

# 14TH ANNUAL REPORT 2007



DREAMWORLD LIMITED



*In the Name of Almighty Allah,  
The Most Beneficent and  
Merciful*



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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Tariq Hilal	Chairman
Mr. Irfan Hilal Ahmed	Chief Executive
Mr. Zafar Uddin Siddiqui	Director
Mrs. Sadia Imran	Director
Mrs. Sara Amir	Director
Mrs. Tooba Tariq	Director
Mrs. Nida Irfan	Director

### AUDIT COMMITTEE

Mr. Zafar Uddin Siddiqui	Chairman
Mrs. Sadia Imran	Member
Mrs. Sara Amir	Member

### COMPANY SECRETARY

Mr. Zaki Uddin Siddiqui

### CHIEF FINANCIAL OFFICER

Mr. Mahmood Anwar

### AUDITORS

M. Sikandar & Company  
Chartered Accountants  
Karachi

### BANKERS

MCB Bank Limited  
Standard Chartered Bank  
ABN Amro Bank  
Citibank Limited

### REGISTERED OFFICE

Dreamworld Tower, 65-A.M., Strachen Road,  
Opp. Arts Council, Behind Sindh Assembly, Karachi

### PROJECT LOCATION

NC- 137 , Deh Taiser , District West, Karachi



# DREAMWORLD LIMITED - ANNUAL REPORT 2007

## NOTICE OF THE 14<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 14<sup>th</sup> Annual General Meeting of Dreamworld Limited, will be held at the registered office of the Company at Dreamworld Tower, 65-A.M., Strachen Road, Opp. Arts Council, Behind Sindh Assembly, Karachi, on Monday, October 29, 2007 at 2.00 p.m. to transact the following business:

### A. Ordinary Business

1. Recitation from the Holy Quran.
2. To confirm the minutes of the Extraordinary General Meeting held on June 12, 2007.
3. To receive and consider the Company's financial statements for the year ended June 30, 2007 together with the reports of the directors and auditors thereon.
4. To appoint Auditors for the year 2007-2008 and fix their remuneration. (Messrs M. Sikandar & Co., Chartered Accountants, retire and have offered themselves for re-appointment.)
5. To transact any other business with the permission of the Chair.

### B. Special Business

6. To consider and pass with or without modification a Special Resolution regarding amendments in the objects clause of the Memorandum of Association of the Company. (Statement under section 160(1)(b) of the Companies Ordinance, 1984 is annexed)

By order of the Board

**ZAKI UDDIN SIDDIQUI**  
Company Secretary

Karachi: September 26, 2007

### NOTES :

- i) The Share Transfer Books of the Company shall remain closed from October 21, 2007 to October 29, 2007 (both days inclusive) to determine the names of members entitled to attend the meeting. Transfers received in order at the Registered Office of the Company at the close of business on October 20, 2007 will be treated in time.
- ii) A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend and vote for him/her. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the holding of Meeting.
- iii) Members are requested to notify immediately changes, if any, in their registered address.
- iv) CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

### For Attending the Meeting

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulation, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.



## For Appointing Proxies

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

## Statement under section 160(1)(b) of the Companies Ordinance, 1984.

The Directors of the Company have considered and of the view that the Company should commence new business of hotel etc. being integral part of resort alongwith the existing business which will increase profitability of the Company. The Board has recommended to pass proposed resolution as Special Resolution.

A copy of the existing and draft Memorandum of Association is available for inspection at the registered office of the company on all working days from 10.00 a.m. to 1.00 p.m.

The directors directly or indirectly are not personally interested in this issue except to the extent of their shareholding in the Company.

"RESOLVED that subject to the approval of the Securities & Exchange Commission of Pakistan (SECP), under section 21 of the Companies Ordinance, 1984, the objects clause of the Memorandum of Association of the Company be amended/alterd/deleted/added/substituted as under:

Clause III (A) of the object clause of the Memorandum of Association is deleted and substituted by the following new Clause III to read as under:

III. The objects for which the Company is established are as under:

Clause III (B) of the object clause of the Memorandum of Association is deleted.

The following new objects clauses are added in the objects Clause III of the Memorandum of Association as under:

1. To develop, build and construct, own and operate resorts, hotels, motels, restaurants, cafes, refreshment rooms, guesthouse, clubs, places of amusements, leisure, recreation, parks, animal and wildlife zoos, sport theatres, cinemas, picture houses, concert halls, spectacular pieces, concerts and their musical and dramatic performances and entertainments.
2. To carry on the business of fast food outlets, restaurants, cafes, refreshment rooms, hotel and lodging house keepers, licensed victuallers, brewers, malters, distillers, caterers for private and public functions and ceremonies and public amusements generally, owner of motor cars, vehicles for renting purpose, reading, writing and newspapers rooms, libraries, sport grounds, agents for railways, airlines, shipping companies, carriers, entrepreneurs and general agents excluding managing agent.
3. To carry on the business of manufacturers of foods products including fruit processing, ice cream, flour mills, confectioneries, biscuits, bread and food ingredients and its distribution and sale and to deal in all kinds of goods general merchandise and all other articles, allied with the hotel restaurant and food trade.



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4. To enter into arrangements and agreements with lodgers, guests, passengers, firms, companies or their representatives for providing boarding and lodging on daily, monthly or periodical terms and fix rates for the accommodation of lodgers, guests or passengers.
5. To carry on the business of manufacturer, importer, exporter and dealer in fabrics, clothing, wearing apparel, ready-made garments, leather products, leather garments, fancy clothes, textile products, gloves, embroidery goods, laces, knitted goods, tapestry, curtain cloth, sofa cloth, bed sheets, linen, durees, carpets, gunny bags, cotton cloth bags, polythene and polypropylene bags, twin, Hessian cloth, thread, canvas, water proof material and fabrics and all other products of fibrous substance for personal, commercial and industrial use.
6. To carry on business as dealer, distributors, stockiest, agents, importers, exporters and general traders of all kinds of goods, materials, products, substances and merchandise and commodities of any nature or kind whatsoever including, sugar, rice, raw cotton, cotton, all types of yarn, edible oils, vegetable oils, vegetable ghee, vanaspati, hydrogenated oils, oil seeds, oil cakes, margarine, fats, wheat and other grains, fertilizers, manures, dips, sprays, medicines, chemicals, seafood, petroleum, mineral oil and products, tinplates, aluminum sheets, iron and steel, paper and board, plastic, timber, wood materials, ferrous and non ferrous metals and sheets, cement, chromites ore ferrochrome special steel and other allied products from and to all countries of the world.

And accordingly Clauses from (a) to (k) of Object Clause be and are re-numbered and read from 7 to 17. The following clauses 14 & 15 of the Objects Clause III of the Memorandum of Association are amended/alterd as under:

14. To maintain offices, branch offices, subsidiaries, agencies, resorts, hotels, motels, clubs, all over the world in such manner as required under the law.
15. To import plant and machinery and raw material, electronic goods appliances, electronics parts and accessories and other products including furniture, fixtures, crockery, cutlery, kitchen wears, kitchen items and accessories, bathroom fitting and accessories, toys, carts, games, musical and entertainment appliances, health and recreational machines, instruments and appliances and all auxiliary goods and items.

“RESOLVED FURTHER that an application be made to the Securities & Exchange Commission of Pakistan under section 21 of the Companies Ordinance, 1984 for confirmation to such alteration.”

“RESOLVED FURTHER that the amended set of the Memorandum of Association be and is hereby approved, subject to the approval and confirmation of the SECP.”

“RESOLVED FURTHER that the said amendments/alteration/addition/ substitution will not unfavorably affect any one’s interest in the Company.”

“RESOLVED FURTHER that Mr. Zaki Uddin Siddiqui, Company Secretary, be and is hereby authorized to sign and execute all documents as are required in connection with the above mentioned amendments in object clauses of the Memorandum of Association of the Company and to agree to such variations or modifications of the said objects proposed to be added as mentioned above as the SECP may suggest or make as a condition while granting such confirmation and which the Directors may think fit to accept.”

“RESOLVED FURTHER that in case of any mistake, printing error, omission and any other discrepancies pointed out by the SECP in the new set of the Memorandum of Association, Mr. Zaki Uddin Siddiqui, Company Secretary, be and is hereby authorized to make necessary correction and rectify the defect.”



## STATEMENT OF ETHICS AND BUSINESS PRACTICES

### Policy Summary

- This Company's policy is to conduct its business with honesty and integrity and be ethical in its dealings showing respect for the interest of those with whom it has a relationship.
- We, as a responsible corporate citizen, strongly adhere to Corporate Governance principles and comply with regulatory obligations enforced by regulatory agencies for improving corporate performance.
- The Company does not support any political party or contributes any kind of funds in any shape or hidden manners to any group whose activities may promote party interests. The Company will promote its legitimate business interest through trade associations.
- The Company is committed to run its business in an environmentally sound and sustainable manner and promote preservation of the good and ethical business environment.
- The Company recognizes its social responsibility and will contribute to community activities as a good corporate citizen.
- The Company is also committed and fully adheres to the reliability of financial reporting and transparent transaction.
- The Company is committed to create/provide career opportunities reducing unemployment prevailed in the country and recruit and promote employees on merit, and provides safe and healthy working conditions for all its existing employees. It also believes in maintaining good communications with employees.
- We believe in uprightness and performance and expect it to be a fundamental responsibility of our employees/workers to act upon in the best interest of the Company while holding confidential information. We also expect our employees/workers to neither solicit internal information from others nor disclose Company's figures, data or any other material information to any unauthorized person/body.
- It is the responsibility of the Board to ensure that the above principles are complied with accordingly. The company believes in observing the laws of the Company in very strict manners.
- It is recognized that enforcement of laws and regulations is the responsibility of the Management.





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(In the Name of Almighty Allah the Most Beneficent and Merciful)

## DIRECTORS' REPORT

Dear Shareholders,

Assalam-o-Alaikum,

The Board of Directors of Dreamworld Limited feels immense pleasure to present before you the 14<sup>th</sup> Annual Report together with the audited financial statements and the auditors report for the year ended 30<sup>th</sup> June, 2007. The un-appropriated profit is tabulated below:

	<u>2007</u> Rupees	<u>2006</u> Rupees
Profit before Taxation	<b>10,205,076</b>	10,830,521
Taxation	<b>(5,926,498)</b>	(2,439,728)
Profit After Taxation	<b>4,278,578</b>	8,390,793
Un-appropriated Profit B/F	<b>25,245,754</b>	16,854,961
	<b>29,524,332</b>	25,245,754
Appropriation:		
Dividend paid - 2006	<b>(1,094,800)</b>	-
Un-appropriated Profit C/F	<b>28,429,532</b>	25,245,754

From the above results, it is evident that management is able to maintain the profitability of the Company inspite of un-avoidable circumstances prevailed in the country particularly law and order situation in the city and also traffic jam problems faced because of digging of roads and construction of bridges/flyovers which is a temporary phase and we hope, Insha-Allah, by the Grace of Al-Mighty Allah, when this civic development will be completed, the resort will have many alternative and clear approaches resulting in further boosting up the business of resort, Insha-Allah. Inspite of this, the revenues of the Company have been improved at a remarkable level particularly the revenue from subscription. Further, the Company has improved its consumption of fuel & power by way of installing gas generators which has reduced the expenses of fuel & power which are the one of major expenses of the business maintenance which mainly helped in maintaining the profitability and success of the Company.

Moreover, it is worthy to mention here that due to better, adequate, timely and effective controlled strategies/policies adopted by the management, Al-Hamdo-Lillah, the said project of your Company is going on with great success as well as keeping on towards achieving its goal with the passage of time resulting in generation of company's revenues as well.

### Dividend:

In view of the above operating results besides more & more funds necessarily required for the business (capital expenditure), the directors did not consider it necessary to recommend any dividend.

### Change in Registered Office:

You are hereby informed that during the year under review, the Registered Office of your company has moved to new office premises situated at Dreamworld Tower, 65-A.M., Strachen Road, Opp. Arts Council, Behind Sindh Assembly, Karachi with effect from 02<sup>nd</sup> May, 2007.

### Amendment in Objectives Clause of Memorandum of Association of the Company.

At present the Company is running its Resort under the name & style of Dreamworld Family Resort and now to diversify further the said business, the directors of the Company intends to commence the business

of hotel etc. which is the integral part of resort and for this purpose, the directors of the Company have considered the amendments/alterations/substitutions require to be made in the objectives clause of Memorandum of Association of the Company and have recommended the same to the members to pass Special Resolution in this regard.



## Audit Committee

In compliance to the Code of Corporate Governance issued by the S.E.C.P., the Board of Directors has formed an Audit Committee. It comprises of three Members and all are non-executive directors including the Chairman of the Committee. Currently the Board of Audit Committee comprises of following Directors:

Mr. Zafar Uddin Siddiqui	:	Chairman
Mrs. Sadia Imran	:	Member
Mrs. Sara Amir	:	Member

## Board of Directors Meeting

During the year under review, 14 (fourteen) meetings of Board of Directors were held. Attendance by each Director was as follows:

Name of Directors	No. of meetings attended
Mr. Nawab Ahmed	13
Mrs. Qamar Hilal	13
Mr. Tariq Hilal	14
Mr. Irfan Hilal Ahmed	14
Mr. Zafar Uddin Siddiqui	01
Mrs. Sadia Imran	08
Mrs. Sara Amir	07
Mrs. Tooba Tariq	01
Mrs. Nida Irfan	10

Leave of absence was granted to Directors who could not attend some of the Board meetings due to their preoccupation.

## Summary of key Operating and Financial Data for last six years

A summary of key operating and financial results for the last six years is annexed to this report.

## Statement of Business Ethics & Practices

The Board has adopted the statement of Business Ethics and Practices. All employees are informed of this statement and they are required to observe these rules of conduct effectively.

## Board of Directors

In consequence to election of directors held which were due by rotation of three years, the following Directors of your Company were elected/re-elected for a term of three years w.e.f. June 14, 2007 in Extraordinary General Meeting of the Company held on June 12, 2007.

1. Mr. Tariq Hilal
2. Mr. Irfan Hilal Ahmed
3. Mr. Zafar Uddin Siddiqui
4. Mrs. Sadia Imran
5. Mrs. Sara Amir
6. Mrs. Tooba Tariq
7. Mrs. Nida Irfan

The Board appreciates the efforts and contribution dedicated by the retiring Directors, Mr. Nawab Ahmed and Mrs. Qamar Hilal during the period they were on the Board particularly of Mr. Nawab Ahmed much in terms of his vast experience and practical advice.



## Auditors

The present auditors, M/s M. Sikandar & Company, Chartered Accountants, retire and have offered themselves for re-appointment. The Audit Committee has recommended their re-appointment as auditors for the financial year ending 30<sup>th</sup> June, 2008 and the Board agrees to the recommendation of the Audit Committee.

## Statement on Corporate and Financial Reporting Framework

The Directors are pleased to state that the necessary steps have been taken to comply with requirements of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP).

Following are the Statements on Corporate and Financial Reporting Frame Work:

1. The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements except for the change/addition as stated in note No. 2.3, 2.7, 2.8, 2.11, 2.15 and 27 and accounting estimates, which are based on reasonable and prudent judgment.
4. The international Accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal controls is sound in design and has been effectively implemented and monitored.
6. There is no significant doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations.

## Pattern of Shares holding

A Statement of pattern of shareholding of certain class of shareholders as at 30<sup>th</sup> June, 2007 whose disclosure is required under the reporting framework is included in the report at Page No. 32.

During the financial year under review, no trades in the shares of the Company were carried out by Directors, CEO, CFO, Company Secretary and their Spouses and minor children.

## Acknowledgement

On behalf of the Board, I am grateful to the shareholders, valued customers, suppliers and consultants from the core of my heart for their affable attitude and continuous support. I would also like to acknowledge the dedication, zeal and devotion of the management, executives, officers, workers of the Company and valued customers/members which enabled your Company to achieve its best possible results and objectives. I not only look for your Company to retain the current business performance but also register substantial growth in the coming years, Insha-Allah.

I ever pray to Al-Mighty God for the continued achievements and success of your Company.

For and on behalf of the Board

**Tariq Hilal**  
Chairman

Karachi, September 26, 2007.



**KEY OPERATING & FINANCIAL DATA  
SIX YEARS AT A GLANCE**

PARTICULARS	JULY - JUNE					
	(RUPEES IN' 000)					
	2006 2007	2005 2006	2004 2005	2003 2004	2002 2003	2001 2002
Paid Up Capital	320,000	320,000	320,000	320,000	320,000	320,000
Shareholders Equity	348,430	345,246	336,855	330,069	329,131	326,235
Gross Revenue	391,360	435,377	239,143	167,539	105,548	86,815
Profit Before Taxation	10,205	10,831	8,821	11,371	3,446	1,214
Profit After Taxation	4,279	8,391	6,786	2,032	2,896	764
Unappropriated Profit	28,430	25,246	16,855	10,069	9,131	6,235
Earning Per Share	0.13	0.26	0.21	0.06	0.09	0.02
Break Up Value Per Share	10.89	10.79	10.53	10.31	10.29	10.19
Current Assets	44,160	30,549	24,312	26,846	26,128	19,731
Current Liabilities	42,322	40,283	24,179	16,477	13,415	13,691
Current Ratio	1.04	0.76	1.01	1.63	1.95	1.44



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2007

Name of the company: **DREAMWORLD LIMITED.**

Year Ended: **30<sup>TH</sup> JUNE, 2007.**

This statement is being presented to comply with the Code of Corporate Governance contained in the Regulation No. 37 (Chapter XI) of listing regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Board comprises seven Directors, including the C.E.O. The Company encourages representation of independent non-executive directors on its Board including those representing minority interests.
2. The directors have confirmed that none of them is serving as directors in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or an Non-Banking Financial Institution. Non of the director is a member of Stock Exchange.
4. No casual vacancy arose in the Board during the year.
5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.
7. All the powers of the Board have duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meeting of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. No specific orientation course for directors was arranged during the year. However, the management continues to apprise and formalize them with the changes in law to discharge their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The Directors' report for this year has been prepared in compliance with the requirements of Code and fully describes the salient matters required to be disclosed.



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12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises of three Members, all are non-executive directors including the Chairman of the Committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set up an effective internal audit function.
18. The statutory auditor of the Company has confirmed that he has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that he or his spouses and minor children do not hold shares of the Company and that the firm is in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

**TARIQ HILAL**  
Chairman

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE  
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Dreamworld Limited** to comply with the Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30<sup>th</sup> June, 2007.

Karachi  
Dated: September 26, 2007

**M. SIKANDAR & COMPANY**  
Chartered Accountants

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of DREAMWORLD LIMITED as at June 30, 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984:
- b) in our opinion:
  - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied.
  - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required, and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2007 and of the Profit, its cash flows and changes in equity for the year then ended: and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under section 7 of the Ordinance.



## BALANCE SHEET

	Note No.	2007 Rupees	2006 Rupees
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL</b>			
AUTHORISED			
40,000,000 Ordinary Shares of Rs.10/- each		<b>400,000,000</b>	400,000,000
ISSUED, SUBSCRIBED & PAID UP			
32,000,000 Ordinary Shares of Rs.10/- each	3	<b>320,000,000</b>	320,000,000
UNAPPROPRIATED PROFIT		<b>28,429,532</b>	25,245,754
Shareholders Equity		<b>348,429,532</b>	345,245,754
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Advances & Deposits	4	<b>21,600,000</b>	21,600,000
Deferred Liability	5	<b>12,243,463</b>	7,435,648
Long Term Loans	6	<b>64,215,000</b>	26,500,000
		<b>98,058,463</b>	55,535,648
<b>CURRENT LIABILITIES</b>			
Creditors, Accrued and Other Liabilities	7	<b>40,361,622</b>	37,857,610
Provision for Taxation		<b>1,960,000</b>	2,425,400
		<b>42,321,622</b>	40,283,010
Contingencies and Commitments	8	-	-
Total Rupees		<b>488,809,617</b>	441,064,412

Karachi: Septemeber 26, 2007



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**AS AT JUNE 30, 2007**

	<b>Note No.</b>	<b>2007 Rupees</b>	<b>2006 Rupees</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant & Equipments	9	<b>434,898,977</b>	400,871,725
Capital Work-in-Progress	10	<b>9,025,952</b>	8,917,460
Long Term Deposits	11	<b>724,650</b>	726,150
		<b>444,649,579</b>	410,515,335
<b>CURRENT ASSETS</b>			
Stores		<b>2,021,477</b>	748,679
Sundry Debtors (unsecured considered good)		<b>6,166,661</b>	5,054,086
Advances & Deposits	12	<b>24,376,908</b>	13,059,142
Cash, Prize Bonds & Bank Balances	13	<b>11,594,992</b>	11,687,170
		<b>44,160,038</b>	30,549,077
Total Rupees		<b><u>488,809,617</u></b>	<b><u>441,064,412</u></b>

The annexed notes form an integral part of these financial statements.

**Tariq Hilal  
Chairman**

**Irfan Hilal Ahmed  
Chief Executive**



## DREAMWORLD LIMITED - ANNUAL REPORT 2007

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2007

	Note No.	2007 Rupees	2006 Rupees
Revenue	14	159,159,693	99,910,294
Membership Fee		<u>232,199,846</u>	<u>335,467,192</u>
		<b>391,359,539</b>	<b>435,377,486</b>
Direct Expenses	15	<u>(322,229,344)</u>	<u>(369,687,206)</u>
		<b>69,130,195</b>	<b>65,690,280</b>
Operating Expenses			
Administrative Expenses	16	<u>44,898,689</u>	<u>35,836,189</u>
Selling & Marketing Expenses	17	<u>12,525,744</u>	<u>10,239,499</u>
Bank Charges	18	<u>1,392,186</u>	<u>2,102,717</u>
		<b>58,816,619</b>	<b>48,178,405</b>
Operating Profit		<b>10,313,576</b>	<b>17,511,875</b>
Other Income	19	<u>-</u>	<u>2,450,000</u>
		<b>10,313,576</b>	<b>19,961,875</b>
Gain/(Loss) on Disposal of Assets	20	<u>(38,500)</u>	<u>(9,091,354)</u>
		<b>10,275,076</b>	<b>10,870,521</b>
Prior Year Adjustments	21	<u>(70,000)</u>	<u>(40,000)</u>
Profit before Taxation		<b>10,205,076</b>	<b>10,830,521</b>
Taxation	22	<u>(5,926,498)</u>	<u>(2,439,728)</u>
Net profit for the year		<u><b>4,278,578</b></u>	<u><b>8,390,793</b></u>
Earning per Share	23	<u><b>0.13</b></u>	<u><b>0.26</b></u>

The annexed notes form an integral part of these financial statements.

Tariq Hilal  
Chairman

Irfan Hilal Ahmed  
Chief Executive

Karachi, September 26, 2007



**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2007**

	2007 Rupees	2006 Rupees
<b>A. CASH FROM OPERATING ACTIVITIES</b>		
Profit before taxation	10,205,076	10,830,521
Adjustment for		
Depreciation	38,768,386	34,099,977
Bank Charges	1,392,186	2,102,717
Provision for Gratuity	837,804	-
Income Tax Paid	(2,421,887)	(7,832,192)
Loss/(Gain) on Disposal of Assets	38,500	9,091,354
Operating Profit before Working Capital Change	<u>48,820,066</u>	<u>48,292,377</u>
<b>Changes in Working Capital</b>		
(Increase)/Decrease in Current Assets		
Stores	(1,272,798)	(748,679)
Sundry Debtors	(1,112,575)	211,134
Advances and Deposits	(11,317,766)	648,114
<b>Increase/(Decrease) in Current Liabilities</b>		
Creditors, Accrued & Other Liabilities	2,504,012	19,457,799
Cash Generated from Operation	<u>37,620,938</u>	<u>67,860,745</u>
Bank Charges Paid	(1,392,186)	(2,102,717)
Net cash flow from operating activities	<u>36,228,752</u>	<u>65,758,028</u>
<b>B. CASH FROM INVESTING ACTIVITIES</b>		
Property, Plant and Equipments	(75,909,138)	(90,379,796)
Proceed from Sale of Fixed Assets	2,890,000	5,240,000
Assets Written off	185,000	598,630
Capital Work in Progress	(108,492)	(2,188,079)
Net cash outflow in investing activities	<u>(72,942,630)</u>	<u>(86,729,245)</u>
<b>C. CASH FROM FINANCING ACTIVITIES</b>		
Long Term Deposits	1,500	819,000
Long Term Loans	37,715,000	-
Dividend paid 2006	(1,094,800)	26,500,000
Net cash used in financing activities	<u>36,621,700</u>	<u>27,319,000</u>
Net increase in cash and cash equivalents (A+B+C)	(92,178)	6,347,783
Cash and cash equivalents at beginning of the year	<u>11,687,170</u>	<u>5,339,387</u>
Cash and cash equivalents at the end of the year	<u>11,594,992</u>	<u>11,687,170</u>

The annexed notes form an integral part of these financial statements.

**Tariq Hilal**  
Chairman

**Irfan Hilal Ahmed**  
Chief Executive



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Paid up Share Capital</b>	<b>Accumulated Profit</b>	<b>Total</b>
Balance as on July 1, 2005	320,000,000	16,854,961	336,854,961
Net Profit for the year 2006	-	8,390,793	8,390,793
Balance as on July 1, 2006	320,000,000	25,245,754	345,245,754
Net Profit for the year 2007	-	4,278,578	4,278,578
Less: Dividend paid - 2006	-	(1,094,800)	(1,094,800)
Balance as at June 30, 2007	<u>320,000,000</u>	<u>28,429,532</u>	<u>348,429,532</u>

The annexed notes form an integral part of these financial statements.

**Tariq Hilal  
Chairman**

**Irfan Hilal Ahmed  
Chief Executive**

Karachi, September 26, 2007



## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2007

### 1. LEGAL STATUS AND OPERATIONS

The Company was incorporated as a Public Limited Company on February 07, 1994, and is listed on Karachi Stock Exchange. The Company has established an Amusement project in Karachi at Super Highway. The Registered Office of the Company is situated at Dreamworld Tower, 65-AM, Strachen Road, Opp. Arts Concl, Behind Sindh Assembly, Karachi.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standard as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards (IASs) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

#### 2.2 Basis of preparation

The financial statement of the company have been prepared under the historical cost convention and in accordance with the requirements of the Companies Ordinance, 1984, and International Accounting Standards (IASs) as applicable in Pakistan.

#### 2.3 Staff retirement Benefits

The company operates an un-funded gratuity scheme covering all employees according to the terms of employment, payable on the cessation of employment, subject to a minimum qualifying period of service. The actuarial valuation in this regard, was carried out as at 30th June, 2007 by using the Projected Credit Unit Method. As per actuaries report, actuarial gains and losses are recognised on the basis of "minimum 10% corridor" approach.

#### 2.4 Taxation

##### Current

Provision of current taxation is based on current rates of tax on taxable income or one half percent of turnover, whichever is higher, after taking into account tax credits available.

##### Deferred

Deferred tax is provided by using the liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax assets are recognized only to the extent that it is probable that future profit will be available against which the assets can be utilized.

#### 2.5 Borrowing Cost

Since the Company is not borrowing any fund there is no borrowing cost. However in case of any future requirement the borrowing cost will be recognized as an expense in the period in which they are incurred except to such extent they are directly attributable to acquisition of assets, the same will be capitalized.

#### 2.6 Trade Debts

Trade debts are carried at original invoice amount less an estimate for irrecoverable balances, based on review of outstanding amounts at the end of period . Bad debts are written off when identified.

#### 2.7 Creditors, Accrued and Other Liabilities

Liabilities for trade, services and other amounts payable are carried at cost which is the fare value of the consideration to be paid. In future for goods and services received, whether or not billed to the Company.



## 2.8 Stores

These are valued at purchase cost including invoice value plus other charges incurred, if any. Accordingly the items in transit, if any, are valued at cost comprising invoice value and other charges incurred thereon.

## 2.9 Cash & Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash & Prize Bonds in hand and Cash at banks.

## 2.10 Foreign Currency Transactions

Transactions in Foreign Currencies are accounted for in rupees at the exchange rate prevailing on the date of transaction. Assets and Liabilities in Foreign Currencies, if any, are translated into rupees at the rate of exchange prevailing on the Balance Sheet date. Exchange differences are included in the profit and loss account if any.

## 2.11 Related party Transactions

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable uncontrolled price method.

## 2.12 Dividend

Dividend distribution to the shareholders is recognised as a liability in the period in which it is approved by the shareholders.

## 2.13 Impairment of Assets

The Company assesses at the date of each balance sheet whether there is any indication that assets may be impaired. In case if indication exists, the carrying amount of such assets are reviewed to ascertain whether the same are recorded in excess of their recoverable amount. Where carrying value exceed recoverable amount the assets are written down to the recoverable amount, and difference is charged to profit & loss account on balance sheet date.

## 2.14 Capital Work-in-Progress

Capital work-in-progress is stated at cost. It consists of expenditure incurred and advances made in connection with the construction.

## 2.15 Property, Plant and Equipments

Fixed assets are stated at cost less accumulated depreciation except lease-hold land stated at cost which has not been amortized as per policy of the management because lease is renewable. Depreciation is charged to income at the normal tax rates applying the diminishing balance method. Maintenance and normal repair are charged to income as and when incurred, major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain and losses on disposal of assets are included in Profit & Loss Account.

## 2.16 Revenue Recognition

Revenue is recognized on the basis of actual receipts. Whereas sales are recorded on the basis of dispatch of goods.

Membership fee is recognized on the basis of actual receipts and or barter agreements.

## 2.17 Provision

Provision are recognized when the company has a legal or constructive obligation as a result of past events and it is possible that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

## 2.18 Offsetting of Financial Asset & Liability

A financial asset and financial liability is offset and the net amount is reported in the balance sheet, if the Company has legally enforceable right to setoff the recognized amount and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.



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	2007 Rupees	2006 Rupees																	
<b>3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>																			
Fully paid ordinary shares of Rs.10/- each issued for cash	<b>320,000,000</b>	320,000,000																	
Number of Shares	<b>32,000,000</b>	32,000,000																	
<b>SHARES HELD BY RELATED PARTIES</b>																			
The following shares held by Related Parties																			
<table border="0" style="width: 100%;"> <thead> <tr> <th style="width: 15%; text-align: center;">2007</th> <th style="width: 15%; text-align: center;">2006</th> <th style="width: 60%;"></th> </tr> <tr> <th colspan="2" style="text-align: center;">(Number of Shares)</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;"><b>4,368,300</b></td> <td style="text-align: right;">4,368,300</td> <td>Nawab &amp; Company (Pvt) Ltd.</td> </tr> <tr> <td style="text-align: right;"><b>15,951,800</b></td> <td style="text-align: right;">15,951,800</td> <td>Shafiq Hanif (Pvt) Ltd.</td> </tr> <tr> <td style="text-align: right;"><b>4,826,500</b></td> <td style="text-align: right;">4,826,500</td> <td>Asia Textile Industries (Pvt) Ltd.</td> </tr> <tr> <td style="text-align: right;"><b>25,146,600</b></td> <td style="text-align: right;">25,146,600</td> <td></td> </tr> </tbody> </table>	2007	2006		(Number of Shares)		<b>4,368,300</b>	4,368,300	Nawab & Company (Pvt) Ltd.	<b>15,951,800</b>	15,951,800	Shafiq Hanif (Pvt) Ltd.	<b>4,826,500</b>	4,826,500	Asia Textile Industries (Pvt) Ltd.	<b>25,146,600</b>	25,146,600		<b>43,683,000</b>	43,683,000
2007	2006																		
(Number of Shares)																			
<b>4,368,300</b>	4,368,300	Nawab & Company (Pvt) Ltd.																	
<b>15,951,800</b>	15,951,800	Shafiq Hanif (Pvt) Ltd.																	
<b>4,826,500</b>	4,826,500	Asia Textile Industries (Pvt) Ltd.																	
<b>25,146,600</b>	25,146,600																		
	<b>159,518,000</b>	159,518,000																	
	<b>48,265,000</b>	48,265,000																	
	<b>251,466,000</b>	251,466,000																	
<b>4. ADVANCES AND DEPOSITS</b>																			
Membership Fees (Refundable)	<b>21,600,000</b>	21,600,000																	
This represents membership fees which is refundable on cancellation or withdrawal of membership and adjustable with unpaid amount of members dues.																			
<b>5. DEFFERED LIABILITY</b>																			
Deferred taxation previous year	<b>7,435,648</b>	9,474,604																	
Tax effect of changes in prior year current tax	-	(2,053,284)																	
Deferred taxation during the year	<b>3,970,011</b>	14,328																	
Provision for Employees Gratuity	<b>837,804</b>	-																	
5.1	<b>12,243,463</b>	7,435,648																	
<b>5.1 PROVISION FOR EMPLOYEES GRATUITY</b>																			
Reconciliation of the liability recognised in the balance sheet.																			
<b>A. Present value of Defined Benefit Obligation</b>	<b>1,339,587</b>	-																	
Less Fair Value of Plan Assets	-	-																	
Plus Actuarial Gains/Less Actuarial losses to be recognised in later periods	<b>(28,786)</b>	-																	
Less Unrecognised Transitional Liability	<b>(472,997)</b>	-																	
Liability recognised in the Balance Sheet	<b>837,804</b>	-																	
<b>B. Principle Actuarial Assumptions</b>																			
Discount Rate		10% per Annum																	
Expected rate of Eligible Salary increase in future years		9% per Annum																	
Average expected remaining working life time of employees		10 years																	
<b>6. LONG TERM LOANS</b>	<b>2007 Rupees</b>	2006 Rupees																	
From Related Parties - unsecured	<b>46,340,000</b>	26,500,000																	
From Others	<b>17,875,000</b>	-																	
	<b>64,215,000</b>	26,500,000																	
This represents loan received from above parties which are interest free and payable on availability of funds.																			
<b>7. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>																			
Creditors	<b>35,562,066</b>	31,982,398																	
Accrued Expenses	<b>4,799,556</b>	5,875,212																	
	<b>40,361,622</b>	37,857,610																	



## 8. CONTINGENCIES AND COMMITMENTS

### CONTINGENCIES

The Company has received a Challan for so called water supply from Karachi Water & Sewerage Board for illegal demand of Rs.8,747,360/- against which a Suit for declaration and injunction has been filed by the Company before the Hon'ble Court of Sindh, Karachi. The case is under process, and the extent of liabilities if any can be determined after judgment. However, the management is confident that the decision will be made in favour of the Company.

The Central Excise Department has filed an Appeal against the judgment of Hon'ble High Court in our favour deciding that Excise Duty is not payable on services other than Restaurant. The outcome of Appeal can not be determined at this stage, hence the impact on Profit & Loss Account can not be ascertained.

Messrs Philips Electrical Industries of Pakistan Limited filed a suit against the Company in the High Court of Sindh at Karachi for recovery of Rs.23,755,784/-. The Company had also filed a suit against Philips Electrical Industries before Hon'ble High Court of Sindh at Karachi for recovery of Rs.83,472,000/- being penalty and other dues, on account of failure to perform their contractual commitment. Since both the suits are still pending the outcome will be determined after judgment.

### COMMITMENTS

There are no commitments in respect of capital expenditures at the balance sheet date.

## 9. PROPERTY, PLANT AND EQUIPMENTS

	Cost as at 1 July 2006	(Disposal) Addition	Cost as at 30 June 2007	Accumulated Depreciation as at 1 July 2006	Depreciation for the year	(Disposals) / Adjustments	Accumulated Depreciation upto 30-06-2007	Net Book value as at 30 June 2007	Rate
Land Leasehold	149,850,000	-	149,850,000	-	-	-	-	149,850,000	-
Building	219,847,154	39,454,903	259,302,057	65,953,842	19,334,822	-	85,288,664	174,013,393	10
Furniture & Fixture	14,129,878	5,348,638	19,478,516	2,942,753	2,480,364	-	5,423,117	14,055,399	15
Office and Other Equipments	16,775,934	1,602,087	18,378,021	5,277,258	1,965,114	-	7,242,372	11,135,649	15
Boat & Others	16,963,717	4,599,889	21,563,606	5,536,003	2,404,140	-	7,940,143	13,623,463	15
Plant & Machinery	94,767,140	18,436,223	113,203,363	48,608,431	9,689,240	-	58,297,671	54,905,692	15
		<b>(3,790,000)</b>							
Vehicles	21,571,607	6,161,348	23,942,955	5,506,418	2,894,706	(861,500)	7,539,624	16,403,331	15
		<b>(185,000)</b>							
Horses	791,000	306,050	912,050	-	-	-	-	912,050	-
		<b>(3,975,000)</b>							
<b>2007</b>	<b>534,696,430</b>	<b>75,909,138</b>	<b>606,630,568</b>	<b>133,824,705</b>	<b>38,768,386</b>	<b>(861,500)</b>	<b>171,731,591</b>	<b>434,898,977</b>	<b>-</b>
		<b>(20,867,680)</b>							
2006	465,184,314	90,379,796	534,696,430	105,662,424	34,099,977	(5,937,696)	(133,824,705)	400,871,725	-

Note: Depreciation provided during the year is allocated as under:-

Allocation	Note No.	2007	2006
Direct Expenses	9.1	36,803,272	32,070,799
Administrative Expenses	9.2	1,965,114	2,029,178
		<b>38,768,386</b>	<b>34,099,977</b>



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	Balance As At 01-07-2006	Capital Expenditure During the Year	Transfer to Operating assets	Balance As At 30-06-2007
<b>10. CAPITAL WORK-IN-PROGRESS</b>				
Civil works	2,492,460	39,563,395	39,454,903	2,600,952
Philips Electrical Industries	6,425,000	-	-	6,425,000
<b>2007</b>	<b>8,917,460</b>	<b>39,563,395</b>	<b>39,454,903</b>	<b>9,025,952</b>
2006	6,729,381	39,814,952	37,626,873	8,917,460
		<b>Note No.</b>	<b>2007 Rupees</b>	<b>2006 Rupees</b>
<b>11. LONG TERM DEPOSITS</b>				
Security Deposits			<b>724,650</b>	726,150
<b>12. ADVANCES AND DEPOSITS</b> (unsecured considered good)				
Advances			<b>3,842,510</b>	11,668,046
Advance for Flats			<b>18,937,500</b>	-
Advance Income Tax			<b>1,596,898</b>	1,391,096
			<b>24,376,908</b>	13,059,142
<b>13. CASH, PRIZE BONDS AND BANK BALANCES</b>				
Cash & Prize Bonds in Hand			<b>3,989,471</b>	7,393,088
Cash at Banks				
- In Current Accounts			<b>7,592,028</b>	4,283,589
- In Foreign Currency Accounts		13.1	<b>13,493</b>	10,493
			<b>11,594,992</b>	11,687,170
13.1 This represent US\$222.74 @ Rs.60.58				
<b>14. REVENUE</b>				
Catering			<b>37,148,025</b>	32,133,070
Subscription			<b>107,658,093</b>	62,140,140
Concert			<b>2,505,946</b>	2,072,020
Other			<b>11,847,629</b>	3,565,064
			<b>159,159,693</b>	99,910,294
<b>15. DIRECT EXPENSES</b>				
Staff Salaries, Wages & Benefits			<b>48,875,006</b>	43,442,657
Directors' Remuneration & Allowances			<b>2,389,500</b>	2,376,000
Cartage & Conveyance			<b>1,258,112</b>	829,100
Festivals and Concert			<b>3,744,188</b>	4,181,231
E.O.B.I. Contribution			<b>1,142,400</b>	839,800
Social Security Contribution			<b>977,856</b>	1,084,882
Education Cess			-	23,500
Electricity Duty			<b>33,796</b>	84,120
Advertisement Expenses			<b>33,962,188</b>	34,259,238
Vehicle Running & Maintenance			<b>1,935,163</b>	1,857,103
Security Expenses			<b>6,447,608</b>	5,805,055
Resort Maintenance Expenses			<b>27,399,290</b>	36,879,940
Entertainment Duty Expenses			<b>50,000</b>	55,000
Power & Fuel			<b>19,601,311</b>	40,998,770
Catering Purchase & Expenses			<b>23,830,059</b>	20,742,466
Depreciation		9.1	<b>36,803,272</b>	32,070,799

	Note No.	2007 Rupees	2006 Rupees
Golf Course Maintenance		31,317,133	37,256,720
Gardening Expenses		24,614,534	29,575,509
Tubewells Expenses		5,354,944	6,509,010
Play Ground Maintenance		5,397,763	7,718,203
Archery Maintenance		2,644,165	3,080,484
Sewerage Water Tanker Expenses		5,622,615	9,778,545
Lakes Maintenance		3,837,504	5,251,612
Artificial Sea Maintenance		2,844,145	2,718,548
Hatchery Cutting Designing Expenses		3,264,880	4,141,785
Boundary Wall Maintenance		3,134,712	3,425,073
Road & Walk Wears Maintenance		1,837,458	4,130,757
Car Racing Track Maintenance		1,000,430	2,478,029
Parking Lot Maintenance		696,833	2,484,615
Swimming Pools & Building Maintenance		13,733,559	14,016,841
Fire Works Expenses		2,510,600	2,990,570
Golf Course Cables & Poles Maintenance		1,097,460	1,348,433
Dashing Cars & Bikes Maintenance		643,056	973,829
Buffet Lounge Maintenance		2,110,329	1,452,620
Artificial Hills & Stone Walls Maintenance		961,725	2,911,572
Slides Maintenance		1,155,750	1,914,790
		<u>322,229,344</u>	<u>369,687,206</u>
<b>16. ADMINISTRATIVE EXPENSES</b>			
Staff Salaries & Benefits		18,132,715	12,353,722
Directors' Remuneration & Allowances		972,000	1,188,000
Office Rent		8,242,100	315,000
Traveling & Conveyance		1,985,309	3,816,965
Printing & Stationery		4,664,424	4,758,558
Postage and Stamp		906,027	750,537
Auditors' Remuneration	16.1	135,000	135,000
Legal and Professional		873,678	1,945,150
Computer Expenses		1,099,976	2,231,726
Office Expenses		1,651,666	2,230,360
Vehicle Running & Maintenance		1,972,210	1,880,554
Subscription Expenses		86,400	1,300
Telephone Expenses		1,392,542	840,282
Electricity Charges		396,929	453,880
Insurance Expenses		70,000	99,651
Donation	16.2	30,000	148,356
Depreciation Expenses	9.2	1,965,114	2,029,178
Assets Written off	16.3	185,000	598,630
Bad Debts Written off		137,599	59,340
		<u>44,898,689</u>	<u>35,836,189</u>
<b>16.1 AUDITORS' REMUNERATION</b>			
Audit Fee		125,000	125,000
Out of Pocket Expenses		10,000	10,000
		<u>135,000</u>	<u>135,000</u>

	2007 Rupees	2006 Rupees
16.2 No Director, his / her spouse had any interest in donee's fund.		
<b>16.3 ASSETS WRITTEN OFF</b>		
Horses (Natural Death)	<u>185,000</u>	<u>598,630</u>
	<u>185,000</u>	<u>598,630</u>
<b>17. SELLING &amp; MARKETING EXPENSES</b>		
Commission on Membership	1,760,444	2,482,963
Marketing & Training Expenses	<u>10,765,300</u>	<u>7,756,536</u>
	<u>12,525,744</u>	<u>10,239,499</u>
<b>18. BANK CHARGES</b>		
Bank Charges	<u>1,392,186</u>	<u>2,102,717</u>
<b>19. OTHER INCOME</b>		
Prize Bond Income	<u>-</u>	<u>2,450,000</u>

**20. GAIN/(LOSS) ON SALES OF FIXED ASSETS BY NEGOTIATION**

**20.1 GAIN ON SALE OF FIXED ASSETS**

S. No.	Particular of Assets	Original Cost	Accumulated Depreciation	WDV	Sales Proceeds	Gain	Name & Address of Byers
1	Honda Civic Reg AJU-443	1,050,000	157,500	892,500	895,000	2,500	Mr. Muh. Javed, House # D - 84, Block - 4. Kehkashan Clifton Karachi.
2	Honda Civic Reg AGK-605	1,197,500	383,200	814,300	820,000	5,700	Mr. Muh. Javed, House # D - 84, Block - 4. Kehkashan Clifton Karachi.
3	Honda Civic Reg AGK-066	1,002,500	320,800	681,700	685,000	3,300	Mr. Muh. Javed, House # D - 84, Block - 4. Kehkashan Clifton Karachi.
	<b>2007</b>	<b>3,250,000</b>	<b>861,500</b>	<b>2,388,500</b>	<b>2,400,000</b>	<b>11,500</b>	
	2006	2,049,000	587,328	1,461,672	1,515,000	53,328	

**20.2 (LOSS) ON SALE OF FIXED ASSETS**

S. No.	Particular of Assets	Original Cost	Accumulated Depreciation	WDV	Sales Proceeds	(Loss)	Name & Address of Byers
1	Sentro Reg. No ACJ-465	540,000	-	540,000	490,000	(50,000)	Mr. Muh. Javed, House # D - 84, Block - 4. Kehkashan Clifton Karachi.
	<b>2007</b>	<b>540,000</b>	<b>-</b>	<b>540,000</b>	<b>490,000</b>	<b>(50,000)</b>	
	2006	18,220,050	5,350,368	12,869,682	3,725,000	(9,144,682)	

**NET GAIN/(LOSS) ON SALE OF FIXED ASSETS**

<b>2007</b>	<b>3,790,000</b>	<b>861,500</b>	<b>2,928,500</b>	<b>2,890,000</b>	<b>(38,500)</b>	
2006	20,269,050	5,937,696	14,331,354	5,240,000	(9,091,354)	



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	2007 Rupees	2006 Rupees
<b>21. PRIOR YEAR ADJUSTMENTS</b>	<b><u>(70,000)</u></b>	<b><u>(40,000)</u></b>
Adjustments of revenue on account of short or excess received of prior years.		
<b>22. TAXATION</b>		
Current		
- for the year	1,960,000	2,425,400
- for the prior period	<u>(3,513)</u>	-
	<b>1,956,487</b>	<b>2,425,400</b>
Deferred Tax	<b>3,970,011</b>	14,328
	<b><u>5,926,498</u></b>	<b><u>2,439,728</u></b>
Relationship between income tax expenses and accounting profit		
Profit before taxation	<b>10,205,076</b>	<b>10,830,521</b>
Tax at the income tax rate of 35% (2006: 35%)	<b>3,571,777</b>	<b>3,790,682</b>
Tax effect of expenses that are inadmissible in determining taxable profit	<b>13,568,935</b>	11,934,992
Tax effect of expenses that are admissible in determining taxable profit	<b>(15,485,663)</b>	(14,118,407)
Effect of Tax on Prize Money under presumptive tax regime	-	(857,500)
Tax effect of changes in prior year current tax	-	2,038,956
Timing Difference	<b>293,231</b>	-
Tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes	<b>3,970,011</b>	14,328
Tax effect of permanent difference	<b>8,207</b>	(363,323)
	<b><u>5,926,498</u></b>	<b><u>2,439,728</u></b>
<b>23. EARNING PER SHARE</b>		
Profit after taxation	<b>4,278,578</b>	8,390,793
Weighted average number of ordinary share	<b>32,000,000</b>	32,000,000
Earning per share	<b><u>0.13</u></b>	<b><u>0.26</u></b>

**24. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	2007		2006	
	Rupees	No. of person	Rupees	No. of person
Chief Executive	<b>486,000</b>	<b>1</b>	594,000	1
Directors	<b>2,875,500</b>	<b>6</b>	3,564,000	6
Total	<b>3,361,500</b>	<b>7</b>	4,158,000	7

Directors have waived their meeting fees for the year.

**25. DATE OF AUTHORIZATION FOR ISSUE**

The Board of Directors of the Company authorized these financial statements for issue on September 26, 2007.



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## 26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Particulars	2007						(Rupees in '000)
	Interest Bearing			Non Interest Bearing			
	Maturity within one year	Maturity more than one but less than five year	Maturity more than five year	Maturity within one year	Maturity more than one but less than five year	Maturity more than five year	
<b>Financial Assets</b>							
Long Term Deposits	-	-	-	-	-	725	725
Sundry Debtors	-	-	-	6,167	-	-	6,167
Advances and Deposits	-	-	-	24,377	-	-	24,377
Cash, Prize Bonds and Bank Balances	-	-	-	11,595	-	-	11,595
	-	-	-	42,139	-	725	42,864
<b>Financial Liabilities</b>							
Long Term Liabilities	-	-	-	-	21,600	-	21,600
Long Term Loans	-	-	-	-	64,215	-	64,215
Creditors, Accrued and Other Liabilities	-	-	-	40,362	-	-	40,362
	-	-	-	40,362	85,815	-	126,177
Net Financial Assets over (Liabilities)	-	-	-	1,777	(85,815)	725	(83,313)

Particulars	2006						(Rupees in '000)
	Interest Bearing			Non Interest Bearing			
	Maturity within one year	Maturity more than one but less than five year	Maturity more than five year	Maturity within one year	Maturity more than one but less than five year	Maturity more than five year	
<b>Financial Assets</b>							
Long Term Deposits	-	-	-	-	-	726	726
Sundry Debtors	-	-	-	5,054	-	-	5,054
Advances and Deposits	-	-	-	13,059	-	-	13,059
Cash, Prize Bonds and Bank Balances	-	-	-	11,687	-	-	11,687
	-	-	-	29,800	-	726	30,526
<b>Financial Liabilities</b>							
Long Term Liabilities	-	-	-	-	21,600	-	21,600
Long Term Loans	-	-	-	-	26,500	-	26,500
Creditors, Accrued and Other Liabilities	-	-	-	37,858	-	-	37,858
	-	-	-	37,858	48,100	-	85,958
Net Financial Assets over (Liabilities)	-	-	-	(8,058)	(48,100)	726	(55,432)



**26.1 Concentration of Credit Risk**

The Company attempts to control risk associated with specific customers and receivable by monitoring credit worthiness of such customers.

**26.2 Foreign Exchange Risk**

Foreign currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The company believes that it is not exposed to major foreign exchange risk in this respect.

**26.3 Fair Value of Financial Instruments**

The estimated fair value of financial instruments are not significantly different from their book value as shown in these financial statements.

**26.4 Interest Rate Risk**

The Company is not exposed to any significant interest rate risk.

**26.5 Liquidity Risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The management of the company believes that it is not exposed to significant level of liquidity risk.

**27. FIGURES**

- i) Figures have been rounded off to the nearest rupee.
- ii) Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison.

**Tariq Hilal  
Chairman**

**Irfan Hilal Ahmed  
Chief Executive**

Karachi: September 26, 2007



**PATTERN OF SHARE HOLDING AS AT JUNE 30, 2007**

NO. OF SHAREHOLDERS	SHARE HOLDINGS		TOTAL SHARES HELD
	FROM	TO	
28	1	100	2,800
12	101	500	6,400
1	501	1,000	1,000
6	1,001	5,000	11,600
2	5,001	10,000	13,000
1	15,001	20,000	20,000
1	25,001	30,000	30,000
1	150,001	155,000	2,700,000
1	170,001	175,000	2,957,900
1	200,001	205,000	201,000
1	905,001	910,000	909,700
1	4,365,001	4,370,000	4,368,300
1	4,825,001	4,830,000	4,826,500
1	15,950,001	15,955,000	15,951,800

58

32,000,000

Categories	Number	Shares Held	Percentage
INDIVIDUALS	48	77,700	0.24%
<b>DIRECTORS, CEO &amp; THEIR SPOUSE AND MINOR CHILDREN</b>			
MR. TARIQ HILAL	1	2,700,000	8.44%
MR. IRFAN HILAL AHMED	1	2,957,900	9.25%
MR. ZAFAR UDDIN SIDDIQUI	1	500	0.00%
MRS. SADIA IMRAN	1	909,700	2.84%
MRS. SARA AMIR	1	201,000	0.63%
MRS. TOOBA TARIQ	1	6,100	0.02%
MRS. NIDA IRFAN	1	500	0.00%
<b>ASSOCIATED COMPANIES</b>			
NAWAB & COMPANY (PVT) LTD.	1	4,368,300	13.65%
SHAFIQ HANIF (PVT) LTD.	1	15,951,800	49.85%
ASIA TEXTILE INDUSTRIES (PVT) LTD.	1	4,826,500	15.08%
	58	32,000,000	100.00%





# PROXY FORM

## 14th Annual General Meeting

Folio No. \_\_\_\_\_

I / We \_\_\_\_\_  
(Name)

of \_\_\_\_\_  
(Address)

being a member of DREAMWORLD LIMITED holding \_\_\_\_\_  
(Number of Shares)

Ordinary Shares hereby appoint \_\_\_\_\_  
(Name)

of \_\_\_\_\_  
(Address)

of failing him / her \_\_\_\_\_  
(Name)

of \_\_\_\_\_  
(Address)

Who is / are also member (s) of **DREAMWORLD LIMITED** as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 14<sup>th</sup> Annual General Meeting of the Company to be held on 29<sup>th</sup> October 2007 and / or any adjournment thereof.

As witness my / our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2007.

Signed by \_\_\_\_\_

In the presence of \_\_\_\_\_

Signature on  
Five Rupee  
Revenue stamp

The Signature should agree  
with the specimen registered  
with the Company

**Important :**

1. This proxy form, duly completed and signed, must be received at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
2. No Person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy as deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.