



***AKD Capital Limited***

**ANNUAL REPORT  
2011**



## **VISION STATEMENT**

To be the most competitive, focused, quality driven  
and growth oriented Company  
in Pakistan

## **MISSION STATEMENT**

The mission of AKD Capital Limited  
the company in terms of quality and profitability with an  
emphasis on minimizing risk in order to optimize return  
to Shareholder



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## COMPANY INFORMATION

**Board of Directors**

Mr. Aqeel Karim Dhedhi  
(Chairman)  
Mrs. Yasmeen Aqeel  
Mr. Nessar Ahmed  
(Chief Executive Officer)  
Ms. Ayesha Aqeel  
Mr. Muhammad Sohail  
Ms. Anum Aqeel  
Mrs. Mehrunnisa Siddiqui

**Company Secretary**

Tanveer Hussain Khan

**Auditors**

Muniff Ziauddin & Co.  
Chartered Accountants

**Share Registrar**

C&K Management Associates  
(Pvt) Limited

**Bankers**

MCB Bank Limited  
United Bank Limited  
Bank Al-Habib Limited

**Registered Office**

416-418 Continental Trade Center  
Main Clifton Road Clifton  
Karachi-74000, Pakistan  
Tel: (92-21) 35302902 (5 Lines)  
Fax: (92-21) 35302913

**Audit Committee**

Mr. Aqeel A. Karim Dhedhi  
Mr. Muhammad Sohail  
Ms. Anum Aqeel



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Seventy Sixth Annual General Meeting of AKD Capital Limited will be held on 27 October 2011 at 10:00 A.M at its Corporate Office Room # 416-418- Continental Trade Centre, Block 8, Clifton, Karachi to transact the following business:-

### ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on 30 November 2010.
2. To receive, consider and adopt the Audited Financial Statements together with the Directors' and Auditors' Report for the year ended 30 June 2011.
3. To consider and approve Cash Dividend @ 10% Rupee 1 per share except for sponsors, directors, their family members and friends as recommended by the Board of Directors for the year ended 30 June 2011.
4. To elect seven directors as fixed by the Board pursuant to the provisions of Section 178 of the Companies Ordinance, 1984 for a term of three years.

Following are the names of the retiring directors:

- 1) Mr. Aqeel Karim Dhedhi
- 2) Mrs. Yasmeen Aqeel
- 3) Mr. Nessar Ahmed
- 4) Miss. Ayesha Aqeel
- 5) Miss. Anum Aqeel
- 6) Mr. Muhammad Sohail
- 7) Mrs. Mehrunnisa Siddiqui

The retiring directors are eligible for re-election.

5. To appoint Auditors for the year ending 30 June 2012 and to fix their remuneration. Present auditors M/S Muniff Ziauddin Junaidy and Co, Chartered Accountants, retire and did not offer for re-appointment in view of rotation requirements of Code of Corporate Governance being part of the listing regulation of Karachi Stock Exchange. One of the members has given a notice to the Company and suggested the name M/S Riaz Ahmad & Company, Chartered Accountants for appointment in place of retiring auditors for consideration in the Annual General Meeting.

### SPECIAL BUSINESS:

#### Receivable from an Associate, "Creek Developers (Private) Limited"

6. To consider and, if deemed fit, to pass the following resolutions as a special resolution as approved by the Board of Directors (the "Board" of the Company in a meeting held on 05 October 2011), with or without modifications.

#### Special Resolution No. 1/2012

**Resolved** that in pursuance of the Agreement between BF Properties & Construction Pak (Private) Limited" (BF) and "Creek Developers (Private) Limited" (CDPL), the amount receivable from BF Rs 17,196,343 is now receivable from CDPL, is hereby approved subject to following terms and conditions;

Markup rate 6 Months KIBOR Plus 5%  
Expiry/Repayment date Not later than June 30, 2012

### Special Resolution No. 2/2012

"Resolved further that the earnest money adjusted by" Defense Housing Authority" in favor of CDPL is now receivable from CDPL, is hereby approved subject to following terms and conditions;

Markup rate 6 Months KIBOR Plus 5%  
Expiry/Repayment date Not later than June 30, 2012

#### Note:

Statement of material facts under section 160 (1) of "The Companies Ordinance, 1984" is attached

Karachi:  
October 5, 2011

**Tanveer Hussain Khan**  
Company Secretary

#### NOTES:

1. Any person who is not ineligible to be appointed as a director under section 187 of "The Companies Ordinance 1984" and seeks to contest the election to the office of director shall whether he / she is a retiring director or otherwise file with the Company at its registered office not later than fourteen days before the date of the above said meeting his / her intention to offer himself / herself for the election of directors in terms of the section 178 (3) of the Companies Ordinance, 1984 together with (a) consent in Form 28, (b) a declaration with consent to act as a director in the prescribed form under clause (ii) of the Code of Corporate Governance to the effect that he / she is aware of duties and power of directors under the Companies Ordinance, 1984, the Memorandum and Articles of association of the Company and the listing regulation of the Karachi, Lahore and Islamabad Stock Exchanges and has read the provisions contained therein, (c) a declaration in terms of clause (iii) and (iv) of the Code of Corporate Governance to the effect that he / she is not serving as a directors of more than nine other listed companies, that his / her name is borne in the register of national tax payers (except where he / she is a non-resident), that he / she has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a banking company, a development financial institution or a non-banking financial institution.
2. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting. A proxy must be a member.
3. The share transfer books of the Company will remain closed from 20 October 2011 to 27 October 2011 (both days inclusive).
4. The shareholders are advised to notify the company of any change in their addresses to ensure prompt delivery of mails. Any shares(s) for transfer etc. should also be lodged with the company.
5. Shareholders whose shares are deposited with Central Depository Company (CDC), or their Proxies are requested to bring their original Computerized National Identity Card (CNIC) or Passport along with the participants I.D. number and their account number at the time of attending the Annual General Meeting for verification.





## STATEMENT UNDER SECTION 160(1) (b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business, given in agenda item number 6 of the Notice, to be transacted at the 76th Annual General Meeting of AKD Capital Limited, the Company.

### **Special Resolution No. 1/2012 - Explanation**

Pursuant to an Agreement between "BF Properties & Construction Pak (Private) Limited (BF) and "Creek Developer (Private) Limited" an amount of Rupees 17,196,343 previously receivable from BF has been taken over by CDPL during this year. Accordingly to the agreement between the Company and CDPL, this amount is now receivable from CDPL and the Company has been charging a markup at the rate of 6 Months KIBOR plus five percent on this receivable amount from the date of such take over. Moreover, this amount will be repaid not later than 30 June 2012.

### **Special Resolution No. 2/2012 - Explanation**

During this year, earnest money amounting Rupees 10,000,000 paid by the Company in previous periods to Defense Housing Authority (DHA) has been adjusted by DHA in favor of Creek Developers (Private) Limited. According to the agreement between the Company and CDPL, this amount is now receivable from CDPL and the Company has been charging markup on this receivable at the rate of six Month KIBOR plus five percent. Moreover, this amount will be repaid not later than 30 June 2012.





## DIRECTOR'S REPORT

The Board of Directors of your company is hereby pleased to present the audited financial statements together with the Auditor's Report thereon of your Company for the year ended 30 June 2011.

### OPERATING RESULTS

The comparison of the audited results for the year ended 30 June 2011 with the corresponding period of last year is as under:

	June 30, 2011	June 30, 2010
Net profit / (loss) before tax	1,126,339	1,759,090
Net Profit / (Loss) after tax	889,324	1,029,962
<b>Earning / (loss) per share - Basic &amp; diluted</b>	<b>0.35</b>	<b>0.41</b>

During the year, the company incurred a net profit of Rs. 0.889 million. The company's revenue target could not achieve due to lack of business. In these testing times, the only option was maintain the low administrative expenses.

### THE ECONOMY

The macro landscape managed to reap gains in FY11 led by higher agri prices which helped offset farmers loss in the aftermath of the floods in 3Q10. Moreover, a stable external account situation (USD 1.5bn surplus in FY11) and relatively impressive performance of the PKR (0.5% depreciation against USD) despite a rising crude oil prices, provided additional comfort to the macro environment. This, alongwith slight reduction in inflationary pressure (CPI ranges around 13.3% in FY11 down from 14.6% in FY10) has slightly improved the business environment.

In addition, the government injected Pkr. 120bn into the energy sector in May 2011 to ease the circular debt problem. On the flipside, fiscal account slippages continue to remain a concern and also contributed to stalling the IMF standby agreement. On this front, the government managed to broaden the GST net in the federal budget for FY-12 a step ahead towards improving the tax base. Key concerns remain addressing public sector institutions losses and power sector reforms. Pakistan's real estate market remains depressed due to lack of liquidity including foreign direct investments. This is due to high Government borrowings and high interest rates paid on treasury bills which has reduced the availability of credit to the private sector.

As a result of the above due to macro-economic imbalances, the housing market continued to remain depressed.

### DIVIDEND

The Board of directors of the Company have recommended final cash dividend from the net profits of the current year at the rate of 10% (2010: 10%) Rupee 1 per share (2010: Rupee 1 per share) to the ordinary shareholders except Company's sponsors, directors, their families and friends.

### GENERAL

The Board of Directors wishes to express its pleasure and gratefulness to the shareholders for their continued support and to all the employees for their ongoing dedication and commitment to the Company.



## CODE OF CORPORATE GOVERNANCE

The Directors of your Company are fully aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchanges in the country under instructions from the Securities & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance in your Company as required by the Code.

As a part of the compliance of the Code, we confirm the following:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and is being effectively implemented and monitored.
- f) The Company has the ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) We have an Internal Audit Committee the members of which are amongst from the Board of Directors.
- i) We have prepared and circulated a Statement of Ethics and business strategy among directors and employees.
- j) The Board of Directors has adopted a mission statement and a statement of overall corporate strategy.
- k) As required by the Code of Corporate Governance, we have included the following information in this report:
  - i. Statement of pattern of shareholding has been given separately.
  - ii. Statement of shares held by associated undertakings and related persons.
  - iii. Statement of the Board meetings held during the year and attendance by each director has been given separately.
  - iv. Key operating and financial statistics for last six years in summarized form is given below.



## KEY FINANCIAL DATA

Particulars	(Rs. 000)					
	2011	2010	2009	2008	2007	2006
Capital	25,072	25,072	25,072	25,072	25,072	25,072
Share premium	20,891	20,891	20,891	20,891	20,891	20,891
Reserve	752	752	752	752	752	752
Accumulated (loss) / profit	(10,113)	(10,068)	(11,098)	3,109	(28,547)	(22,625)
Long term liabilities	-	-	-	309	1,869	3,803
Current Liability	1,384	4,396	17,024	9,206	23,414	77,919
<b>Total Equity &amp; Liability</b>	<b>37,987</b>	<b>41,044</b>	<b>52,641</b>	<b>59,339</b>	<b>43,451</b>	<b>105,812</b>
Operating Fixed Assets	4,535	5,341	7,033	8,173	9,046	10,865
Long term assets	218	218	10,020	15,020	10,020	10,606
Current assets	33,233	35,486	35,589	36,148	24,385	84,342
<b>Total Assets</b>	<b>37,987</b>	<b>41,044</b>	<b>52,642</b>	<b>59,342</b>	<b>43,452</b>	<b>105,814</b>
Operating Income	2,662	5,344	4	57,775	2	4
Capital Gain/(Loss)	(1)	10	(41)	(55)	41	61
Operating Expenses	(1,536)	(3,559)	(13,997)	(25,130)	(5,399)	(26,299)
Operating Profit/(Loss)	1,126	1,759	(14,207)	32,204	(5,922)	(26,233)
Taxation	(237)	(729)	-	(547)	-	-
Net Profit (Loss)	889	1,030	(14,207)	31,656	(5,922)	(26,234)
Basic (Loss) / Earning per share	0.35	0.41	(5.67)	12.63	(2.36)	(10.46)

## CHANGES IN THE BOARD OF DIRECTORS

During the year, there was no change in composition of the Board of Directors.

## PATTERN OF SHAREHOLDING

The Pattern of shareholding as at 30 June 2011 is shown on page # 29. The Statement showing the Company's shares bought & sold by Directors, CEO, Company Secretary and minor family members is also disclosed therein.

## DIRECTORS MEETING

During the year four meetings of the board of Directors were held, Attendance by each director is as follows:

Name of Director	Nos. of Meeting Attended
Mr. Aqeel Karim Dhedhi	4
Mrs. Yasmeen Aqeel	3
Mrs. Mehrunnisa Siddique	3
Miss. Ayesha Dhedhi	4
Mr. Muhammad Sohail	3
Miss. Anum Aqeel	3
Mr. Nessar Ahmed	4



**ACKNOWLEDGEMENT**

Your Directors record with appreciation, the efforts of the Company's managers and employees who have worked to meet the target of business plans. Your Directors also extend their appreciation to the Company's bankers, consortium partners, regulators and others for the cooperation extended by them during the year.

For and on behalf of the Board

**NESSAR AHMED**  
**CHIEF EXECUTIVE OFFICER**  
Karachi: October 5, 2011



## STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35, 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 encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. The Board comprises seven directors including the CEO. At present all members of the Board are independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director 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 Non-banking Financial Institution and none of them being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The casual vacancies occurring in the Board were filled up by the directors within 30 days of occurrence.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which is duly signed by the directors and employees of the Company.
6. The Board has developed a vision / mission statement and significant policies of the Company while the Company is in the process of developing overall corporate strategy. A complete record of particulars of significant policies along with the dates on which they were approved or amended is being maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. Board meets at least once in every quarter. The Board held four meetings during the year. 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 meeting were appropriately recorded and circulated.
9. The directors of the company have given declaration that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the listing regulation of Stock Exchange. The directors have attended the talks, workshops and seminars on the subject of Corporate Governance.
10. The related parties' transactions have been approved by the Board in their meetings.
11. The Board has approved appointment of Chief Financial Officer and Company Secretary, including his remuneration and terms and conditions of employment, as determined by the CEO.



12. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The CEO and CFO duly endorsed the financial statements of the Company before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee. It comprises of 3 members including the Chairman, all of them are non-executive directors.
17. The meetings of the audit committee were held prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been determined and approved by the Board of Directors and advised to the committee for compliance.
18. The Board is in process of setting-up an internal audit function for which company is looking for a suitable qualified person.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines in this regard.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.

**On Behalf of the Board of Directors**

Karachi October 5, 2011

Nessar Ahmed  
Chief Executive





## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **AKD CAPITAL LIMITED** as at June 30, 2011 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account 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 account 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, 2011 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 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 that ordinance.

Karachi: October 5, 2011

**Muniff Ziauddin Junaidy & Co.**  
CHARTERED ACCOUNTANTS  
Audit Engagement Partner: Mohammad Moin Khan



## 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 applicable to the Company for the year ended June 30, 2011 prepared by the Board of Directors of **AKD Capital Limited** to comply with the Listing Regulation No. 35 of The Karachi Stock Exchange 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 effectiveness of such internal controls.

Further, Sub-Regulation (xiii-a) of Listing Regulation No. 35 notified by The Karachi Stock Exchange 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 undertaken 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 5, 2011

**MUNIFF ZIAUDDIN JUNAIDY & CO.**  
Chartered Accountants



**BALANCE SHEET AS AT JUNE 30, 2011**

	NOTE	2011 RUPEES	2010 RUPEES
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Plant and equipment	4	4,535,817	5,341,111
Long term investment	5	198,000	198,000
Long term deposits	6	20,000	20,000
		<u>4,753,817</u>	<u>5,559,111</u>
<b>Current assets</b>			
Advances and short term deposits	7	6,661	10,077,500
Investments - held for trading	8	57,832	58,844
Prepayments		11,380	14,147
Others receivables	9	30,184,734	19,228,488
Accrued markup		2,663,652	5,339,178
Advance Income Tax		80,144	387,672
Cash and bank balances	10	228,831	379,909
		<u>33,233,234</u>	<u>35,485,738</u>
<b>Total Assets</b>		<b>37,987,051</b>	<b>41,044,849</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	1,147,387	1,220,372
Due to director	12	-	2,447,141
Provision for taxation		237,015	729,128
		<u>1,384,402</u>	<u>4,396,641</u>
<b>Contingencies and commitments</b>			
Less: Total liabilities	13	-	-
Net Assets		<u>36,602,651</u>	<u>36,648,208</u>
<b>Represented by:</b>			
Share capital	14	25,072,733	25,072,733
Share premium		20,891,600	20,891,600
General reserves		752,000	752,000
Accumulated loss		(10,113,682)	(10,068,124)
		<u>36,602,651</u>	<u>36,648,208</u>

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

Chief Executive

Director



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

	NOTE	2011 RUPEES	2010 RUPEES
<b>INCOME</b>			
Dividend income		-	5,513
Gain/(loss) on remeasurement of investment at fair value through profit or loss		(1,012)	9,576
Other income	15	<u>2,663,652</u>	<u>5,339,178</u>
		<u>2,662,640</u>	<u>5,354,267</u>
<b>EXPENSES</b>			
Administrative expenses	16	(1,536,301)	(3,191,226)
Loss on sale of plant and equipment		-	(361,685)
Financial charges		-	(6,367)
Workers Welfare Fund		-	(35,900)
Profit before taxation		<u>1,126,339</u>	<u>1,759,090</u>
Provision for taxation	17	(237,015)	(729,128)
Profit after taxation		<u>889,324</u>	<u>1,029,962</u>
Other comprehensive income		-	-
Total comprehensive income		<u>889,324</u>	<u>1,029,962</u>
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	18	<u>0.35</u>	<u>0.41</u>

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

Chief Executive

Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

	NOTE	2011 RUPEES	2010 RUPEES
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,126,339	1,759,090
<b>Adjustment for:</b>			
Dividend Income		-	(5,513)
Interest on leased assets		-	6,367
Loss on remeasurement of investment to fair value		1,012	(9,576)
Loss on disposal of fixed assets		-	361,685
Depreciation		805,294	1,005,436
		<u>806,306</u>	<u>1,358,399</u>
Operating cash flow before working capital changes		1,932,645	3,117,489
<b>Changes in working capital (increase) / decrease in current assets</b>			
Advances and short term deposit		10,070,839	7,500,000
Prepayments and other receivables		(10,953,479)	(2,010,957)
Income receivable		2,675,526	(5,339,178)
<b>Increase / (decrease) in current liabilities:</b>			
Trade and other payables		(72,985)	322,137
		<u>1,719,903</u>	<u>472,003</u>
Cash flow from operations		3,652,548	3,589,492
Income tax paid		(421,600)	(52,111)
Interest paid		-	(6,367)
Net cash flow from operating activities		<u>3,230,948</u>	<u>3,531,013</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
(Acquisition) / Disposal of fixed assets		-	325,000
Long term deposit		-	10,000,000
Dividend received		-	5,513
Net cash flow from investing activities		<u>-</u>	<u>10,330,513</u>
<b>C. CASH FLOW FROM FINANCE ACTIVITIES</b>			
Repayment of obligation under finance lease		-	(309,768)
Short term borrowing obtained from directors		(2,447,143)	3,932,550
Repayment of short term borrowing		-	(17,500,000)
Dividend paid		(934,882)	-
Net cash flow from financing activities		<u>(3,382,025)</u>	<u>(13,877,218)</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(151,077)	(15,692)
Cash and cash equivalents at the beginning of the year		379,909	395,602
<b>Cash and cash equivalents at the end of the year</b>		<u><u>228,831</u></u>	<u><u>379,909</u></u>

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

Chief Executive

Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2011**

	Share capital	Share premium	General reserve	Accumulated loss	Total
				<b>(Rupees)</b>	
<b>Balance as at July 01, 2009</b>	25,072,733	20,891,600	752,000	(11,098,086)	35,618,247
Profit for the year ended June 30, 2010	-	-	-	1,029,962	1,029,962
<b>Balance as at June 30, 2010</b>	<b>25,072,733</b>	<b>20,891,600</b>	<b>752,000</b>	<b>(10,068,124)</b>	<b>36,648,209</b>
Final dividend for the year ended 30 June 2010	-	-	-	(934,882)	(1,074,610)
Profit for the year ended June 30, 2011	-	-	-	889,324	889,324
<b>Balance as at June 30, 2011</b>	<b>25,072,733</b>	<b>20,891,600</b>	<b>752,000</b>	<b>(10,113,682)</b>	<b>36,602,651</b>

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

Chief Executive

Director





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

### 1. THE COMPANY AND ITS BUSINESS

- 1.1 The Company was incorporated as a Public Limited Company in the Year 1936 and its shares are quoted on the Karachi Stock Exchange. The registered office of the company is situated at 416-418, Continental Trade Center, Clifton, Karachi. The principle activity of the company is to deal in real estate / providing consultancy, projects financing and management, investment in listed securities and also engaged in leasing .

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provision of the companies Ordinance, 1984. Wherever, the requirement of the ordinance, 1984 or directives issued by the Securities, the requirement of the Companies Ordinance, 1984 or the requirement of the said directives take precedence.

#### 2.2 Basis of measurement

These financial statements have been prepared under the "historical cost convention", except for the measurement of held for trading investment which are stated at fair value.

#### 2.3 Accrual basis of accounting

These financial statements, except for cash flow information, have been prepared under the accrual basis of accounting.

#### 2.4 Functional and presentation accuracy

These financial statements are prepared in Pakistani Rupee which is the company's functional currency.

#### 2.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, require the management to make judgments, estimates and assumption that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimate are associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumption are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates is revised if the revision affect on that period, or in the period of the revision and future period if the revision affects both current and future periods.

**2.6 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year;**

- (i) IAS 1 (Amendment), 'Presentation of Financial Statements' The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The application of the amendment will not effect the results or net assets of the Company as it only concerned with presentation and disclosures.
- (ii) IAS 7 (Amendment), 'Statement of Cash Flows'. The amendment provides clarification that only expenditure that results in a recognized asset in the balance sheet can be classified as a cash flow from investing activity. The clarification results in an improvement in the alignment of the classification of cash flows from investing activities in the cash flow statement and the presentation of recognized assets in the balance sheet. The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.
- (iii) IAS 18 (Amendment), 'Revenue'. The amendment provides additional guidance regarding the determinations to whether an entity is acting as a principal or an agent. The amendment does not have any impact on the Company's financial statements.
- (iv) IAS 36 (Amendment), 'Impairment of assets'. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating Segment' (that is , before the aggregation of segments with similar economic characteristics). The amendment does not have any impact on the Company's financial statements.

**2.7 Standards, interpretations and amendments to published approved accounting standards effective in current year but are not relevant to the Company;**

The other new standards, amendments and interpretations are mandatory for the accounting periods beginning on or after July 1, 2010 are considered not to be currently relevant as these do not have any significant effect on the Company's current financial reporting and operations though these may affect the accounting for future transactions and events.

**2.8 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant;**

The following standards, amendments and interpretations to existing standards by the International Financial Reporting Interpretations Committee (IFRIC) have been published and are mandatory for accounting periods beginning on or after July 1, 2011 or later periods;

- (i) IAS 1 (Amendment) 'Presentation of Financial Statements', is effective for the accounting periods beginning on or after January 1, 2011. This amendment requires an entity to present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. There are no items of other comprehensive income, therefore, no impact is expected on the Company's financial statements.
- (ii) IAS 24 (Revised) 'Related Party Disclosures', is effective for the accounting periods on or after January 1, 2011. It amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The revised standard is not expected to have a material impact on the Company's financial statements.
- (iii) IFRS 7 (Amendment) 'Financial Instruments: Disclosures', is effective for the accounting periods beginning on or after January 1, 2011. This amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The new amendment is not expected to materially affect the financial instruments disclosures in the Company's financial statements.





- (iv) IFRIC 14 (Amendment) 'IAS 19 - The limit on a defined benefit assets, minimum funding requirements and their interaction', is effective for accounting periods beginning on or after January 1, 2011. It removes the unidentified consequences of the existing standard that restricted the recognition of some voluntary prepayments for minimum funding contributions as an asset. The new amendment is not expected to have a material impact on the Company's financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Operating Fixed Assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment in value, if any. Depreciation on owned and leased assets is charged to income applying the reducing balance method, as per rates mentioned in Note 4 to the financial statements. Depreciation is provided on the basis of utilization of economic benefits embodied in the assets. Asset's residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Repair and maintenance costs are charged to income during the period in which they are incurred. Gains or losses on disposal of assets, if any, are recognized as and when incurred.

#### 3.2 Intangible Assets

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight-line method over a period of three years. Amortization on additions to intangible assets is charged from the quarters in which an asset is acquired or capitalized while no amortization is charged for the quarter in which that asset is disposed off.

#### 3.3 Investments

##### Financial assets at fair value

These are assets designated at fair value through profit or loss at inception. These are initially measured at fair value and changes on re-measurement are taken to profit and loss account at balance sheet date.

##### Held to maturity

These are investments with fixed or determinable payments and fixed maturity and the company has positive intent and ability to hold till maturity. Investment held to maturity is valued at cost less provision for impairment, if any.

##### Held for trading

These are securities, which acquired for generating a profit from short-term fluctuation in prices. Held for trading investment are initially recorded at cost inclusive of transactional cost and are subsequently marked to market using the closing market quotation of the Karachi Stock Exchange.

Any surplus or deficit on revaluation are charged to income currently.

##### Available for sale

These are the investments that do not fall under held for trading or held to maturity. These are stated at fair value and the surplus/(deficit) on revaluation of investments being unrealized gain/(loss) is taken directly to equity. At the time of disposal the respective surplus or deficit is transferred to income currently. The fair value of listed securities is the quoted market price. The securities, for which a quoted market price is not available, are measured at cost.





### De-recognized

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

### 3.4 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease.

The liabilities are classified as current and long term depending upon the timing of payments. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account.

The company intends to exercise its option to purchase the above assets upon completion of the lease period.

### 3.5 Trade and Other payables

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

### 3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalent comprise of cash in hand and cash in banks in current and deposit accounts.

### 3.7 Provisions

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

### 3.8 Taxation

#### Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemption available if any or minimum taxation at the rate of one-half percent of the turnover whichever is higher.

#### Deferred

Deferred tax is calculated using the liability method on all temporary differences at the balance sheet date, between the tax bases of the assets and liabilities and their carrying amounts. Deferred tax assets are recognized on all deductible temporary differences to the extent that it is probable that the temporary differences will reverse and sufficient taxable income will be available against which the temporary differences can be utilized.



The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax to be utilized.

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

### **3.9 Revenue Recognition**

Capital gains or losses on sale of investments are taken to income in the period in which they arise. Dividend income is recognized when the right to receive the same is established. Fee income is recognized as and when services is provided.

### **3.10 Related Party Transactions**

All transaction involving related parties arising in the normal course of business are conducted at arm's length using valuation method. Prices for these transactions are determined on the basis of comparable uncontrolled price method.

### **3.11 Financial Instruments**

#### **Financial assets**

Financial assets comprise of cash and bank balances, long and short term investments, advances and other receivables. Financial assets are stated at cost except for investments held for trading are stated at market value.

#### **Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant liabilities are lease liabilities, short term borrowings and creditors, accrued and other liabilities. All financial liabilities are measured at amortized cost. For all current and non current liabilities, the amortized costs have been taken at book values as these are not considered materially different, based on the current rates of profit and re-pricing profit.

Assets and liabilities that are not of contractual nature and that are created as a result of statutory requirements imposed by the government are not the financial instruments of the Company.

### **3.12 Impairment of assets**

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset. If any indication exists, the recoverable amount of that asset is estimated and impairment loss is recognized in the profit and loss account.



## 4 Plant and equipment

Description	Owned					Leased	Total
	Furniture & Fixtures	Office Equipment	Computer Equipment	Vehicles	Lockers	Vehicles	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>At July 1, 2009</b>							
Cost	3,991,830	1,537,321	1,953,658	786,500	41,500	5,865,000	14,175,809
Accumulated depreciation	(1,337,217)	(679,911)	(1,354,171)	(386,343)	(27,971)	(3,356,969)	(7,142,582)
Net book value	2,654,613	857,410	599,487	400,157	13,529	2,508,031	7,033,226
<b>Net carrying value basis</b>							
<b>Year ended June 30, 2010</b>							
Opening net book value	2,654,613	857,410	599,487	400,157	13,529	2,508,031	7,033,227
Additions:							
Transfer from Leased assets	-	-	-	1,529,000	-	(1,529,000)	-
Accumulated Depreciation	-	-	-	(914,794)	-	914,794	-
	-	-	-	614,206	-	(614,206)	-
Transfers in/ (Transfers out)	-	-	-	-	-	-	-
Deletion/Disposals:							
Cost	-	(42,400)	(75,400)	(1,529,000)	-	-	(1,646,800)
Depreciation	-	6,469	38,850	914,794	-	-	960,113
	-	(35,931)	(36,550)	(614,206)	-	-	(686,687)
Depreciation charged for the year	(255,672)	(81,096)	(171,240)	(74,226)	(1,304)	(421,898)	(1,005,436)
<b>Net book value as at June 30, 2010</b>	<b>2,398,941</b>	<b>740,383</b>	<b>391,697</b>	<b>325,931</b>	<b>12,225</b>	<b>1,471,927</b>	<b>5,341,111</b>
<b>Gross carrying value basis as at June 30, 2010</b>							
Cost	3,991,830	1,494,921	1,878,258	786,500	41,500	4,336,000	12,529,015
Accumulated depreciation	(1,592,889)	(754,538)	(1,486,561)	(460,569)	(29,275)	(2,864,073)	(7,187,904)
<b>Net book value</b>	<b>2,398,941</b>	<b>740,383</b>	<b>391,697</b>	<b>325,931</b>	<b>12,225</b>	<b>1,471,927</b>	<b>5,341,111</b>
<b>Net carrying value basis</b>							
<b>Year ended June 30, 2011</b>							
Opening net book value	2,398,941	740,383	391,697	325,931	12,225	1,471,927	5,341,104
Additions:							
Depreciation charged for the year	(239,894)	(74,038)	(130,566)	(65,186)	(1,223)	(294,385)	(805,287)
<b>Net book value as at June 30, 2011</b>	<b>2,159,047</b>	<b>666,345</b>	<b>261,131</b>	<b>260,745</b>	<b>11,003</b>	<b>1,177,542</b>	<b>4,535,817</b>
<b>Gross carrying value basis as at June 30, 2011</b>							
Cost	3,991,830	1,494,921	1,878,258	786,500	41,500	4,336,000	12,529,009
Accumulated depreciation	(1,832,778)	(828,576)	(1,617,127)	(525,755)	(30,498)	(3,158,458)	(7,993,192)
<b>Net book value</b>	<b>2,159,047</b>	<b>666,345</b>	<b>261,131</b>	<b>260,745</b>	<b>11,003</b>	<b>1,177,542</b>	<b>4,535,817</b>
<b>Annual rate of depreciation</b>							
2010	10%	10%	33.33333%	20%	10%	20%	
2011	10%	10%	33.33333%	20%	10%	20%	

5	LONG TERM INVESTMENT	Note	2011 Rupees	2010 Rupees
	AKD REIT Management Company	5.1	100,000	100,000
	Creek Developers (Private) Limited	5.2	98,000	98,000
			<u>198,000</u>	<u>198,000</u>





5.1 This represents 10,000 ordinary shares of Rs. 10 each. The Company is required to seek prior approval from Securities & Exchange Commission of Pakistan before disposing of this investment.

5.2 This represents 9,800 ordinary shares of Rs. 10 each.

	Note	2011 Rupees	2010 Rupees																																										
<b>6 LONG TERM DEPOSITS</b>																																													
Deposit with PTCL		20,000	20,000																																										
		<u>20,000</u>	<u>20,000</u>																																										
<b>7 ADVANCES &amp; SHORT TERM DEPOSITS</b>																																													
Advance to employees		(339)	12,500																																										
Advance others		7,000	65,000																																										
		<u>6,661</u>	<u>77,500</u>																																										
<b>Short term deposit</b>																																													
DHA for development projects		-	10,000,000																																										
		<u>6,661</u>	<u>10,077,500</u>																																										
<b>8 INVESTMENTS - HELD FOR TRADING</b>																																													
		<table border="1"> <thead> <tr> <th colspan="2">No. of Shares</th> <th>Investee</th> <th colspan="2">Cost</th> <th colspan="2">Market Value</th> </tr> <tr> <th>2011</th> <th>2010</th> <th></th> <th>2011</th> <th>2010</th> <th>2011</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>1147</td> <td>918</td> <td>National Bank Of Pakistan</td> <td>58,844</td> <td>49,267</td> <td>57,832</td> <td>58,844</td> </tr> <tr> <td></td> <td></td> <td></td> <td>58,844</td> <td>49,267</td> <td>57,832</td> <td>58,844</td> </tr> <tr> <td></td> <td></td> <td>Gain / (loss) on re-measurement</td> <td>(1,012)</td> <td>9,576</td> <td>-</td> <td>-</td> </tr> <tr> <td></td> <td></td> <td></td> <td><u>57,832</u></td> <td><u>58,844</u></td> <td><u>57,832</u></td> <td><u>58,844</u></td> </tr> </tbody> </table>		No. of Shares		Investee	Cost		Market Value		2011	2010		2011	2010	2011	2010	1147	918	National Bank Of Pakistan	58,844	49,267	57,832	58,844				58,844	49,267	57,832	58,844			Gain / (loss) on re-measurement	(1,012)	9,576	-	-				<u>57,832</u>	<u>58,844</u>	<u>57,832</u>	<u>58,844</u>
No. of Shares		Investee	Cost		Market Value																																								
2011	2010		2011	2010	2011	2010																																							
1147	918	National Bank Of Pakistan	58,844	49,267	57,832	58,844																																							
			58,844	49,267	57,832	58,844																																							
		Gain / (loss) on re-measurement	(1,012)	9,576	-	-																																							
			<u>57,832</u>	<u>58,844</u>	<u>57,832</u>	<u>58,844</u>																																							
<b>9 OTHER RECEIVABLES</b>																																													
BF Properties & Construction Pak (Private) Limited	9.1	-	17,196,343																																										
Receivable from associate - Creek Developers (Private) Limited	9.2	30,184,303	-																																										
Receivable from staff		431	-																																										
Reimbursable expenses		-	2,032,145																																										
		<u>30,184,734</u>	<u>19,228,488</u>																																										
<b>9.1</b>																																													
Pursuant to an agreement between BF Properties & Construction Pak (Private) Limited and Creek Developers (Private) Limited, this advance has been taken over by Creek Developers (Private) Limited. The Company is charging markup at the rate of 6 Months KIBOR plus five percent per annum on this outstanding balance from the date of such take over this loan is repayable during the year but not later than June 30, 2012.																																													
<b>9.2</b>																																													
This includes an amount of Rs. 10 million, earnest money deposited with Defense Housing Authority in previous periods which has been adjusted in favor of Creek Developers (Private) Limited on 27 July 2010. Accordingly, this amount is now receivable from Creek Developers (Private) Limited. The Company has been charging markup on this amount at the rate of 6 Months KIBOR plus five percent per annum from the date of its adjustment. This loan is repayable during the year but not later than June 30, 2012.																																													
<b>10 CASH AND BANK BALANCES</b>																																													
Cash in hand		25,000	166,499																																										
Cash at bank - Current Accounts		<u>203,831</u>	<u>213,410</u>																																										
		<u>228,831</u>	<u>379,909</u>																																										

	Note	2011 Rupees	2010 Rupees
<b>11</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Accrued expenses	-	692,797
	Accounts payable	507,818	-
	Other payables	250,000	250,000
	Income tax deducted at source	6,556	3,300
	Workers' Welfare fund	-	35,900
	Unclaimed dividend	383,013	238,375
		<u>1,147,387</u>	<u>1,220,372</u>

## 12 DUE TO DIRECTOR

This represented an unsecured, interest free loan which was received from Aqeel Karim Dhedhi, a director of the Company. The same has been netted off with advance as disclosed in note 9.1

## 13 CONTINGENCIES AND COMMITMENTS

### 13.1 CONTINGENCIES

There have been no contingencies as at the year end.

### 13.2 COMMITMENTS

There have been no commitments as at the year end.

## 14 SHARE CAPITAL

2011 No. of shares	2010		2011 Rupees	2010 Rupees
<u>50,000,000</u>	<u>50,000,000</u>	<b>Authorized</b> Ordinary shares of Rs.10/- each	<u>500,000,000</u>	<u>500,000,000</u>
		<b>Issued, subscribed and paid-up capital</b>		
2,138,681	2,138,681	Ordinary shares of Rs.10/- fully paid in cash	21,386,810	21,386,810
368,311	368,311	Ordinary shares of Rs.10/- issued as fully paid bonus	3,683,110	3,683,110
479	479	Ordinary shares of Rs.10/- each forfeited	2,813	2,813
<u>2,507,471</u>	<u>2,507,471</u>		<u>25,072,733</u>	<u>25,072,733</u>

## 15 OTHER INCOME

This amount represents the mark-up on the advance given by the Company which has been taken over by the associate company during the year, as disclosed in notes 9.1 and 9.2.

16 ADMINISTRATIVE EXPENSES	Note	2011 Rupees	2010 Rupees
Salaries		80,524	442,160
Printing and stationery		59,281	154,019
Traveling		-	42,325
Vehicle running		97,126	141,581
Postage and telephone		79,283	162,811
Fees, taxes and subscription		220,755	232,787
Electricity		81,654	115,790
Legal and professional		-	-
Advertisement and publicity		7,110	38,500
Share registrar expense		42,000	49,921
Conveyance charges		2,690	13,753
Miscellaneous expenses		5,164	45,535
Insurance		12,942	100,353
Entertainment		36,579	23,641
Auditors' remuneration	16.2	286,227	272,500
Depreciation		101,323	1,005,436
Computer supplies and stationary		8,530	28,969
Office expense		31,799	69,760
Repair and maintenance		127,337	80,261
Bank charges		1,793	76,126
Books & periodicals		1,325	-
Workers Welfare Fund expense		9,917	-
Professional tax		-	20,000
Software maintenance		150,000	75,000
Bad debts		77,500	-
Water & sewerage charges		15,443	-
		<u>1,536,301</u>	<u>3,191,226</u>

### 16.1 REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including benefits, to the chief executive and an executive of the Company are as follows:

	2011			2010		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
Remuneration	-	-	-	-	-	-
House rent	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

**16.1.1** Due to financial position of the Company, the executives of the Company have decided not to take any remuneration or allowance. However, executives are provided with Company maintained cars.

**16.1.2** No remuneration and meetings fees paid to CEO/ Directors.





	2011 Rupees	2010 Rupees
<b>16.2 AUDITOR'S REMUNERATION</b>		
Statutory audit fee	187,500	187,500
Review of half yearly accounts	98,727	85,000
	<u>286,227</u>	<u>272,500</u>

**16.3** During the year, administrative expense of Rs. 3.494 million (2010: Rupees 1.882 million) have been allocated to Creek Developers (Private) Limited as per "Resource Share Agreement".

## 17 PROVISION FOR TAXATION

Provision for taxation -Current year	<u>237,015</u>	<u>729,128</u>
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**17.1** The relationship between tax expense and accounting profit / loss has not been presented in these financial statements as the company's tax liability is determined under final tax regime.

## 18 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

Profit for the year	<u>889,324</u>	<u>1,029,962</u>
Weighted average number of ordinary shares	<u>2,507,471</u>	<u>2,507,471</u>
Earning per share	<u>0.35</u>	<u>0.41</u>

There is no dilutive effects in the basic earning per share of the Company.

## 19 FINANCIAL INSTRUMENT AND RELATED DISCLOSURE

### 19.1 Financial Risk Management

**19.1.1** The company's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

Risks managed and measured by the company are explained below:

### 19.2 Market Risk

#### 19.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The company no interest bearing liabilities at year-end therefore, not exposed to interest rate risk.

#### 19.2.2 Currency Risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The company doesn't have financial instruments dependent on currency risk.

#### 19.2.3 Price Risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors



affecting all similar financial instruments traded in the market. The company holds 1,147 (2010: 918) shares of National Bank of Pakistan having market value of Rs. 0.0578 million as at year end. Accordingly the price risk is minimal and the company is not exposed to major concentration of price risk

### 19.3 Credit Risk

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

Credit risk arises from cash equivalents, deposits with banks, as well as credit exposures to customers and other counterparties which include trade debts and other receivables. Out of the total financial assets, those that are subject to credit risk amounted to Rs. 33,359,710 (2010: Rs 35,301,918 ).

For trade debts, credit risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the company also believes that it is not exposed to major concentration of credit risk.

In respect of other counter parties, due to the company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the company.

The maximum exposure to credit risk as at June 30, 2011, along with comparative is tabulated below:

Financial Assets	2011 Rupees	2010 Rupees
Long term deposits	20,000	20,000
Long term investment	198,000	198,000
Advances and short term deposits	6,661	10,077,500
Investment	57,832	58,844
Accrued markup	2,663,652	5,339,178
Other receivables	30,184,734	19,228,488
Cash & bank balances	228,831	379,909
	<u>33,359,710</u>	<u>35,301,918</u>

### 19.4 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The company maintains flexibility in funding by maintaining availability under committed credit lines.

Financial liabilities in accordance with their contractual maturities are presented below;

Carrying Amount/ Contractual Cash Flows	Less Than 1 year	Between 1 to 2 years	Between 2 to 5 years	
Rupees				
Trade and other payables	1,147,387	1,147,387	-	-
Due to director	-	-	-	-
	<u>1,147,387</u>	<u>1,147,387</u>	-	-

As at June 30, 2011 the carrying values of all financial

**20 CAPITAL RISK MANAGEMENT**

The company's prime objective when managing capital structuring is to safe guard its ability to continue as a going concern in order to provide adequate returns for share holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

**1 TRANSACTIONS WITH RELATED PARTIES**

Related parties include associate undertakings, directors and other key management personnel of the company. The transactions with related parties are in the normal course of business, at contracted rates and terms determined in accordance with the market rates, details of transactions with connected persons / related parties and balances with them at year end, other than those which have been disclosed elsewhere in these financial statements are as follow:

**Creek Developers (Private) Limited**

Allocation of common expenses	<u>3,494,590</u>	<u>1,882,145</u>
Balance at year end	<u>30,184,303</u>	<u>-</u>

**22 NON ADJUSTING EVENT**

Subsequent to year end, board of directors of the Company have declared final cash dividend from the net profits of the current year at the rate of 10% (2010:10%) Rupee 1 per share (2009: Rupee 1 per share) to the ordinary shareholders except Company's sponsors , directors and their families. The impact of the final dividend has not been incorporated in these financial statement in compliance with IAS-10 : "Events After the Reporting Period".

**23 DATE OF AUTHORIZATION**

These financial statements were authorized for the issue on October 5, 2011 by the Board of Directors of the Company.

**24 GENERAL**

Figures have been rounded off to the nearest Rupee.

Chief Executive

Director



## PATTERN OF SHAREHOLDING AS AT JUNE 30, 2011

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL SHARES HELD	% OF SHAREHOLDING
	FROM		TO		
		-			
341	1	-	100	19,992	0.80%
334	101	-	500	111,584	4.45%
143	501	-	1000	124,222	4.96%
139	1001	-	5000	294,178	11.73%
14	5001	-	10000	106,606	4.25%
7	10001	-	15000	87,507	3.49%
6	15001	-	20000	102,855	4.10%
2	20001	-	25000	44,471	1.77%
1	25001	-	30000	27,808	1.11%
3	35001	-	40000	152,567	6.09%
1	45001	-	50000	50,000	1.99%
1	55001	-	60000	57,290	2.29%
1	195001	-	200000	200,000	7.98%
1	375001	-	380000	379,680	15.14%
1	710001	-	750000	748,232	29.85%
<b>995</b>				<b>2,506,992</b>	<b>100%</b>

## CATEGORIES OF SHAREHOLDERS

Director & Family	Designation	Number of Shareholders	Shares Held	%
Aqeel karim Dhedhi	Chairman / Director	1	748,232	29.85%
Muhammad Sohail	Director	1	3,000	0.12%
Mehrunnisa W/o M. Saddique	Director	1	27,808	1.11%
Yasmin Aqeel	Director	1	379,680	15.14%
Ayesha Aqeel	Director	1	750	0.03%
Anum Aqeel	Director	1	1,000	0.04%
Nessar Ahmed	CEO/ Director	1	210	0.01%
Individuals		953	963,654	38.44%
Financial Institutions		2	235,299	9.39%
Insurance Companies		1	543	0.02%
Joint Stock Companies		29	143,116	5.71%
Others		3	3,700	0.15%
	<b>Total</b>	<b>995</b>	<b>2,506,992</b>	<b>100.00%</b>

## Statement Showing Shares Bought &amp; Sold by the Directors, CEO &amp; Company Secretary &amp; Minor Family Members From 01st July 2010 to 30th June 2011

S. No	Name	Designation	Shares Bought	Shares Sold
1	Aqeel Karim Dhedhi	Chairman / Director	-	-
2	Muhammad Sohail	Director	-	-
3	Mehrunnisa W/o M. Saddique	Director	-	-
4	Yasmin Aqeel	Director	-	-
5	Ayesha Aqeel	Director	-	-
6	Anum Aqeel	Director	-	-
7	Nessar Ahmed	CEO / Director	-	-