGEMENT LIMITED
FOR THE YEAR ENDED
JUNE 30, 2020

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
KARACHI, LAHORE & ISLAMABAD

Arif Habib Dolmen REIT Management Limited
Directors' Report
For the Year Ended 30th June 2020

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 2020.

Operational and Financial Results

Dolmen City REIT 'DCR', remained the backbone of RMC's income. The Scheme's overall profit over the year has shown a growth of 18.17 % by virtue of real estate appreciation, amounting to PKR 8,117.88 million as compared to PKR 6,869.59 million during the same period last year.

The financial and operational results are heavily affected by the outbreak of Novel Coronavirus (Covid-19) in the year 2020 with its spread across the globe causing disruptions to businesses and economic activity. The global economy is expected to need another two years to revert to pre-pandemic levels as estimated by the Organization of Economic Cooperation and Development 'OECD' with developed economies declining up to 9.8% from April to June this year.

Pakistan's retail sector took a major hit due to the virus when the government decided to impose lock-downs in major cities causing shopping malls to remain closed from March 18, 2020 till May 19, 2020 in Karachi. Post resumption from May 19, 2020, the customer footfall and resulting retail sales, reduced significantly due to limited operations and SOP's imposed by the government.

The success of any mall is based on long term relationships with credible brands as tenants. The REIT Management company of DCR successfully responded to the challenges and proactively negotiated contracts with tenants to ensure tenant retention in these trying times. Tenants at both the Dolmen City Mall and the Harbour front office building were provided with rental waivers from month to month after carefully assessing the overall situation.

Resulting from a decrease in profitability of the Scheme; the RMC earned an operating revenue of PKR 77.05 million down from 99.41 million in the corresponding period last year (30 June 2019). The administrative expenses of the RMC for the period were PKR 64.62 million (30 June 2019: PKR 49.94 million) which resulted in gross profit for the period amounting to PKR 12.44 million (30 June 2019: PKR 49.47 million). The RMC has also earned PKR 9.49 million (30 June 2019: PKR 7.64 million) from markup on bank deposits and PKR 10.68 million as dividend income in the current year. The unrealized gain on units of Dolmen City REIT, bought by RMC with surplus cash, is PKR 6.28 million The RMC has posted a profit after tax amounting to PKR 24.51 million as compared to PKR 37.63 million in the corresponding period last year. This has translated into earnings per share of PKR 1.23 for the period as compared to PKR 1.88 during the previous year.

Amendments in Trust Deed

It is encouraging to note that constructive reforms in the regulatory framework of REITs were made by the SECP in December 2018 which paved the way for operational strengthening of REIT's business. Under the

updated Regulations, REITs are allowed secured bank borrowing up to 50% of the net asset value, issue Right units, and invest surplus funds in money market funds amongst other changes. Most importantly; the pre-requisite transfer of real estate in the name of REIT's Trustee before IPO/financial closure has been abolished. In light of these regulatory changes, certain amendments have been made in the Original Trust Deed of Dolmen City REIT. These amendments were made to bring the Trust Deed in line with the REIT Regulations 2015 as amended in December 2018.

The Regulator contemplates introducing Infrastructure REITs in Pakistan

Earlier this year, the SECP shared a draft of amendments in the REIT Regulations which saliently introduced a definition of Infrastructure REITs. The introduction of Infrastructure REITs to the allowable REIT palette will broaden the horizon for launching new REITs in the country; however this require a detailed regulatory framework and changes in the REIT Regulations. The Commission is currently evaluating various stakeholder proposals in this regard and may promulgate such changes in FY21. Unfortunately, regulatory reforms alone would be inadequate for meaningful proliferation of REITs while taxation disadvantages to the Unit holders persist.

Taxation Reforms

During the current year, the REIT management company, jointly with other RMCs, advocated tax reforms to be incorporated in the Finance Bill 2020 for the documentation of real estate economy through proliferation of REITs. The reforms being advocated includes exemption from taxation of paper gains for all kinds of REIT Schemes on transfer of Immovable property to a REIT scheme and harmonization of dividends paid out by REITs with mutual funds at 15% (currently dividends from REITs are taxed at 25%). Unfortunately, to the contrary of what was proposed, the FBR increased the withholding tax on dividends from 15% to 25% in the Finance Act 2020 creating a more challenging environment for REIT investments.

It is fundamental for the growth of REITs that the legal framework and taxation regime remain supportive and consistent in the longer term. It must be recognised that REITs are an important investment vehicle and have the potential of bringing several benefits to the economy. These range from improving documentation of real estate transactions, bringing accuracy to property valuations, enhancing the government revenue and allowing small savers to take exposure in real estate thereby promoting savings. It is important that REITs are supported at all levels and benefits that are available to REITs in the province of Sindh are extended throughout the country for their proliferation. In a real estate project, public money inevitably gets involved in the form of customer advances. Therefore, such business should be undertaken by regulated corporate entities such as REITs.

It is essential that a level playing field is provided to REIT investors and sponsors compared with other forms of real estate business conducted in Pakistan and tax disadvantages faced by REITs are eradicated.

Economic Package to Boost Construction for Unprecedented times

Earlier this year, the government took commendable measures in the form of a special economic package to boost the Construction Industry. This included recognition of construction and real estate development as an industry, introducing 'Fixed Tax Regime', rationalizing the immovable property transfer duties and taxes and encouraging investors and buyers, especially end-users, to participate by giving exemption from declaring source of income while investing in real estate projects. The government is working closely with banks and

financial institutions to develop a mortgage finance portfolio equivalent to 5% of banks' advances. An interest rate subsidy has also been announced to encourage buyers of small housing units.

Incentives are also provided for investment in the sector through no-questions on unexplained income sources (Section 111) which have not been extended to REITs. The new incentives while beneficial for real estate and construction further exclude REITs and discourage the introduction of new REIT schemes.

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 with all other organizational forms such as proprietorship, partnership or a private or public limited company in Pakistan.

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.

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.

We are evaluating numerous potential REIT opportunities which await rationalization of the taxation regime applied to REITs. We are optimistic that with a renewed interest by the government to identify and address impediments to growth of this important sector, 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
18 September 2020

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, 2020, 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, 2020 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.

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Rahman Sarfaraz Rahim Iqbal Rafiq
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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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Russell Bedford

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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 Rafiq Dosani.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Karachi

Date: 18 SEP 2020

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
ASSETS		----------Rupees--------	
Non-current assets			
Property and equipment	5	**396,149**	461,001
Right-of-use asset	6	**6,061,826**	-
Intangible asset	7	**9,667**	14,431
Long term advances and deposits	8	**3,328,600**	2,632,800
Long term loans to employees	9	**16,000**	19,000
Deferred tax asset - net	10	-	1,731
		9,812,242	3,128,963
Current assets			
Mark-up accrued on bank deposits		**451**	1,162,760
REIT management fee receivable		**6,652,900**	25,473,503
Current maturity of formation cost receivable from scheme	11	-	50,339,537
Current maturity of long term loan to employees and advances	12	**7,557,835**	10,432,588
Prepayments and other receivables	13	**7,524,091**	6,472,677
Taxation-net		**1,433,618**	-
Short term investment	14	**84,289,214**	18,713,414
Cash and bank balances	15	**114,601,173**	103,862,596
		222,059,282	216,457,075
Total assets		**231,871,524**	219,586,038
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital		**500,000,000**	500,000,000
Issued, subscribed and paid-up capital	16	**200,000,000**	200,000,000
Revenue reserves			
Accumulated profit / (losses)		**18,899,531**	(5,609,571)
		218,899,531	194,390,429
LIABILITIES			
Non-current liabilities			
Deferred tax liability - net	10	**1,391,174**	-
Lease liability		**4,512,270**	-
		5,903,444	-
Current liabilities			
Accrued expenses and other payables	17	**4,968,007**	23,865,878
Current maturity of lease liability		**2,100,542**	-
Taxation-net		-	1,329,731
		7,068,549	25,195,609
Total equity and liabilities		**231,871,524**	219,586,038

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Financial Officer *Chief Executive* *Director*

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		----------Rupees--------	
Operating revenue - net	18	**77,054,010**	99,415,490
Gain / (Loss) on re-measurement of short term investment		**6,281,050**	(54,000)
Administrative expenses	19	**(64,615,936)**	(49,942,287)
Finance cost	20	**(1,153,923)**	-
Other income	21	**20,175,455**	7,676,667
Profit before taxation		**37,740,656**	57,095,870
Taxation	22	**(13,231,554)**	(19,470,833)
Profit after taxation		**24,509,102**	37,625,037
Earnings per share - basic and diluted	23	**1.23**	1.88

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Financial Officer | **Chief Executive** | **Director**

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----------Rupees--------	
Profit after taxation	**24,509,102**	37,625,037
Other comprehensive loss		
Items that will not be reclassified subsequently to statement of profit or loss		
Reclassification adjustment relating to disposal of investment - net	-	(38,912)
Total comprehensive income for the year	**24,509,102**	37,586,125

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Financial Officer | **Chief Executive** | **Director**

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		----------Rupees--------	
Profit before taxation		**37,740,656**	57,095,870
Adjustment for:			
Depreciation on property and equipment		**161,998**	178,446
Depreciation on right-of-use assets		**2,424,731**	
Amortisation of intangible assets		**4,764**	7,108
Dividend income		**(10,681,200)**	(5,213)
(Gain) / loss on remeasurement of short term investments		**(6,281,050)**	54,000
Mark-up on bank deposits		**(9,494,255)**	(7,636,791)
		(23,865,012)	(7,402,450)
Cash generated from operating activities before working capital changes		**13,875,644**	49,693,420
Working capital changes			
(Increase) / decrease in current assets			
REIT management fee receivable		**18,820,603**	1,290,412
Current portion of long term loans to employees and advances		**2,874,753**	(2,118,285)
Prepayments and other receivables		**(1,051,414)**	(2,194,558)
Short term investment		**(59,294,750)**	(18,687,317)
		(38,650,808)	(21,709,748)
(Decrease) / increase in current liabilities			
Accrued expenses and other payables		**(18,897,871)**	8,648,402
Cash (used in) / generated from operations		**(43,673,035)**	36,632,074
Taxes paid		**(14,601,998)**	(10,577,522)
Net cash (used in) / generated from operating activities		**(58,275,033)**	**26,054,552**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		**(97,146)**	(112,980)
Long term advances (made) / recovered		**(695,800)**	32,400
Long term loan to employees recovered / (disbursed)		**3,000**	(256,800)
Dividend received		**10,681,200**	5,213
Formation cost received from scheme		**50,339,537**	54,915,860
Markup received		**10,656,564**	6,478,323
Net cash generated from investing activities		**70,887,355**	61,062,016
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability		**(1,873,745)**	-
Net cash used in financing activities		**(1,873,745)**	-
Net increase in cash and cash equivalents		**10,738,577**	87,116,568
Cash and cash equivalents at beginning of the year		**103,862,596**	16,746,028
Cash and cash equivalents at end of the year	*15*	**114,601,173**	103,862,596

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Financial Officer | **Chief Executive** | **Director**

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

		Reserves			
		Capital	*Revenue*	*Sub total*	*Shareholder's equity*
	Issued, subscribed and paid-up capital	*Surplus on re-measurement of investments*	*Accumulated (loss)/ profit*		
	Rupees				
Balance as at June 30, 2018	200,000,000	38,912	(43,234,608)	(43,195,696)	156,804,304
Total comprehensive income 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
Total comprehensive income for the year					
Profit for the year	-	-	**24,509,102**	**24,509,102**	**24,509,102**
Other comprehensive income	-	-	-	-	-
	-	-	**24,509,102**	**24,509,102**	**24,509,102**
Balance as at June 30, 2020	**200,000,000**	-	**18,899,531**	**18,899,531**	**218,899,531**

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Financial Officer | **Chief Executive** | **Director**

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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. As on June 30, 2020 the Company has been rated AM2+ (RMC) by VIS Credit Rating Company Limited.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements 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;
- The Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 (the NBFC Rules 2003); and
- The Real Estate Investment Trust Regulations 2015 (the REIT Regulations 2015).

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:

- Lease liability and the related right-of-use asset which are initially measured at the present value of the lease payments that are not paid at the commencement date; and
- Short term investments which are carried at fair value.

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.

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. 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.

	Note
- Useful lives, depreciation method and residual values of property and equipment	4.1
- Useful lives, amortisation method and residual values of intangible assets;	4.3
- Provision for taxation; and	4.7
- Lease liability and right-of-use assets.	4.2

2.5 New accounting pronouncements

2.5.1 *Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2020*

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates (except for those disclosed in note 3 to these financial statements) were not considered to be relevant to the Company's financial reporting, the same have not been disclosed here.

2.5.2 *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective*

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 the date specified below;

- 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 January 01, 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 application of the amendment is not likely to have an impact on the Company's 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 January 01, 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. The amendments are not likely to affect the financial statements of the Company.

- Interest rate benchmark reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 01, 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has, in turn, led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020 with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

  b. any reduction in lease payments affects only payments originally due on or before 30 June 2021;

  c. there is no substantive change to the other terms and conditions of the lease.

  The above amendments are not likely to affect the financial statements of the Company.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Company.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 01, 2022 clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

- Annual Improvements to IFRS standards 2018-2020:

  The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value

  The above amendments are not likely to affect the financial statements of the Company.

3 INITIAL APPLICATION OF IFRS 16 'LEASES'

An overview of the new lease accounting requirements for lessees

With effect from July 01, 2019, the Company has adopted the International Financial Reporting Standard (IFRS) 16 *Leases* which replaced the previous lease accounting requirements contained in IAS 17 *Leases*, IFRIC Interpretation 4 *Determining whether an Arrangement contains a Lease*, SIC Interpretation 15 *Operating Leases—Incentives* and SIC Interpretation 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 whereby, at the date of commencement of a lease, a lessee is required to recognize a right-of -use asset and a lease liability (except in case short term leases and leases of low value assets). The right-of-use asset represents the lessee's right of use an underlying asset during the lease term and the corresponding lease liability represents the lessee's obligation to make payments to the lessor for providing the right to use that asset. In the IASB's view, this new lessee accounting model reflects the economics of a lease because, at the commencement date, a lessee obtains the right to use an underlying asset for a period of time, and the lessor had delivered that right by making the asset available for use by the lessee.

The aforesaid new accounting model materially differs from the previous lease accounting requirements for lessees whereby a lessee was required to classify its leases either as finance leases or operating leases based on whether the risks and rewards incidental to ownership were substantially transferred to the lessee. Under the previous standard, at the commencement of the lease term, the lessee recognized finance leases as assets and liabilities in its statement of financial position. However, the lessee recognized the payments made under operating leases as an expense on a straight line basis over the lease term unless another systematic basis was more representative of the time pattern of the user's benefit.

Method of transition to the new lease accounting model

IFRS 16 specifies that a lessee shall apply the standard to its leases either retrospectively to each prior reporting period presented applying IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ('the full retrospective method') or retrospectively with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application without restating comparative information ('the cumulative catch-up transition method').

The Company has applied IFRS 16 to the lease arrangements in which it is a lessee (which previously were classified as operating leases under IAS 17) by following the cumulative catch-up transition method using the following practical expedients as permitted under paragraph C10 of IFRS 16:

(a) The Company has applied a single discount rate (i.e. its incremental borrowing rate of 16% per annum as of July 01, 2019) to its portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment);

(b) The Company has relied on its assessment of whether the aforesaid lease arrangements are onerous applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as on June 30, 2019 as an alternative to perform an impairment review of right-of-use asset. The said assessment performed by the Company as on June 30, 2019 had not identified any onerous lease arrangements; and

(c) The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Because, in its financial statements for the year ended June 30, 2019, the Company was not required to disclose operating lease commitments under IAS 17, no such explanation as is required under paragraph C12(b) of IFRS 16 has been disclosed in these financial statements.

Initial measurement of the right-of-use asset and the corresponding lease liability

As of the date of initial application (i.e. of July 01, 2019), the Company measured the right-of use asset and the related lease liability (arising from its rights under lease arrangements existing as of that date) as follows:

(a) As permitted under paragraph C8(b) of IFRS 16, the Company measured the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of related prepaid lease payments recognized in its statement of financial position as of June 30, 2019.

(b) The Company measured the lease liability at the present value of the remaining lease payments, discounted using its aforementioned incremental borrowing rate of 16% per annum as of July 01, 2019.

Subsequent measurement of the right-of-use asset and the corresponding lease liability

The accounting policy with respect to subsequent measurement of the right-of-use asset and the corresponding lease liability is described in note 4.2 to these financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for the change in accounting policy as described in note 3 to these financial statements:

4.1 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 an 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 company 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, depreciation methods and their useful lives are reviewed at each reporting date and adjusted, if appropriate.

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

4.2 Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The company applies a single recognition and measurement approach for lease. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset.

i) Right-of-use assets

The Company recognises right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset, as follows:

- Office Premises 10 years

ii) **Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments (the fixed payments) to be made over the lease term. The lease payments also include the payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the lease payments The company's lease liabilities are included in interest-bearing loans.

4.3 Intangible asset

Intangible assets acquired separately are initially recognized at cost. After initial recognition, these are measured at cost less accumulated amortization and accumulated impairment losses. Costs associated with routine maintenance of intangible assets are recognized as an expense when incurred. However, costs that are directly attributable to identifiable intangible assets and which enhance or extend the performance of intangible assets beyond the original specification and useful life is recognized as capital improvement and added to the original cost of the software.

Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the reducing balance method at the rates specified in note 7 to the financial statements.

4.4 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.

4.5 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.

4.6 Revenue recognition

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

Markup on bank deposits

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

Dividend Income

Dividends received from investments measured at fair value through profit or loss. Dividends are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

4.7 Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.8 Financial assets

4.8.1 Initial recognition

The Company classifies its financial assets into either of the following three categories:

(a) financial assets measured at amortized cost;
(b) financial assets measured at fair value through other comprehensive income (FVOCI); and
(c) financial assets measured at fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at fair value through other comprehensive income

A financial asset is classified as at fair value through other comprehensive income when either:

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

(b) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

4.8.2 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) Financial assets at fair value through other comprehensive income

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in statement of profit or loss.

4.8.3 Impairment

The Company's financial assets that are subject to the impairment requirements of IFRS 9 are trade receivables, and other receivables.

The Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance for all above mentioned financial assets. The Company measures expected credit losses in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit and loss account, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

4.9 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.

4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortized cost. For the purpose of the statement of cashflows and cash equivalents comprise cash and bank balances.

4.11 Staff retirement benefit

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

5 PROPERTY AND EQUIPMENT

	Owned Assets					
	Furniture & fixtures	Office equipment	Computer and allied equipment	Telecommu-nication equipment	Vehicles	Total
	Rupees					
As at July 01, 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)
Net book value	3,539	12,262	305,218	65,048	140,400	526,467
Movement during the year ended June 30, 2019						
Opening net book value	3,539	12,262	305,218	65,048	140,400	526,467
Additions during the year	32,380	-	80,600	-	-	112,980
Depreciation for the year	(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, 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)
Net book value	31,745	10,423	262,931	43,582	112,320	461,001
Movement during the year ended June 30, 2020						
Opening net book value	31,745	10,423	262,931	43,582	112,320	461,001
Additions during the year	-	-	63,746	33,400	-	97,146
Depreciation for the year	(4,764)	(1,564)	(107,804)	(25,403)	(22,464)	(161,999)
Closing net book value	26,981	8,859	218,873	51,579	89,856	396,149
As at June 30, 2020						
Cost	46,420	42,500	1,214,179	357,900	202,500	1,863,499
Accumulated depreciation	(19,439)	(33,641)	(995,306)	(306,321)	(112,644)	(1,467,351)
Net book value	26,981	8,859	218,873	51,579	89,856	396,149
Annual rate of depreciation	15%	15%	33%	33%	20%	

6	RIGHT-OF-USE ASSET	2020	2019
		----------Rupees--------	
	Cost	**8,486,557**	-
	Depreciation charged during the year	**(2,424,731)**	-
	Closing net book value	**6,061,826**	-

6.1 This represents the Company's right to use the **office premises** (Block-B, 2nd Floor of the Arif Habib Centre situated at Plot No. 23, Off. M.T. Khan Road) obtained under lease arrangements. The principal terms and conditions of these lease arrangements are as follows:

	Office Premises
Lessor name	Rotocast Engineering Co. (Pvt.) Ltd.
Lease commencement date	01-Jan-13
Lease agreement date	17-Dec-12
Initial lease term	10 years
No. of years for which the lease extension option is available	Indefinite

6.2 The lease term used in the measurement of the right-of-use asset and the related lease liability has been restricted to the aforementioned initial lease term since the Company, after giving due consideration to the factors that might create an economic incentive for the Company to extend the leases, has concluded that, at the lease commencement date, it was not reasonably certain to exercise the said extension options.

7	INTANGIBLE ASSET	*Note*	2020	2019
			----------Rupees--------	
	Computer Software		**9,667**	14,431
	Opening written down value as at 1 July		**14,431**	21,539
	Less: Amortization during the year		**(4,764)**	(7,108)
	Written down value as at 30 June		**9,667**	14,431
	Amortization rate		**33%**	33%

8	LONG TERM ADVANCES AND DEPOSITS			
	Unsecured-considered good			
	Long term advances	*8.1*	**3,316,100**	2,620,300
	Security deposit with Central Depository Company of Pakistan Limited		**12,500**	12,500
			3,328,600	2,632,800

8.1 These represent the amounts extended to employees in accordance with the terms of employment and Company's policy to facilitate employees to obtain motor vehicles on lease or on any other Islamic mode of financing.

9	LONG TERM LOANS TO EMPLOYEES	*Note*	2020	2019
			----------Rupees--------	
	Unsecured-considered good			
	Loans to employees		**241,500**	526,400
	Less: Current maturity shown under current assets	*12*	**(225,500)**	(507,400)
			16,000	19,000

		2020	2019
10	**DEFERRED TAX - net**	----------Rupees--------	
	Deferred tax assets - Deductible temporary differences		
	- Lease liabilities against right-of-use asset	**1,917,715**	-
	- Property and equipment	**5,804**	-
	- Short term investment	**-**	8,100
		1,923,519	8,100
	Deferred tax liabilities - Taxable temporary differences		
	- Short term investment	**(1,556,763)**	
	- Right of use asset	**(1,757,930)**	-
	- Property and equipment	**-**	(6,369)
		(3,314,693)	**(6,369)**
	Deferred tax (liability) / asset - net	**(1,391,174)**	1,731

11 FORMATION COST RECEIVABLE FROM SCHEME

This represents preliminary expenses paid by the Company for launching of Dolmen City REIT Scheme in accordance with REIT Regulations 2015. This is interest free and receivable in equal amount paid annually over period of five years. During the year, the Company had received all instalments of such expenses.

		Note	2020	2019
12	**CURRENT MATURITY OF LONG TERM LOANS TO EMPLOYEES AND ADVANCES**		----------Rupees--------	
	Unsecured - considered good			
	Current portion of loans to employees	*9*	**225,500**	507,400
	Advances to:			
	Advance to employees	*12.1*	**7,332,335**	9,925,188
			7,557,835	10,432,588

12.1 This includes an advance to Chief Executive Officer of the Company amounting to Rs. 6.84 million (2019: Rs.9.24 million.

		Note	2020	2019
13	**PREPAYMENTS AND OTHER RECEIVABLES**		----------Rupees--------	
	Prepayments		**898,285**	304,292
	Other receivable			
	Unsecured considered good			
	- Javedan Corporation limited - a related party		**3,125,917**	3,109,989
	- Dolmen City REIT scheme - a related party		**1,333,333**	1,200,000
	- Vision View (Private) Limited		**1,835,000**	1,835,000
	- Arif Habib Consultancy (Private) Limited - a related party		**227,222**	-
	- Arif Habib Real Estate Services (Private) Limited - a related party		**31,725**	1,400
	- Others		**72,609**	21,996
			6,625,806	6,168,385
			7,524,091	6,472,677
14	**SHORT TERM INVESTMENT - At fair value through profit or loss**			
	Investment in Dolment City Reit Scheme	*14.1*	**84,288,600**	18,712,800
	Investment in Marginal Trading System	*14.2*	**614**	614
			84,289,214	18,713,414

14.1 ***Investment at fair value through profit or loss***

2020	2019			
-------Number of units--------				
7,740,000	1,840,000	Dolmen City REIT (a related party)	**84,288,600**	18,712,800

		2020	2019
		----------Rupees--------	
14.1.1	**Unrealized gain / (loss) on remeasurement of short term investments as of the reporting date**		
	Market value of the investments	**84,288,600**	18,712,800
	Cost of the investments	**78,061,550**	18,766,800
		6,227,050	(54,000)
14.2	**Arif Habib Limited - related party**		
	Marginal Trading System (MTS)	**614**	614

15 CASH AND BANK BALANCES

		2020	2019
Cash in hand		**12,060**	30,000
Cash at bank			
- Saving accounts	*15.1*	**114,588,985**	103,832,468
- Current accounts		**128**	128
		114,589,113	103,832,596
		114,601,173	103,862,596

15.1 These carry markup at the rates ranging from 3.0 % to 6.5% (2019 : 9.5% to 12.0%) per annum.

16 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		2020	2019
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		
20,000,000	20,000,000	Ordinary shares of Rs.10 each fully paid in 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	2020	2019
		----------Rupees--------	
Preliminary expenses payable	*17.1*	**522,410**	522,410
Withholding taxes payable		**153,758**	-
Accrued expenses	*17.2*	**3,290,552**	1,473,643
Payable to Arif Habib Limited - a related party	*17.3*	**-**	18,852,595
Sales tax payable		**736,775**	2,997,468
Finance cost payable on lease liability		**264,512**	-
Others		**-**	19,762
		4,968,007	23,865,878

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

17.2 This includes Rs. 0.255 million (2019: Rs. 0.283 million) payable to Rotocast Engineering, a related party of the Company.

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

18	OPERATING REVENUE - NET	Note	2020	2019
			----------Rupees--------	
	REIT management fee	18.1	87,071,031	102,169,403
	REIT advisory fee		-	10,170,000.00
			87,071,031	112,339,403
	Less: Sindh sales tax on services		(10,017,021)	(12,923,913)
			77,054,010	99,415,490

18.1 Under the provisions of REIT Regulations 2015, RMC is entitled to an annual management fee of three percent of Net Operating Income (NOI) of scheme. Management fee is charged on quarterly basis.

19	ADMINISTRATIVE EXPENSES	Note	2020	2019
			----------Rupees--------	
	Salaries, allowances and benefits	19.1	45,381,555	34,753,345
	Legal and professional		1,912,321	2,948,110
	Rent expense		-	2,760,615
	Communication		529,900	465,068
	Advertisement expense		-	54,360
	Travelling expense		2,480,066	1,402,218
	Office maintenance charges		2,183,047	1,920,367
	Printing and stationery		421,313	249,291
	Insurance		955,080	807,733
	Depreciation	5 & 6	2,586,729	178,446
	Amortisation	7	4,764	7,108
	Auditors' remuneration	19.2	629,000	589,500
	Director meeting fee		1,325,000	600,000
	Training and membership expense		312,300	367,967
	Professional tax		107,500	102,250
	Donation	19.3 & 19.4	3,340,000	300,000
	Others		2,447,361	2,435,909
			64,615,936	49,942,287

19.1 Salaries and benefits include Rs. 2.60 million (2019: Rs. 2.12 million) in respect of contribution to voluntary pension scheme.

19.2	Auditors' remuneration	2020	2019
		----------Rupees--------	
	Annual audit fee	325,000	300,000
	Half yearly review	125,000	125,000
	Review of compliance with Code of Corporate Governance	75,000	75,000
	Other certifications	25,000	25,000
	Sales tax on services	44,000	32,000
	Out of pocket expenses	35,000	32,500
		629,000	589,500

19.3 The name of donees to whom donation amount exceeds Rs. 1 million are M/s. BaitusSalam Welfare Trust, M/s. Saylani Welfare Trust, and M/s. Alamgir Welfare Trust.

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

	Note	2020	2019
		----------Rupees--------	

20 FINANCE COST

Finance cost on lease liability	1,153,923	-

21 OTHER INCOME

Mark-up on bank deposit	9,494,255	7,636,791
Dividend income	10,681,200	5,213
Gain on disposal of short term investment	-	34,663
	20,175,455	7,676,667

22 TAXATION

Current tax			
- for the year	22.1	11,838,649	11,115,603
- for prior years		-	(88,029)
		11,838,649	11,027,574
Deferred		1,392,905	8,443,259
		13,231,554	19,470,833

22.1 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.

23 EARNINGS PER SHARE - BASIC AND DILUTED

	2020	2019
	----------Rupees--------	
Profit after taxation	24,509,102	37,625,037
	No of Shares	
Weighted average number of ordinary shares	20,000,000	20,000,000
	----------Rupees--------	
Earning per share - Basic	1.23	1.88

23.1 There is no dilutive effect on the basic earnings per share of the Company, since there were potential ordinary share in issue as at June 30, 2020 and June 30, 2019.

24 REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2020		
	Chief Executive Officer	**Directors**	**Other Executives**
		Rupees	
Remuneration	**7,200,000**	**-**	**15,297,414**
Meeting fee	**-**	**1,325,000**	**-**
Contribution to Voluntary Pension Scheme	**720,000**	**-**	**1,529,741**
Other benefits refer note (24.1)	**4,581,679**	**-**	**5,329,377**
Total	**12,501,679**	**1,325,000**	**22,156,532**
Number of persons	**1**	**4**	**4**

	2019		
	Chief Executive Officer	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 (24.1)	2,346,776	-	3,091,888
Total	10,266,776	600,000	15,286,197
Number of persons	1	3	5

24.1 Other benefits include share of after tax profits of the Company, 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 employment.

25 FINANCIAL RISK MANAGEMENT

25.1 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.

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. 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 were 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.

	2020	2019
	Rupees	
Financial assets		
Bank Balance - *pls account*	**114,588,985**	103,832,468

Cash flow sensitivity analysis

The following figures demonstrate 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 2020	**+100**	**1,145,890**
	-100	**(1,145,890)**
30 June 2019	+100	1,038,325
	-100	(1,038,325)

iii) **Price risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 10%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies. As of the reporting date the Company was exposed to equity risk since it had investments in quoted securities amounting to Rs. 84.29 million (2019: 18.71 million).

The carrying value of investments subject to equity price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

Sensitivity analysis

The table below summarizes Company's price risk as of June 30, 2020 and 2019 and shows the effects of a hypothetical 10% increase and a 10% decrease in the price/unit of Dolmen City REIT as at the reporting date. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of markets.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in profit / (loss) before tax
		----------Rupees----------			
June 30, 2020	***Rupees***	**84,289,214**	**10% increase**	**92,718,135**	**8,428,921**
			10% decrease	**75,860,293**	**(8,428,921)**
June 30, 2019	*Rupees*	18,713,414	10% increase	20,584,755	1,871,341
			10% decrease	16,842,073	(1,871,341)

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:

	2020	2019
	Rupees	
Formation cost receivable from scheme	-	50,339,537
REIT management fee receivable	**6,652,900**	25,473,503
Other receivables	**6,625,806**	6,168,385
Long term advances & deposits	**3,328,600**	2,632,800
Long term loans to employees	**7,573,835**	10,451,588
Bank balances	**114,589,113**	103,832,596
Mark-up accrued on bank deposits	**451**	1,162,760
	138,770,705	200,061,169

Formation cost receivable from scheme, receivable and other receivable

	2020		2019	
	Gross	**Impairment**	Gross	Impairment
Not past due	-	-	50,339,537	-
Past due but less than one year	**8,245,180**	-	28,508,503	-
More than one year	**4,960,917**	-	3,109,989	-
	13,206,097	-	81,958,029	-

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

	2020		2019	
	Gross	**Impairment**	Gross	Impairment
Not past due	-	-	-	-
Past due but less than one year	**1,592,280**	-	1,200,000	-
More than one year	**3,125,917**	-	3,109,989	-
	4,718,197	-	4,309,989	-

The highest aggregate amount outstanding during the year was Rs 4.7 million (2019: Rs. 4.3 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**		**Balances**
		Short term	**Long term**	
Summit Bank Limited	-	-	-	53,428
Askari Bank Limited	PACRA	A1+	AA+	2,719,891
Bank of Punjab	PACRA	A1+	AA	7,704
Bank Islami	PACRA	A1	A+	62,227
Bank Alhabib	PACRA	A1+	AA+	111,737,096
Dubai Islamic Bank	VIS	A-1+	AA	8,757
Meezan Bank	VIS	A-1+	AA+	10

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.

	2020					
	Carrying amount	Contractual cashflows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees)					
Financial liabilities						
Lease liability (including accrued finance cost)	6,877,324	6,877,324	1,273,612	1,091,442	4,512,270	-
Accrued expenses and other payables	3,812,962	3,812,962	3,812,962	-	-	-
	10,690,286	10,690,286	5,086,574	1,091,442	4,512,270	-

	2019					
	Carrying amount	Contractual cashflows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees)					
Financial liabilities						
Accrued expenses and other payables	20,848,648	20,848,648	20,848,648	-	-	-
	20,848,648	20,848,648	20,848,648	-	-	-

26 CAPITAL 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.

27 FAIR VALUE HIERARCHY

The Company measures the fair value of its investments in equity instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets

- 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 the reporting dates the fair value hierarchy of the Company's financial assets measured at fair value was as follows:

June 30, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	Amount in Rupees			
Financial assets mesured at fair value				
Short term investments	**84,288,600**	-	-	**84,288,600**

June 30, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	Amount in Rupees			
Financial assets mesured at fair value				
Short term investments	18,713,414	-	-	18,713,414

28 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, sponsors, directors, key management personnel and their close family members. Details of transactions carried out and balances held with related parties other than those disclosed elsewhere in these financial statements are as follows:

Name of the related party, relationship with company & Nature of Transaction	Year ended 30 June 2020	30 June 2019
	Rupees	
Arif Habib Consultancy (Private) Limited		
Transaction during the year		
Expenses paid	**1,098,891**	-
Balances at the year end		
Other receivable	**227,222**	-
Arif Habib Limited		
Transaction during the year		
Brokerage commission paid	**250,600**	-
Balances at the year end		
Other payables	-	18,852,595
Dolmen City Reit (A scheme managed by Arif Habib Dolmen Reit Management Limited)		
Transaction during the year		
Receipt of Expenses	**1,200,000**	-
Balances at the year end		
Other receivable	**1,333,333**	1,200,000
Arif Habib Real Estate Services (Private) Limited		
Transaction during the year		
Expenses paid	**30,325**	-
Balances at the year end		
Other receivable	**31,725**	1,400
MCB Arif Habib Savings and Investment Limited		
Transaction during the year		
Employer's VPS contribution paid	**2,602,093**	2,126,669
Purchase of units	-	4,431
Redemption of units	-	118,577
Receipt of dividend	-	5,213
Advisory fee expense	**106,809**	-
Javedan Corporation Limited		
Transaction during the year		
Expenses paid	**15,928**	-
Balances at the year end		
Other receivable	**3,125,917**	3,109,989
Rotocast Engineering Company (Private) Limited		
Transaction during the year		
Rent payment	**2,763,156**	2,760,615
Common shared expenses	**1,995,938**	1,666,436
Payment of common shared expenses	**2,022,388**	1,586,472
Administration charges	**187,109**	157,543
Payment of administration charges	**188,992**	149,977
Office Insuarance	**61,128**	69,463
Balances at the year end		
Other payable	**255,424**	283,000

29 NUMBER OF EMPLOYEES

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

	2020	2019
	Number	
Total number of employees as at	**21**	19
Average number of employees during the year	**20**	19

30 DATE OF AUTHORISATION

These financial statements were authorised for issue on 18 SEP 2020 by the Board of Directors of the Company.

31 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purpose of comparison and better presentation. Following reclassifications have been made:

Reclassified from component	Reclassified to component	Amount (Rupees)
Reit Management Fee Receivable	Receivable from Vision View (Pvt) Limited (Prepayments and other receivables)	585,000

32 COVID-19

The Management fee of the REIT Management Company is dependent on Net Operating Income of the Dolmen City REIT scheme. Since the Net Operating Income of the Scheme has decreased due to rental waivers as explained below, the management fee has also declined.

In Pakistan, the businesses in general and retail sector in particular is facing an unprecedented challenge arising out of situation due to COVID-19. Initially, it was expected to be a short term aberration. However, the situation has not only persisted for far longer than anticipated but also the associated uncertainties continue unabated. The Government's decision to shut down shopping malls from March 18, 2020 till May 19, 2020, has aggravated the difficulties faced by Mall tenants. These businesses, while complying with the Government's directives have lost their entire revenue stream from these retail outlets. Similarly, amidst this pandemic, a number of office-building tenants are promoting the culture of work- from-home and considering it unsafe to return to office premises as per their health and safety standards. Even when the Malls were allowed to reopen, tenants were not able to restore their businesses fully and their sales were significantly impacted due to curbs and SOP's placed by the provincial government.

Rental waivers were provided to tenants of the Mall and Harbour Front as follows:

Month	Dolmen Mall Clifton	The Harbor Front
Apr-2020	100%	25%
May-2020	100%	50%
Jun-2020	55%	50%
Jul-2020*	45%	40%
Aug-2020*	25%	25%
Sep-2020*	15%	0%

Impact of the rental waiver on the statement of profit or loss of Dolmen City Reit Scheme

Month	Loss of Revenue	Corresponding Decline in Management Fee of Reit Management Company
Apr-20	220,149,295	6,604,479
May-20	237,616,778	7,128,503
Jun-20	150,386,096	4,511,583
Jul-2020*	133,206,810	3,996,204
Aug-2020*	87,597,761	2,627,933
Sep-2020*	38,294,469	1,148,834

*Impact after the balance sheet period shown to reflect future outlook.

33 GENERAL

Figures have been rounded off to the nearest Rupee.

Chief Financial Officer | Chief Executive | Director