

IN GOD WE TRUST

**18TH ANNUAL
REPORT 2011**

DREAMWORLD LIMITED

DREAMWORLD
RESORT, HOTEL & GOLF CLUB



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

CONTENTS

Company Information	1
Vision & Mission Statement.....	2
Notice of the Annual General Meeting	3
Statement of Ethics & Business Practices	4
Directors' Report	5
Key Operating & Financial Data	10
Statement of Compliance with the code of Corporate Governance.....	11
Auditors' Review Report to the Members on Statement of Compliance with best practices of code of Corporate Governance.....	13
Auditors' Report to the Members	14
Balance Sheet	15
Profit and Loss Account	16
Statement of Comprehensive Income.....	17
Cash Flow Statement	18
Statement of Changes in Equity	19
Notes to the Financial Statements	20
Pattern of Shareholding	34
Proxy Form	

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

BOARD 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
 5/19, Arkay Square (Ext.) Shahrah-e-Liaquat
 New Chali, Karachi.
 Ph: 021-32429816, 021-32423859

LEDGAL ADVISOR

Mr. Junaid Mukhtar Siddiqui
 12-C, First Floor, 26th Street, Tauheed
 Commercial Area, DHA, Phase-V,
 Karachi. Ph:021-35304288, 021-35304290

SHARE REGISTRAR

F.D. Registrar Services (SMC-Pvt) Ltd.
 1108, 11th Floor, Trade Center, I. I. Chundrigar Road,
 Karachi Ph:021-35478192 Fax: 021-32621233

BANKERS

MCB Bank Limited
 Citibank Ltd
 Standard Chartered Bank
 United Bank Limited
 Faysal Bank Limited

REGISTERED OFFICE

Dreamworld Tower, 65-AM, Strachen Road,
 Opp. Arts Council, Behind Sindh Assembly,
 Karachi Ph:021-32219236-46 Fax: 021-32219207

PROJECT LOCATION

NC- 137 , Deh Taiser , District West, Karachi
 Ph: 021-36350494-97 Fax: 021-36350503

IN GOD WE TRUST

VISION AND MISSION STATEMENT

VISION

Our esteemed goal is to be the pioneer in providing the exclusive, distinctive, unique and truly recreational/amusement/leisure/ entertainment and enjoyment facilities to the members in family atmosphere at our Dreamworld Family Resort situated adjacent to Gulshan-e-Maymar, Super Highway, Karachi where people really feel themselves very much relaxed, stress-free and hassle-free at the highest level of satisfaction.

MISSION

- To be the unique and matchless resort/club having exclusive un-paralleled amusement / recreational / entertainment facilities for the members of all ages in safe & sound, healthy and peaceful family atmosphere.
- To provide wide range of recreational and joyous facilities to members and their families where dreams come true.
- To assemble the people of all categories of life at a plate form for growing their social affiliations and attachments with each other which may create brotherhood environment amongst them.
- To set and maintain high quality of recreational standards and services to the full satisfaction of visitors/members motivating as well the tourists and visitors from other countries sharing the economy of the country in shape of earning valuable Foreign Exchange.
- To be the real home of first choice for our members & their families after their own home where they can enjoy/relax with all kinds of food and catering facilities.
- To meet social and cultural obligations towards the society being a patriotic and conscientious corporate citizens besides increasing employment opportunities of the area and gradually improve their income and life style.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 18th 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 31, 2011 at 3:00 p.m. to transact the following business:

1. Recitation from the Holy Quran.
2. To confirm the minutes of the last Annual General Meeting held on October 29, 2010.
3. To receive, consider and approve the Company's audited financial statements for the year ended June 30, 2011 together with the reports of the directors and auditors thereon.
4. To consider and approve a final cash dividend @ 10% i.e. Rs. 1.00 per share of Rs. 10/= each as recommended by the Board of Directors, for the year ended 30th June 2011 to the minority shareholders only as the majority shareholders have waived their right of dividend.
4. To appoint Auditors for the year 2011-2012 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.

By order of the Board

ZAKI UDDIN SIDDIQUI
Company Secretary

Karachi: October 03, 2011

NOTES :

- I. The Share Transfer Books of the Company shall remain closed from October 23, 2011 to October 31, 2011 (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 22, 2011 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 addresses.
- 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 Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

Policy Summary

- The 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 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.

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

DIRECTORS' REPORT

Dear Shareholders,

Assalam-o-Alaikum,

On behalf of the Board of Directors, it is in deed, a matter of privilege for me to present before you the 18th Annual Report together with audited financial statements of the Company and the auditor's report thereon, for the year ended June 30, 2011.

Financial and Operating Results:

By the Grace of Al-Mighty Allah, the overall performance of the company has been remarkable during the year under report when compare with the immediate preceding year. In order to evaluate the financial results attained during the year under discussion versus immediate preceding year, a comparison is hereby summarized as under:

	2011 Rupees	2010 Rupees
Total Revenue	453,165,977	385,250,635
Operating Profit	8,120,612	4,014,016
Profit before Taxation	8,120,612	4,021,422
Profit after Taxation	4,601,142	1,903,243
Earning per Share - basic & diluted	0.14	0.06

A Bird Eye View on Financial & Operating Results

Al-Hamdo-Lillah, during the year under report, the company has been able to achieve its best possible results as summarized hereinabove, despite deterioration of unfavorable circumstances as briefly pointed out in following paras, being continued since a few years for which you are also well cognizant. In fact, it is a matter of pleasure that by the Grace of God, it was the consecutive third year of the Company in a row after having been come out from the garb of losses suffered during the year ended June 30, 2008 which is due to the great mercies, blessings and kindness showered by Al-Mighty Allah upon the Company besides continued vigorous efforts made by the management with great zeal and sincerities.

Your Directors hereby report with their full satisfaction that despite tough, worsening of law and order situation and very poor economic condition of the country resulting overall circumstances in chaotic situation which remained continued to prevail during the entire financial year under review, as pointed out briefly in the following paras, Masha-Allah a remarkable improvement in the total revenue of the Company has taken place i.e. to the tune of Rs.453.16 million as compared to immediate preceding year when it was at Rs.385.25 million yielding an increase in total revenue at Rs.67.9 million which becomes 17.6% of the preceding year's total revenues. Likewise, the profit before taxation earned during the year, also remained improved to the tune of Rs.8.12 million as against the last year's profit before taxation of Rs.4.02 million meant thereby more than double of the last year's profit before taxation, Al-Hamdo-Lillah. Consequently, with this achievement, earning per share has also improved from Rs.0.06 of the last year to Rs.0.14 of this current year under report. It is worthy to mention that the company has continued to resist against rapid heavy inflationary pressure being continued without any stoppage resulting in heavy unabsorbing maintenance/operational cost of our resort which is spread over huge area of 144 acres of land.

Highlights on Operating and Financial Results

Having been observed and acted upon the aims and objectives as define in vision and mission as set out by the management of your company, a project under the name and style of "Dreamworld Family Resort" is being run by the company successfully in very smooth and peaceful family environment without facing any hindrance and obstacle, by the Grace of Al-Mighty Allah (the most beneficent and merciful) and it has been endeavor of your company to facilitate its members and their families/guests at its level best and maximum as well as to their full satisfaction even having been made expansion in service base in order to optimize the operational capacity of the recreational facilities according to the atmospheric and human requirements which is the MOTO of your company.

From the operating and financial results as tabulated above, clearly depict an extraordinary improvement in overall operating and financial results i.e. total revenue and pre-tax profit inspite of that this year ended June 30, 2011 under report, also commenced with under the deep shadow of very poor/weak economic situation deteriorated from last year with a steep increases in the operational inputs/cost, prices of raw materials and other various general overheads driven by high inflation including salaries, wages, high rising commodity prices, rapid escalation fuel/gas/petroleum products prices and gradual up-rise in the labour/wages expenses/cost etc. which kept the total operational/maintenance cost structure of our resort being spread over a huge area of 144 acres of land which have to be maintained according to the commitments and international standard/quality at any cost, very scattered yielding a very high maintenance/operational cost of our resort of international repute, Al-Hamdo Lillah, and by the Grace of Al-Mighty Allah, on this account our said club/resort has also been awarded with domestic and international awards.

Here, it is condusive to place on record that your company continued to face the worst situation/difficulties and most horrible circumstances deteriorated from last year, which are pointed out as under;

- Rapid price rises as well as heavy general inflation in all kinds of commodities besides labour and wages and services etc. leaving very bad effects upon spending of consumers.
- Worsening of adversely effected and very depressed and poor economic condition of the country resulting in creation a scenario of heavy un-employment.
- Deterioration of most terrible/horrible law & order situation continued to prevail during this whole year under review resulting in establishing the sense of insecurity of lives and property in general public.
- Suicide bomb blasts and killings of innocent peoples continued to be occasioned in all parts of the country particularly in Karachi from time to time during the whole year under discussion resulting in further aggravation of adverse situation of Karachi.
- Uneven/unstable political situation continued to effct the entire business scenario towards disaster.

The unavoidable circumstances as pointed out above, were competed/fought against by the dedicated entire management of the company with great courage/guts and eye-focused strategies, proper line of attacks at proper times as well as by adopting aggressive marketing programs as a result of which, Al-Hamdo-Lillah, the management of your company has been able to achieve remarkable improvements in overall financial results which is evident from the above comparative financial and operating position.

Future Prospects and Outlook

By the Grace of Al-Mighty Allah, the company has ever tried to facilitate its members and their families according to its commitments as defined in its vision and mission statement, therefore, going a head towards its goal/objective, your Company has continued directing full efforts to expand and up-gradation of existing facilities besides installation of new recreational facilities. In this regard, after having been completed the construction of first and second phases of chalets/suits containing 33 rooms which have already become functional/operational and currently are being used by the members and their families/guests who are very happy to avail the said staying facility. Al-Hamdo Lillah, further new phases of rooms are under construction and would be functional/operational in near future, Insha-Allah Taala.

In the forgoing context, the Company is strictly acting upon its commitment to constantly upgrade, modernize and expand its operational recreational activities/facilities according to circumstantial requirements by bringing in with latest innovations of relevant and appropriate technological advancements in the business strategies. In order to obtain most advantageous benefits for our members and their families, the company has planned to employ professional and qualified staff as well and Al-Hamdo-Lillah, some of them have already been employed. The objective of these efforts, is to further improve the quality of all kinds of facilities/services provided, improvement in security measures and members' satisfaction.

However, having been passed through the crucial circumstances as pointed out above, Al-Hamdo-Lillah, your company has started to travel on the track of profitability in consequence to vigorous efforts made besides better strategies adopted by the management as pointed out in above paras and in future, if the over all circumstance would be favourable from all respects, the profitability of the Company will further be improved, Insha-Allah Talla.

Dividend:

Al-Hamdo-Lillah, considering the financial and operating results as summarized hereinabove, AL-HAMDO-LILLAH, the Board of Directors is pleased to recommend a final cash dividend @ 10% (i.e. Rs.1/= per share of Rs.10/= each) for the year ended June 30, 2011 for minority share holders. The Board is thankful to the majority share holders who have waived off their right of dividend. The dividend as recommended, is subject to the approval by the shareholders in Annual General Meeting going to be held on October 31, 2011, Insha-Allah Taala.

Board Audit Committee

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

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

Total number of meetings attended by all members were 05 (five) during the year under review.

Board of Directors Meeting

07 (seven) meetings of Board of Directors were held during the year under report. The attendance in said meetings by each Director was as follows:

Name of Directors	No. of meetings attended
Mr. Tariq Hilal	07
Mr. Irfan Hilal Ahmed	07
Mr. Zafar Uddin Siddiqui	07
Mrs. Sadia Imran	06
Mrs. Sara Amir	06
Mrs. Tooba Tariq	07
Mrs. Nida Irfan	07

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 page No.10.

Statement of Business Ethics & Practices

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

Board of Directors

The Board of Directors is the most senior body with eventual responsibility for all kinds of plannings/strategies/policies and management of the affairs of Company to be adopted in the best interest of the Company and implemented accordingly besides for the supervision of its executive management. During the year, the Board was actively involved in performing their duties as defined in the Code of Corporate Governance.

The Board of Directors comprises of following seven directors including Chief Executive Officer:

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

Appointment of new Legal Advisor in place of Deceased Legal Advisor

After the expiry of the Company's legal advisor namely Mr. Hasan Inamullah, Mr. Junaid Mukhtar Siddiqui has been appointed as new legal advisor of the company during the year under report, in place of said deceased legal advisor. The particulars of said incoming legal advisor are as under:

Mr. Junaid Mukhtar Siddiqui
12-C, First Floor, 26th Street,
Tauheed Commercial Area, Phase-V, D.H.A., Karachi.
Phones: 021-35304288, 021-35304290

Auditors

The present auditors, M/s M. Sikandar & Company, Chartered Accountants, retire and have offered themselves for re-appointment. The Board Audit Committee has recommended their re-appointment as auditors for the financial year ending June 30, 2012 and the Board agrees to the recommendation of the Board Audit Committee.

Compliance with the Code of Corporate Governance

The "Statement of Compliance with the Code of Corporate Governance" is annexed at page No.11.

Statement on Corporate and Financial Reporting Framework

The Directors of the Company 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. 2.5,3.1,3.2,3.6,3.9,3.13,5.2,8 and 23 and accounting estimates, which are based on reasonable and prudent judgment and the changes/additions in the policies are done in line of IAS and IFRS implementation.
4. The international Accounting standards & International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed (if any).
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.
8. Key operating and financial data for last six years in summarized form is annexed at page No.10.
9. Outstanding taxes and levies have been adequately disclosed in the annexed audited financial statements.

Pattern of Shareholding

A statement of pattern of shareholding of certain class of shareholders as at June 30, 2011 whose disclosure is required under the reporting framework is included in the report at Page No.34.

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 Board of Directors, I am very much thankful and place on record, the warm gratitude to the shareholders, valued customers, suppliers and consultants from the core of my heart for their sociable attitude and continuous support.

I also acknowledge, the dedication, enthusiasm, loyalties and devotion of the entire management, officers, workers of the Company and valued customers/ members enabling your Company to achieve its best possible results during the unstable/uncertain political and business circumstances prevailed in the whole year under report. I am confident that the management and all employees/workers of your Company shall continue to work with zeal and devotion and consequently, your company shall continue to prosper further, Insha-Allah Taala.

For and on behalf of the Board

Tariq Hilal
Chairman

Karachi, October 03, 2011

KEY OPERATING & FINANCIAL DATA SIX YEARS AT A GLANCE

PARTICULARS	JULY - JUNE					
	(RUPEES IN' 000)					
	2010 2011	2009 2010	2008 2009	2007 2008	2006 2007	2005 2006
Paid Up Share Capital	320,000	320,000	320,000	320,000	320,000	320,000
General Reserves	20,000	20,000	20,000	-	-	-
Shareholders Equity	351,656	347,055	345,243	340,292	348,430	345,246
Gross Revenue	453,166	385,251	314,168	321,646	391,360	435,377
Profit/(Loss) before Taxation	8,121	4,021	3,852	(7,954)	10,205	10,831
Profit/(Loss) After Taxation	4,601	1,903	4,951	(8,137)	4,279	8,391
Unappropriated Profit	11,656	7,055	5,243	20,292	28,430	25,246
Earning per Share - basic & diluted	0.14	0.06	0.15	(0.25)	0.13	0.26
Break Up Value per Share	10.99	10.85	10.79	10.63	10.89	10.79
Current Assets	48,942	40,216	50,855	44,121	44,160	30,549
Current Liabilities	47,429	38,678	31,468	40,261	42,322	40,283
Current Ratio	1.03	1.04	1.62	1.10	1.04	0.76

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2011

Name of the company: **DREAMWORLD LIMITED.**
Year Ended: **JUNE 30, 2011.**

This statement is being presented to comply with the Code of Corporate Governance as contained in the 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 any 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.

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 Board Audit Committee ("BAC"). It comprises of three Members, all are non-executive directors including the Chairman of the Committee.
16. The meetings of the Board Audit Committee were held at least once in 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 they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or their 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. The related party transactions have been placed before the audit committee and approved by the Board of Directors to comply with the requirements of relevant listing regulation of the Karachi Stock Exchange (Guarantee) Limited.
21. The Management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with the best practices.
22. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Karachi, October 03, 2011

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 ("the Company") for the year ended June 30, 2011 to comply with the Listing Regulation 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 are not required to consider whether the Board's statements on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulation No. 35 (xiii) (previously Regulation No. 37) of the Karachi Stock Exchange (Guarantee) Limited requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

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 June 30, 2011.

Karachi, October 03, 2011

M. SIKANDAR & COMPANY
Chartered Accountants
(NOOR MOHAMMAD)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DREAMWORLD LIMITED** ("the Company") as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, 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 verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the changes a described in note No.2.5 with which we concur;
 - 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, statement of comprehensive income, 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, 2011 and of the Profits, total comprehensive income, its cash flows and changes in equity for the year then ended: and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi, October 03, 2011

M. SIKANDAR & COMPANY
Chartered Accountants
(NOOR MOHAMMAD)

BALANCE SHEET AS AT JUNE 30, 2011

	Note No.	2011 Rupees	2010 Rupees
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
AUTHORISED			
40,000,000 Ordinary Shares of Rs.10/- each		<u>400,000,000</u>	<u>400,000,000</u>
ISSUED, SUBSCRIBED & PAID UP			
32,000,000 Ordinary Shares of Rs.10/- each	4	<u>320,000,000</u>	320,000,000
General Reserves		<u>20,000,000</u>	20,000,000
Unappropriated Profit		<u>11,656,290</u>	7,055,148
Shareholders Equity		351,656,290	347,055,148
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred Liability	5	<u>8,397,378</u>	9,357,461
Long Term Loans	6	<u>54,750,000</u>	54,750,000
		<u>63,147,378</u>	64,107,461
CURRENT LIABILITIES			
Creditors, Accrued and Other Liabilities	7	<u>42,879,175</u>	36,068,467
Provision for Taxation		<u>4,550,000</u>	2,610,000
		<u>47,429,175</u>	38,678,467
Contingencies and Commitments	8	-	-
Total		<u>462,232,843</u>	<u>449,841,076</u>
ASSETS			
NON CURRENT ASSETS			
Property, Plant & Equipments	9	<u>397,852,471</u>	399,206,949
Capital Work in Progress	10	<u>14,073,983</u>	9,691,380
Long Term Deposits	11	<u>1,364,649</u>	726,649
		<u>413,291,103</u>	409,624,978
CURRENT ASSETS			
Stores & Spares		<u>9,278,941</u>	7,860,559
Sundry Debtors (unsecured considered good)		<u>22,414,029</u>	16,609,318
Advances & Deposits	12	<u>11,164,640</u>	10,292,818
Cash, Prize Bonds & Bank Balances	13	<u>6,084,130</u>	5,453,403
		<u>48,941,740</u>	40,216,098
Total		<u>462,232,843</u>	<u>449,841,076</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

Tariq Hilal
Chairman

Irfan Hilal Ahmed
Chief Executive

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011**

	Note No.	2011 Rupees	2010 Rupees
Revenue	14	282,864,686	249,936,523
Membership Fee		170,301,291	135,314,112
		<u>453,165,977</u>	<u>385,250,635</u>
 Direct Expenses	15	<u>(349,184,570)</u>	<u>(301,229,309)</u>
		103,981,407	84,021,326
Operating Expenses			
Administrative Expenses	16	70,704,983	61,331,639
Selling & Marketing Expenses	17	23,397,913	17,178,545
Bank Charges	18	1,757,899	1,497,126
		<u>95,860,795</u>	<u>80,007,310</u>
Operating Profit		8,120,612	4,014,016
 Gain on Disposal of Assets	19	-	7,406
Profit before Taxation		<u>8,120,612</u>	<u>4,021,422</u>
 Taxation	20	<u>(3,519,470)</u>	<u>(2,118,179)</u>
 Profit after Taxation		<u>4,601,142</u>	<u>1,903,243</u>
 Earning per Share - basic & diluted	21	<u>0.14</u>	<u>0.06</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

Tariq Hilal
Chairman

Irfan Hilal Ahmed
Chief Executive

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011**

	2011 Rupees	2010 Rupees
Profit for the year	4,601,142	1,903,243
Other comprehensive Income	-	-
Total comprehensive income for the year	4,601,142	1,903,243

The annexed notes from 1 to 26 form an integral part of these financial statements.

Tariq Hilal
Chairman

Irfan Hilal Ahmed
Chief Executive

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

	Note No.	2011 Rupees	2010 Rupees
CASH FROM OPERATING ACTIVITIES			
Profit before taxation		8,120,612	4,021,422
Adjustment for;			
Depreciation		32,906,149	33,239,029
Bank Charges		1,757,899	1,497,126
Provision for Gratuity		644,800	326,800
Income Tax Paid		(2,609,253)	(2,459,934)
Loss/(Gain) on Disposal of Assets		-	(7,406)
Operating Profit before Working Capital Changes		40,820,207	36,617,037
Changes in Working Capital			
(Increase)/Decrease in Current assets			
Stores & Spares		(1,418,382)	(5,500,690)
Sundry Debtors		(5,804,711)	(5,488,695)
Advances and Deposits		(871,822)	20,178,682
Increase/(Decrease) in Current Liabilities			
Creditors, Accrued & Other Liabilities		6,810,708	6,350,041
Cash Generated from Operation		39,536,000	52,156,375
Bank Charges Paid		(1,757,899)	(1,497,126)
Net cash flow from operating activities		37,778,101	50,659,249
CASH FROM INVESTING ACTIVITIES			
Property, Plant & Equipments		(31,551,671)	(28,080,396)
Proceeds from Sale of Assets		-	2,248,940
Long Term Deposits		(638,000)	(1,999)
Assets Written off		-	525,000
Capital Work in Progress		(4,382,603)	11,580,934
Net cash outflow in investing activities		(36,572,274)	(13,727,521)
CASH FROM FINANCING ACTIVITIES			
Gratuity Paid		(575,100)	(240,500)
Devidend Paid 2009		-	(90,800)
Long Term Loans		-	(38,050,000)
Net cash used in financing activities		(575,100)	(38,381,300)
Net increase/(decrease) in cash and cash equivalents		630,727	(1,449,572)
Cash and cash equivalents at beginning of the year		5,453,403	6,902,975
Cash and cash equivalents at the end of the year	13	6,084,130	5,453,403

The annexed notes from 1 to 26 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, 2011

	Issued Subscribed & Paid up Capital	Revenue Reserves		Total
		General Reserves	Unappropriated Profit	
Balance as on July 1, 2009	320,000,000	20,000,000	5,242,705	345,242,705
Dividend 2009	-	-	(90,800)	(90,800)
Total comprehensive income for the year	-	-	1,903,243	1,903,243
Balance as on July 1, 2010	320,000,000	20,000,000	7,055,148	347,055,148
Total comprehensive income for the year	-	-	4,601,142	4,601,142
Balance as at June 30, 2011	320,000,000	20,000,000	11,656,290	351,656,290

The annexed notes from 1 to 26 form an integral part of these financial statements.

Tariq Hilal
Chairman

Irfan Hilal Ahmed
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 Council, Behind Sindh Assembly, Karachi.

2. BASIS OF PREPARATION**2.1 Statement of Compliance**

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

2.2 Basis of Measurement

The financial statements 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) and International Financial Reporting Standards (IFRSs) as applicable in Pakistan.

2.3 Functional and presentation Currency

The financial statements are presented in Pak Rupee which is also the Company's functional currency. All financial information presented in Pak Rupee has been rounded to the nearest rupee.

2.4 Use of Estimates and Judgements

These preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application on policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors

that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are 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.

Judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

2.5 Adoption of new and Revised standards and Interpretations

a) The following amendments, revisions and interpretations to published accounting standards were not effective during the year and therefore, not been adopted by the Company:

IFRS 7 Financial instruments: Disclosures (Amendments) effective from January 1, 2011 & July 1, 2011 or after

IAS 1 Presentation of financial statements (Amendments) effective from January 1, 2011 & July 1, 2012 or after

IAS 12 Income taxes (Amendments) effective from January 1, 2012

IAS 19 Employee benefits (Amendments) effective from January 1, 2013

IAS 24 Related party disclosures (Revised) effective from January 1, 2011

IAS 27 Separate Financial Statements (Revised) effective From January 1, 2013

IAS 28 Investments in Associates and Joint Venture (Revised) effective from January 1, 2013

IAS 34 Interim Financial Reporting (Amendments) effective from January 1, 2011

IFRIC 13 Customer Loyalty Programmers (Amendments) effective from January 1, 2011

IFRIC 14 The limit on a defined benefit asset, minimum funding requirements and their intration (Amendments) effective from January 1, 2011

b) The following new standards have been issued by the international Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan :

IFRS 9 Financial instruments effective from January 1, 2013

IFRS 10 Consolidated financial statements effective from January 1, 2013

IFRS 11 Joint arrangements effective from January 1, 2013

IFRS 12 Disclosure of interests in other entities effective from January 1, 2013

IFRS 13 Fair Value measurement effective from January 1, 2013

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Employees 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. The management carry on the same policy and adopted the procedure laid down by previous report.

3.2 Taxation

Current

Provision of current taxation is based on current rates of tax on taxable income or one percent of turnover or as revised in the law, 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.

3.3 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.

3.4 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.

3.5 Creditors, Accrued and Other Liabilities

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

3.6 Stores & Spares

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.

3.7 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.

3.8 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.

3.9 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. The disclosure requirements are controlled jointly or significantly and clarify the definition of the related party.

3.10 Dividend & Appropriation to Reserves

Dividend distribution to the Company's shareholders and appropriation to reserves is recognised in the period in which these are approved.

3.11 Impairment of Assets

The Company assessed 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 receivable 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.

3.12 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. Transfers are made to relevant category of property, plant and equipments as and when assets are available for use.

3.13 Property, Plant and Equipments**Owned Assets**

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work in progress are stated at cost.

Subsequent cost

Subsequent cost are included in the asset's carrying amount or recognised as a separate assets, as appropriate, only when it is probable that future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. The costs of the day to day repair and maintenance and services are charged to income as incurred.

Depreciation

Depreciation on all property, plant and equipments is charged using the diminishing method in accordance with the rates specified in note No:09 to these financial statements and after taking into account residual values, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on addition is charged from the year in which the assets become available for use, while no depreciation is charged in the year of disposal. This is because of the nature of company's business.

Gains or losses on disposal of property, plant and equipments are included in income

3.14 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.

3.15 Provisions

Provisions 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.

3.16 Financial Instruments**Financial Assets**

The company classifies its financial assets in the following categories, at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or

loss, if any. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets. There were no financial assets held for trading at the balance sheet date.

b. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivable and cash, prize bonds and bank balances in the balance sheet.

c. Available for Sale Financial Assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of their other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d. Held to Maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognized on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred

and the Company has transferred substantially all the risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income. Investments in associates re accounted for using the equity method as explained in note 3.4.

When securities classified as available-for-sale sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the profit and loss account as a reclassification adjustment. Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available for sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial assets is not active (and or unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit and loss account as a reclassification adjustment. Impairment losses recognized in the profit and loss account on equity instruments classified as available-for-sale are not reversed through the profit and loss account. Impairment testing of trade and other receivables is described in note No:3.7.

Financial Liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. A financial liability is derecognized when the obligation under the liability is cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognizing of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

3.17 Investment in Associates

Associates recognize all entities over which the Company has significant influence but not control, generally represented by a shareholding of 20% to 50% of the voting rights. Investment

in associates are accounted for using the equity of accounting and are initially recognized at cost. The Company's share of its associates' post acquisition profits or losses is recognized in profit and loss account and its share in post acquisition of other comprehensive income is recognized in Company's other comprehensive income. Cumulative post acquisition movements are adjusted against the carrying value of the investments. When the Company's share of losses in associate equals or exceeds its (Amounts in Rs. '000) interest in the associate including any other long term unsecured receivable, the Company does not recognize future losses, unless it has incurred obligations or made payments on behalf of the associate. Gain on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates.

		2011 Rupees	2010 Rupees
4.	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
	Fully paid ordinary shares of Rs.10/- each issued for cash	320,000,000	320,000,000
	Number of Shares	32,000,000	32,000,000
5.	DEFERRED LIABILITY		
	Deferred Taxation	5.1 6,332,878	7,362,661
	Provision for Gratuity	5.2 2,064,500	1,994,800
		8,397,378	9,357,461
5.1	DEFERRED TAXATION		
	Opening Balance	7,362,661	8,564,415
	Provision made during the year	(1,029,783)	(1,201,754)
		6,332,878	7,362,661
5.2	PROVISION FOR GRATUITY		
	Opening Balance	1,994,800	1,908,500
	Less: Paid during the year	(575,100)	(240,500)
		1,419,700	1,668,000
	Add: Provision made during the year	644,800	326,800
		2,064,500	1,994,800

The Company has accounted for the Gratuity on liability method. The management feels that the existing provision is adequate to cover the obligation.

	2011 Rupees	2010 Rupees
6. LONG TERM LOANS		
From Related Parties - unsecured	<u>54,750,000</u>	<u>54,750,000</u>
	<u>54,750,000</u>	<u>54,750,000</u>

This represents loan received from above parties which are interest free and payable on availability of funds.

7. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors	32,129,723	27,675,242
Accrued Expenses	<u>10,749,452</u>	<u>8,393,225</u>
	<u>42,879,175</u>	<u>36,068,467</u>

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/- (2010: 8,747,360/-) against which a Suit for declaration and injunction has been filed by the Company before the Hon'ble High 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. However, God forbid, incase of deciding the appeal against the Company, the contingent liability of central excise duty may be around of Rs.580,000/- (2010: Rs.580,000/-), but the management is hopeful for the favourable outcomes of the case.
- 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/-(2010: 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/- (2010: 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. (2010: NIL)

9 PROPERTY, PLANT & EQUIPMENTS

2011

	Cost as at 1 July 2010	(Disposal) / Addition	Cost as at 30 June 2011	Accumulated Depreciation as at 1 July 2010	Depreciation for the year	(Disposals) / Adjustments	Accumulated Depreciation upto 30/06/2011	Net Book value as at 30 June 2011	Rate
Land Leasehold	149,850,000	-	149,850,000	-	-	-	-	149,850,000	0
Building	296,133,780	19,056,044	315,189,824	138,989,113	17,620,071	-	156,609,184	158,580,640	10
Furniture & Fixture	28,898,643	2,962,897	31,861,540	13,347,942	2,777,040	-	16,124,982	15,736,558	15
Office and Other Equipments	22,040,334	3,166,868	25,207,202	12,448,251	1,913,843	-	14,362,094	10,845,108	15
Boat & Others	27,212,946	2,169,565	29,382,511	15,149,956	2,134,883	-	17,284,839	12,097,672	15
Plant & Machinery	124,995,329	2,400,000	127,395,329	81,798,746	6,839,487	-	88,638,233	38,757,096	15
Vehicles	19,920,861	1,796,297	21,717,158	10,911,661	1,620,825	-	12,532,486	9,184,672	15
Horses	2,800,725	-	2,800,725	-	-	-	-	2,800,725	-
Total	671,852,618	31,551,671	703,404,289	272,645,669	32,906,149	-	305,551,818	397,852,471	

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

<u>Allocation</u>	<u>Note No</u>	<u>2011</u>
Direct Expenses	9.1	30,992,306
Administrative Expenses	9.2	1,913,843
		<u>32,906,149</u>

2010

	Cost as at 1 July 2009	(Disposal) / Addition	Cost as at 30 June 2010	Accumulated Depreciation as at 1 July 2009	Depreciation for the year	(Disposals) / Adjustments	Accumulated Depreciation upto 30/06/2010	Net Book value as at 30 June 2010	Rate
Land Leasehold	149,850,000	-	149,850,000	-	-	-	-	149,850,000	0
Building	276,025,137	20,108,643	296,133,780	121,528,594	17,460,519	-	138,989,113	157,144,667	10
Furniture & Fixture	25,862,989	3,035,654	28,898,643	10,603,701	2,744,241	-	13,347,942	15,550,701	15
Office and Other Equipments	20,146,602	1,893,732	22,040,334	10,755,530	1,692,721	-	12,448,251	9,592,083	15
Boat & Others	26,295,253	917,693	27,212,946	13,021,193	2,128,763	-	15,149,956	12,062,990	15
Plant & Machinery	124,995,329	-	124,995,329	74,175,820	7,622,926	-	81,798,746	43,196,583	15
Vehicles	25,288,455	(5,367,594)	19,920,861	12,447,862	1,589,859	(3,126,060)	10,911,661	9,009,200	15
Horses	1,201,050	(525,000) 2,124,675	2,800,725	-	-	-	-	2,800,725	-
Total	649,664,815	(5,892,594) 28,080,397	671,852,618	242,532,700	33,239,029	(3,126,060)	272,645,669	399,206,949	

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

<u>Allocation</u>	<u>Note No</u>	<u>2010</u>
Direct Expenses	9.1	31,546,308
Administrative Expenses	9.2	1,692,721
		<u>33,239,029</u>

10. CAPITAL WORK-IN-PROGRESS

		2011			
		Balance As At 01 - 07 - 2010	Capital Expenditure During the year	Transfer to Operating Assets	Balance As At 30 - 06 - 2011
	Civil works	3,266,380	23,438,647	19,056,044	7,648,983
	Philips Electrical Industries	6,425,000	-	-	6,425,000
	Total	9,691,380	23,438,647	19,056,044	14,073,983
		2010			
		Balance As At 01 - 07 - 2009	Capital Expenditure During the year	Transfer to Operating Assets	Balance As At 30 - 06 - 2010
	Civil works	14,847,314	8,527,709	20,108,643	3,266,380
	Philips Electrical Industries	6,425,000	-	-	6,425,000
	Total	21,272,314	8,527,709	20,108,643	9,691,380

		Notes	2011 Rupees	2010 Rupees
11.	LONG TERM DEPOSITS			
	Security Deposits		<u>1,364,649</u>	<u>726,649</u>
12.	ADVANCES AND DEPOSITS (unsecured considered good)			
	Advances		<u>5,048,462</u>	6,066,239
	Advance Income Tax		<u>6,116,178</u>	<u>4,226,579</u>
			<u>11,164,640</u>	<u>10,292,818</u>
13.	CASH, PRIZE BONDS AND BANK BALANCES			
	Cash & Prize Bond in hand		<u>4,778,844</u>	1,189,079
	Cash at Banks			
	- In Current Accounts		<u>1,305,286</u>	4,185,485
	- In Foreign Currency Accounts	13.1	<u>-</u>	<u>78,839</u>
			<u>6,084,130</u>	<u>5,453,403</u>
13.1	This represent US\$: NIL (2010 : US\$.917.48 @ Rs.85.93)			
14.	REVENUE			
	Catering		<u>69,841,043</u>	60,141,723
	Challets		<u>25,775,047</u>	17,376,115
	Subscription		<u>148,635,723</u>	145,256,121
	Concert		<u>8,097,939</u>	7,106,597
	Other		<u>30,514,934</u>	<u>20,055,967</u>
			<u>282,864,686</u>	<u>249,936,523</u>

	Notes	2011 Rupees	2010 Rupees
15. DIRECT EXPENSES			
Staff Salaries, Wages & Benefits		81,561,565	63,452,814
Directors' Remuneration & Allowances		1,944,000	1,944,000
Cartage & Conveyance		4,606,761	4,049,833
Festivals and Concerts		3,705,934	3,546,065
E.O.B.I. Contribution		2,277,397	1,973,808
Social Security Contribution		2,051,816	2,017,683
Education Cess		-	22,000
Electricity Duty		41,288	61,532
Advertisement Expenses		17,791,318	9,922,679
Property Tax		510,373	510,373
Professional Tax		202,100	-
Hotel Tax/Loading Unit Tax		164,250	-
Vehicle Running & Maintenance		6,454,557	5,078,302
Security Expenses		13,257,092	9,185,120
Resort Maintenance Expenses		26,205,215	28,955,512
Entertainment Duty Expenses		65,400	60,900
Power & Fuel		37,248,304	29,035,344
Catering Purchase & Expenses		56,627,884	48,915,433
Depreciation	9.1	30,992,306	31,546,308
Golf Course Maintenance		9,629,593	10,036,125
Gardening Expenses		10,743,573	8,547,307
Tubewells Expenses		1,622,074	1,386,117
Play Ground Maintenance		1,729,697	1,901,228
Archery Maintenance		823,293	903,790
Sewerage Water Tanker Expenses		1,560,450	1,938,775
Lakes Maintenance		2,886,081	2,727,417
Artificial Sea Maintenance		817,295	1,984,818
Hatchery Cutting Designing Expenses		2,091,200	1,976,400
Boundary Wall Maintenance		1,567,878	907,826
Road & Walk Wears Maintenance		2,038,787	768,149
Car Racing Track Maintenance		292,727	330,701
Parking Lot Maintenance		1,020,250	585,873
Swimming Pools & Building Maintenance		12,529,261	14,948,480
Fire Works Expenses		1,290,000	1,212,850
Golf Course Cables & Poles Maintenance		1,782,509	892,626
Dancing Fountain Pool Maintenance		1,252,075	1,457,706
Dashing Cars & Bikes Maintenance		1,272,587	1,566,294
Buffet Lounge Maintenance		1,682,300	2,434,246
Artificial Hills & Stone Walls Maintenance		959,010	1,115,447
Chellets Expenses		5,490,191	2,567,481
Slides Maintenance		396,179	761,947
		349,184,570	301,229,309

	Notes	2011 Rupees	2010 Rupees
16. ADMINISTRATIVE EXPENSES			
Staff Salaries & Benefits		31,732,808	23,107,338
Directors' Remuneration & Allowances		972,000	972,000
Rent Expense		600,000	5,850,000
Traveling & Conveyance		1,125,857	1,340,591
Printing & Stationery		5,066,933	5,471,510
Postage and Stamp		2,658,550	2,228,798
Auditors' Remuneration	16.1	260,000	260,000
Legal and Professional		1,221,497	1,001,487
Computer Expenses		4,643,841	3,598,276
Office Expenses		7,705,662	6,268,062
Vehicle Running & Maintenance		3,740,272	2,437,733
Subscription Expenses		505,778	460,160
Telephone Expenses		5,324,497	4,857,895
Electricity Charges		3,213,445	1,260,068
Donation	16.2	20,000	-
Depreciation Expenses	9.2	1,913,843	1,692,721
Assets Written off	16.3	-	525,000
		<u>70,704,983</u>	<u>61,331,639</u>
16.1 AUDITORS' REMUNERATION			
Audit Fee & Other Services		250,000	250,000
Out of Pocket Expenses		10,000	10,000
		<u>260,000</u>	<u>260,000</u>
16.2	No Director, his / her spouse had any interest in donee's fund.		
16.3 ASSETS WRITTEN OFF			
Horses (by Natural Death)		-	525,000
		<u>-</u>	<u>525,000</u>
17. SELLING & MARKETING EXPENSES			
Commission on Membership		3,809,892	5,909,036
Marketing & Training Expenses		19,588,021	11,269,509
		<u>23,397,913</u>	<u>17,178,545</u>
18. BANK CHARGES			
Bank Charges		1,757,899	1,497,126
		<u>1,757,899</u>	<u>1,497,126</u>

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

S.No	Particulars of Assets	Original Cost	Accumulated Depreciation	W.D.V.	Sales Proceeds	Gain	Name & Address of Buyers
2011		NIL	NIL	NIL	NIL	NIL	NIL
1	Mercedeez Benz	5,367,594	3,126,060	2,241,534	2,248,940	7,406	Mohd. Javed, House No:D-84, Block-4, Kehkashan Clifton, Karachi.
2010		5,367,594	3,126,060	2,241,534	2,248,940	7,406	

20. TAXATION

	2011 Rupees	2010 Rupees
Current		
- for the year	4,550,000	2,610,000
- for the prior period	-	-
	<u>4,550,000</u>	<u>2,610,000</u>
Tax Paid for the prior period	(747)	709,933
	<u>4,549,253</u>	<u>3,319,933</u>
Deferred Tax	(1,029,783)	(1,201,754)
	<u>3,519,470</u>	<u>2,118,179</u>
Relationship between income tax expenses and accounting profit		
	2011 Rupees	2010 Rupees
Profit before taxation	<u>8,120,612</u>	<u>4,021,422</u>
Tax at the income tax rate of 35% (2010: 35%)	2,842,214	1,407,498
Tax effect of expenses that are inadmissible in determining taxable profit	11,517,152	11,633,660
Tax effect of expenses that are admissible in determining taxable profit	(10,487,370)	(10,431,906)
Timing Difference	225,680	114,380
Tax effect of difference in tax rates under normal assessment for financial reporting purposes and the amounts used for taxation purposes	486,577	590,161
Tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes	(1,029,783)	(1,201,754)
Tax effect of permanent difference	(35,000)	6,140
Tax charge	<u>3,519,470</u>	<u>2,118,179</u>

	2011 Rupees	2010 Rupees
21. EARNING PER SHARE - basic and diluted		
There is no dilutive effect on the basic earning per share of the company, which is based on;		
Profit after taxation	4,601,142	1,903,243
Weighted average number of ordinary shares	32,000,000	32,000,000
Earning per share - basic & diluted	0.14	0.06

22. REMUNERATION TO CHEIF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2011		2010	
	Rupees	No. of Person	Rupees	No. of Person
Chief Executive	486,000	1	486,000	1
Directors	2,430,000	5	2,430,000	5
Total	2,916,000	6	2,916,000	6

23. RELATED PARTY TRANSACTIONS

Related parties comprises of associated companies, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. All transactions with related parties have been carried out on commercial terms and conditions. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

Associated Companies / Related Parties	2011 Rupees	2010 Rupees
Various Venues/Sites Maintenance	12,948,046	14,945,853
Rent Expense	600,000	5,850,000
	<u>13,548,046</u>	<u>20,795,853</u>

The Company continues to have policy in respect to Related Party Transaction as defined in Note No:3.9. The remuneration of Chief Executive & Directors are disclosed note No. 22 in the Financial Statments.

24. DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company authorized these financial statements for issue on October 03, 2011.

25. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

2011

Particulars	Interest Bearing			Non Interest Bearing			Total
	Maturity within one year	Maturity more than one but less than five year	Maturity more than five	Maturity within one year	Maturity more than one but less than five year	Maturity more than five year	
Financial Assets							
Long Term Deposits	-	-	-	-	-	1,365	1,365
Sundry Debtors	-	-	-	22,414	-	-	22,414
Advances and Deposits	-	-	-	11,165	-	-	11,165
Cash, Prize Bonds & Bank Balances	-	-	-	6,084	-	-	6,084
	-	-	-	39,663	-	1,365	41,028
Financial Liabilities							
Long Term Liabilities	-	-	-	-	-	-	-
Long Term Loans	-	-	-	-	54,750	-	54,750
Creditors, Accrued and Other Liabilities	-	-	-	42,879	-	-	42,879
	-	-	-	42,879	54,750	-	97,629
Net Financial Assets over (Liabilities)	-	-	-	(3,216)	(54,750)	1,365	(56,601)
Unrecognised:							
CED	-	-	-	(580)	-	-	(580)
KWSB	-	-	-	(8,747)	-	-	(8,747)
Philips Electrical Co	-	-	-	59,716	-	-	59,716
Net off Balance Sheet Gap				47,173	(54,750)	1,365	(6,212)

2010

Particulars	Interest Bearing			Non Interest Bearing			Total
	Maturity within one year	Maturity more than one but less than five year	Maturity more than five	Maturity within one year	Maturity more than one but less than five year	Maturity more than five year	
Financial Assets							
Long Term Deposits	-	-	-	-	-	727	727
Sundry Debtors	-	-	-	16,609	-	-	16,609
Advances and Deposits	-	-	-	10,293	-	-	10,293
Cash, Prize Bonds & Bank Balances	-	-	-	5,453	-	-	5,453
	-	-	-	32,355	-	727	33,082
Financial Liabilities							
Long Term Liabilities	-	-	-	-	-	-	-
Long Term Loans	-	-	-	-	54,750	-	54,750
Creditors, Accrued and Other Liabilities	-	-	-	36,068	-	-	36,068
	-	-	-	36,068	54,750	-	90,818
Net Financial Assets over (Liabilities)	-	-	-	(3,713)	(54,750)	727	(57,736)
Unrecognised:							
CED	-	-	-	(580)	-	-	(580)
KWSB	-	-	-	(8,747)	-	-	(8,747)
Philips Electrical Co	-	-	-	59,716	-	-	59,716
Net off Balance Sheet Gap				46,676	(54,750)	727	(7,347)

25.1 Concentration of Credit Risk

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

25.2 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.

25.3 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.

25.4 Interest Rate Risk

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

25.5 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.

26. FIGURES

Previous year figures have been rearranged and reclassified where necessary for the purposes of comparison. These changes were made for better presentation of transactions in the financial statements of the Company.

Tariq Hilal
Chairman

Irfan Hilal Ahmed
Chief Executive

PATTERN OF SHARE HOLDING AS AT JUNE 30, 2011

NO. OF SHAREHOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
	FROM		TO	
48	1	-	100	2,254
13	101	-	500	5,300
3	501	-	1,000	3,000
9	1,001	-	5,000	24,746
1	5,001	-	10,000	5,500
1	15,001	-	20,000	20,000
1	25,001	-	30,000	30,000
1	3,308,001	-	3,313,000	3,313,000
1	3,445,001	-	3,450,000	3,449,600
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
	81			32,000,000

Shareholder's Category	Number of Shareholders	Number of Shares Held	Category wise Shareholding	Percentage
Associated Companies	3		25,146,600	78.58
Nawab & Company (Pvt) Ltd.		4,368,300		
Shafiq Hanif (Pvt) Ltd.		15,951,800		
Asia Textile Industries (Pvt) Ltd.		4,826,500		
Directors, Chief Executive Officer, their Spouse and Minor Childrens	7		6,776,700	21.18
Mr. Tariq Hilal		3,313,000		
Mr. Ifran Hilal Ahmed		3,449,600		
Mr. Zafar Uddin Siddiqui		500		
Mrs. Sadia Imran		3,000		
Mrs. Sara Amir		3,000		
Mrs. Tooba Tariq		7,100		
Mrs. Nida Irfan		500		
Joint Stock Companies and Mutual Fund.	2		2,147	0.01
CDC - Trustee AKD Index Tracker Fund		2,146		
M/s. MAHA Securities (Pvt) Limited		1		
Individuals	69		74,553	0.23
	81		32,000,000	100.00

Shareholders holding ten percent or more shares

Total Paid Up Capital	Holding	Percentage
	32,000,000	
Shafiq Hanif (Pvt) Ltd.	15,951,800	49.85
Asia Textile Industries (Pvt) Ltd.	4,826,500	15.08
Nawab & Company (Pvt) Ltd.	4,368,300	13.65
Mr. Ifran Hilal Ahmed	3,449,600	10.78
Mr. Tariq Hilal	3,313,000	10.35

PROXY FORM

18th 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 18th Annual General Meeting of the Company to be held on October 31, 2011 and / or any adjournment thereof.

As witness my / our hand/seal this _____ day of _____ 2011.

Signed by _____

In the presence of _____

The Signature should agree
with the specimen registered
with the Company

Signature on
Five Rupee
Revenue Stamp

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.