

Annual Report 2012



AKD Capital Limited



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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

Company Information

Board of Directors

Mr. Aqeel Karim Dhedhi
(Chairman)
Mr. Nessar Ahmed
(Chief Executive Officer)
Mrs. Yasmeen Aqeel
Mr. Abdul Qadir Sultan
Mr. Mohammad Sohail
Mr. Zafar Jaweed Alavi
Mrs. Mehrunnisa Siddiqui

Company Secretary

Tanveer Hussain Khan

Auditors

Riaz Ahmad & Co.
Chartered Accountants

Share Registrar

C&K Management Associates (Pvt) Limited

Bankers

MCB Bank Limited
Bank Al-Habib Limited
United Bank 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
Mr. Abdul Qadir Sultan

Notice of Annual General Meeting

Notice is hereby given that the Seventy Seventh Annual General Meeting of AKD Capital Limited will be held on 25 October 2012 at 08:00 p.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 27 October 2011.
2. To receive, consider and adopt the Audited Financial Statements together with the Directors' and Auditors' Report for the year ended 30 June 2012.
3. To consider and approve Cash Dividend @ 15% Rupee 1.50 per share except for sponsors, directors, their family members and friends as recommended by the Board of Directors for the year ended 30 June 2012.
4. To appoint Auditors for the year ending 30 June 2013 and to fix their remuneration. Present auditors M/S Riaz Ahmad and Co, Chartered Accountants, retire and offer for re-appointment.

By order of the board

Karachi
Date:- 04 October 2012

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.



Notice of Annual General Meeting

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 22 October 2012 to 28 October 2012 (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.

Directors' 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 2012.

OPERATING RESULTS

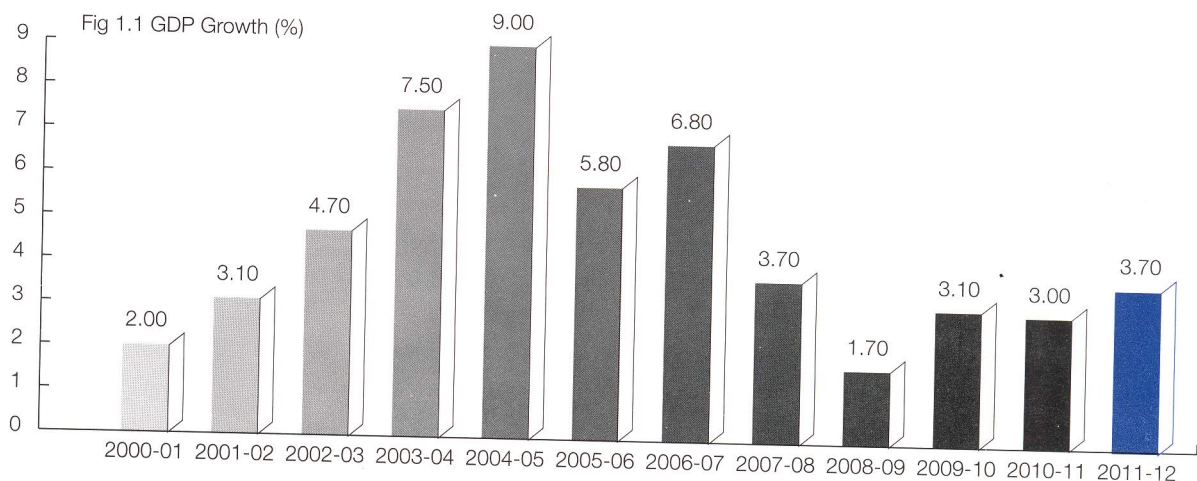
The comparison of the audited results for the year ended 30 June 2012 with the corresponding period of last year is as under:

	30 June 2012	30 June 2011
	In Rupees	
Net profit / (loss) before tax	3,510,971	1,126,132
Net Profit / (Loss) after tax	1,980,634	889,324
Earning / (loss) per share - Basic & diluted	0.79	0.35

During the year, the company incurred a net profit of Rs.1.980 million, due to the mark-up and consultancy income generated by the company, during the year. The company is also exploring other construction projects and business opportunities to enhance its revenues during the next year. The company's profit is also due to the fact that the operating expenses have been kept at a bare minimum. If it would have been kept at the level of 2008-2009, by now the shareholders equity may have been negative.

THE ECONOMY

The economy is now showing signs of modest recovery. The commodity producing sectors and especially the agriculture sector are doing better. Some improvement is also witnessed in the Large Scale Manufacturing (LSM) sector. The Service sector also gained from healthy trade activities and the improvements in the commodity producing sectors. The smooth functioning of the supply chains is playing a key role in improving the economic situation and ensuring the availability of essential items. Pakistan has the potential to grow at 6 to 7 percent in the next couple of years. The GDP growth for 2011-12 was projected at 4.2 percent on the back of 3.4 percent growth in Agriculture, 2 percent growth in LSM and 5 percent in Services sectors. However, the torrential rains in Sindh province during August 2011 compelled the government to revise its



Directors' Report

GDP growth target to 3.6 percent from 4.2 percent on the basis of 2.5 percent growth in Agriculture, 1.5 percent in LSM, and 4.4 percent growth in services sector. The revised growth targets have been met and marginally exceeded. The economy has shown resilience. Figure-1.1 presents an overview of GDP growth over the previous years.

Pakistan's real estate market remains depressed due to lack of liquidity including foreign direct investments. This is due to high Government borrowings and relative high interest rates paid on treasury bills which has reduced the availability of credit to the private sector. As a result of the above 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 15% (2011: 10%) Rupee 1.50 per share (2011: 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.

Directors' Report

- 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	2012	2011	2010	2009	2008	2007
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	(8,928)	(10,113)	(10,068)	(11,098)	3,109	(28,547)
Long term liabilities	157	-	-	-	309	1,869
Current Liability	2,405	1,384	4,396	17,024	9,206	23,414
Total Equity & Liability	40,350	37,987	41,044	52,641	59,339	43,451
Operating Fixed Assets	3,877	4,535	5,341	7,033	8,173	9,046
Long term assets	218	218	218	10,020	15,020	10,020
Current assets	36,255	33,233	35,486	35,589	36,148	24,385
Total Assets	40,350	37,987	41,044	52,642	59,342	43,452
Operating Income	4,795	2,662	5,354	4	57,775	2
Capital Gain/(Loss)	(2)	(1)	10	(41)	(55)	41
Operating Expenses	(1,341)	(1,536)	(3,559)	(13,997)	(25,130)	(5,399)
Operating Profit/(Loss)	3,454	1,126	1,759	(14,207)	32,204	(5,922)
Taxation	(1,473)	(237)	(729)	-	(547)	-
Net Profit (Loss)	1,980	889	1,030	(14,207)	31,656	(5,922)
Basic (Loss) / Earning per share	<u>0.79</u>	<u>0.35</u>	<u>0.41</u>	<u>(5.67)</u>	<u>12.63</u>	<u>(2.36)</u>

Directors' Report

CHANGES IN THE BOARD OF DIRECTORS

During the year, following changes were happened in the composition of the Board of Directors.

RESIGNED:

- Ms. Ayesha Aqeel
- Ms. Anum Aqeel

ELECTED:

- Mr. Abdul Qadir Sultan
- Mr. Zafar Jaweed Alavi

PATTERN OF SHAREHOLDING

The Pattern of shareholding as at 30 June 2012 is shown on page 38. 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	4
Mrs. Mehrunnisa Siddique	3
Mr. Abdul Qadir Sultan	3
Mr. Muhammad Sohail	4
Mr. Zafar Jaweed Alavi	3
Mr. Nessar Ahmed	4

ACKNOWLEDGEMENT

Your Directors record with appreciation, the efforts of the Company's managers and employees who have worked had to meet the target set in the 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

CHIEF EXECUTIVE OFFICER

Karachi:

Dated: 03 October 2012

Statement of Compliance with the 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 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 company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the board includes:

CATEGORY	NAME
Independent directors	Mrs. Mehrunnissa Siddiqui
Executive directors	Mr. Nessar Ahmed
Non-executive directors	Mr. Muhammad Sohail
	Mr. Aqeel Karim Dhedhi Mr. Abdul Qadir Sultan Mrs. Yasmeen Aqeel Mr. Zafar Jaweed Alavi

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director in more than seven 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 DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The company is in the process of formulating the 'Code of Conduct' and appropriate steps will be taken to disseminate it throughout the Company along with its supporting policies and procedures.
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 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 meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified in clause XI of CCG, two directors of the Company are exempted from the requirement of director's training program. The remaining directors will obtain training under the said training program in due course.
 10. No new appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit were made during the year. The remuneration and terms & conditions in case of future appointments on this position will be approved by the Board.
 11. 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.
 12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
 13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
 14. The Company has complied with all the corporate and financial reporting requirements of the Code.
 15. The Board has formed an audit committee. It comprises 03 members, All members are non-executive directors including the chairman of the committee.
 16. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
 17. The Board will set-up an effective internal audit function and appoint the Head of Internal Audit from the next year. So far the internal audit was carried out by the Internal Audit function at group level, which given the level of operations of the company, was considered effective and appropriate.
 18. The board will establish Human Resource and Remuneration Committee during the next financial year.
 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 on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
 20. 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.

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21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
 22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
 23. We confirm that all other material principles enshrined in the CCG have been complied with except for the following, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year:
 - o The company is in the process of formulating the 'Code of Conduct' and appropriate steps will be taken to disseminate it throughout the Company along with its supporting policies and procedures.
 - o The board will establish Human Resource and Remuneration Committee during the next financial year.
 - o The Board will set-up an effective internal audit function and appoint the Head of Internal Audit from the next year. So far the internal audit was carried out by the Internal Audit function at group level.
 - o The positions of Chief Financial Officer, Company Secretary and Secretary to the Audit Committee are held by the same person. The board will take appropriate steps for appointing another person as Secretary to the Audit Committee during the next year.

Chief Executive Officer
Nessar Ahmed

04 October 2012
Karachi

Balance Sheet

as at 30 June 2012

	Note	2012 Rupees	2011 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	3	3,877,477	4,535,817
Long term investments	4	198,000	198,000
Long term deposits	5	20,000	20,000
		<u>4,095,477</u>	<u>4,753,817</u>
CURRENT ASSETS			
Trade debts		500,000	-
Advances and short term deposits	6	7,394	6,661
Investments	7	54,904	57,832
Prepayments		-	11,380
Other receivables	8	30,705,517	30,184,734
Accrued markup		4,289,758	2,663,652
Advance income tax		82,472	80,144
Cash and bank balances	9	614,982	228,831
		<u>36,255,027</u>	<u>33,233,234</u>
		<u>40,350,504</u>	<u>37,987,051</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 50,000,000 (2011: 50,000,000) ordinary shares of Rupees 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up share capital	10	25,072,733	25,072,733
Share premium		20,891,600	20,891,600
General reserves		752,000	752,000
Accumulated loss		(8,928,336)	(10,113,682)
TOTAL EQUITY		<u>37,787,997</u>	<u>36,602,651</u>
NON CURRENT LIABILITIES			
Deferred taxation		157,384	-
CURRENT LIABILITIES			
Trade and other payables	11	1,350,661	1,147,385
Provision for taxation		1,054,462	237,015
		<u>2,405,123</u>	<u>1,384,400</u>
TOTAL LIABILITIES		<u>2,562,507</u>	<u>1,384,400</u>
Contingencies and commitments	12		
TOTAL EQUITY AND LIABILITIES		<u>40,350,504</u>	<u>37,987,051</u>

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

Chief Executive Officer

Director

Profit and Loss Account

for the year ended 30 June 2012

	Note	2012 Rupees	2011 Rupees
INCOME			
Loss on remeasurement of investment at fair value through profit or loss	7	(2,928)	(1,012)
Consultancy fee	13	500,000	-
Dividend income		8,842	-
Other income	14	4,289,758	2,663,652
		<u>4,795,672</u>	<u>2,662,640</u>
EXPENSES			
Administrative expenses	15	(1,284,701)	(1,534,508)
		<u>3,510,971</u>	<u>1,128,132</u>
Finance cost	16	(56,870)	(1,793)
PROFIT BEFORE TAXATION		<u>3,454,101</u>	<u>1,126,339</u>
PROVISION FOR TAXATION			
Current - for the year	17	(1,054,462)	(237,015)
- prior year		(261,621)	-
Deferred		(157,384)	-
		<u>(1,473,467)</u>	<u>(237,015)</u>
NET PROFIT FOR THE YEAR		<u>1,980,634</u>	<u>889,324</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		<u>1,980,634</u>	<u>889,324</u>
EARNINGS PER SHARE-BASIC AND DILUTED	18	<u>0.79</u>	<u>0.35</u>

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

Chief Executive Officer

Director

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Cash Flow Statement

for the year ended 30 June 2012

	Note	2012 Rupees	2011 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		3,454,101	1,126,339
Adjustment for non cash items:			
Loss on remeasurement of investment at fair value		2,928	1,012
Dividend income		(8,842)	-
Depreciation		658,340	805,294
		<u>652,426</u>	<u>806,306</u>
Operating cash flow before working capital changes		4,106,527	1,932,645
Changes in working capital (Increase) / decrease in current assets			
Trade debts		(500,000)	-
Advances and short term deposit		(733)	10,070,839
Prepayments and other receivables		(509,403)	(10,953,479)
Accrued markup		(1,626,106)	2,675,526
Increase / (decrease) in current liabilities			
Trade and other payables		(2,636,242)	1,792,886
		203,276	(72,985)
		<u>(2,432,966)</u>	<u>1,719,901</u>
CASH FLOW FROM OPERATIONS		<u>1,673,561</u>	<u>3,652,546</u>
Income tax paid		(500,964)	(421,600)
Net cash flow from operating activities		<u>1,172,597</u>	<u>3,230,946</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend received		8,842	-
Net cash flow from investing activities		<u>8,842</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowing obtained from directors		-	(2,447,142)
Dividend paid		(795,288)	(934,882)
Net cash used in financing activities		<u>(795,288)</u>	<u>(3,382,024)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>386,151</u>	<u>(151,078)</u>
Cash and cash equivalents at the beginning of the year		228,831	379,909
Cash and cash equivalents at the end of the year	9	<u>614,982</u>	<u>228,831</u>

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

Chief Executive Officer

Director

Statement of Changes in Equity

for the year ended 30 June 2012

	Share capital	Share premium	General reserve	Accumulated loss	Total
	Rupees				
Balance as at 30 June 2010	25,072,733	20,891,600	752,000	(10,068,124)	36,648,209
Final dividend for the year ended 30 June 2010	-	-	-	(934,882)	(934,882)
Total comprehensive income for the year					
Profit for the year	-	-	-	889,324	889,324
Other comprehensive income	-	-	-	-	-
	-	-	-	889,324	889,324
Balance as at 30 June 2011	25,072,733	20,891,600	752,000	(10,113,682)	36,602,651
Final dividend for the year ended 30 June 2011	-	-	-	(795,288)	(795,288)
Total comprehensive income for the year					
Profit for the year	-	-	-	1,980,634	1,980,634
Other comprehensive income	-	-	-	-	-
	-	-	-	1,980,634	1,980,634
Balance as at 30 June 2012	<u>25,072,733</u>	<u>20,891,600</u>	<u>752,000</u>	<u>(8,928,336)</u>	<u>37,787,997</u>

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

Chief Executive Officer

Director

Notes to the Financial Statements

for the year ended 30 June 2012

1. THE COMPANY AND ITS BUSINESS

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 is also engaged in leasing.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a) 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, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

These financial statements have been prepared under the "historical cost convention", except for the measurement of investment at fair value through profit or loss.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at balance sheet date.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis.

Notes to the Financial Statements

for the year ended 30 June 2012

Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with a corresponding effect on the depreciation charge and impairment.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provision for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

d) Amendments to published approved standards that are effective in current period and are relevant

International Accounting Standard (IAS) 1 (Amendment), 'Presentation of Financial Statements', now 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. The company has preferred to present this analysis in the statement of changes in equity.

IFRS 7 (Amendments), 'Financial Instruments', emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.

IAS 24 (Revised), 'Related Party Disclosures', issued in November 2009. It supersedes IAS 24, 'Related Party Disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

e) Interpretations and amendments to published approved standards that are effective in current period but not relevant

h) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environments in which the Company operates. These financial statements are presented in the Pakistani Rupees, which is the Company's functional and presentation currency.

Notes to the Financial Statements

for the year ended 30 June 2012

There are other new interpretations and amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2011 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) **Standards and amendments to published approved standards that are not yet effective but relevant**

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2012 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2013). IFRS 9 is the first step in the process to replace IAS 39 'Financial Instruments: Recognition and Measurement'. It requires that all equity investments are to be measured at fair value while eliminating the cost model for unquoted equity investments. Certain categories of financial instruments available under IAS 39 will be eliminated. Moreover, it also amends certain disclosure requirements relating to financial instruments under IFRS 7 'Financial Instruments: Disclosures'. The management of the Company is in the process of evaluating impacts of the aforesaid standard on the Company's financial statements.

IFRS 13, 'Fair value measurement'. This standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The standard is not applicable until 01 July 2013 but is available for early adoption.

IAS 1, 'Financial statement presentation' (Amendment). The main change resulting from this amendment is the requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendment does not address which items are presented in OCI. The company will apply these amendments from 01 July 2013.

IFRS 12, 'Disclosures of interests in other entities'. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is not applicable until April 01, 2013 but is available for early adoption.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

g) **Standards, interpretations and amendments to published approved standards that are not effective in current year and not considered relevant**

Notes to the Financial Statements

for the year ended 30 June 2012

There are other accounting standards, amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2012 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Depreciation

Depreciation on owned and leased assets is charged to profit and loss account applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 3. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions upto the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

2.3 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is measured initially at fair value.

Notes to the Financial Statements

for the year ended 30 June 2012

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments.

a) Investment at fair value through profit or loss

Investment classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

b) Held-to-maturity

Investment with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other Long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gain and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. These are sub-categorized as under:

Quoted

After Initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in equity until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in profit and loss account. For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of the business on the balance sheet date.

Unquoted

Available for sale investments in unquoted equity instruments are carried at cost less impairment loss, if any.

Notes to the Financial Statements

for the year ended 30 June 2012

2.4 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.

2.5 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past event, and it is probable that an outflow of 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.

2.6 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.

2.7 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.

Notes to the Financial Statements

for the year ended 30 June 2012

2.8 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.

2.9 Financial Instruments

Financial instruments carried on the balance sheet include investments, deposits, other receivables, cash and bank balances, short-term borrowings and trade and other payables etc. Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for " financial instrument at fair value through profit or loss" which is measured initially at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item and in the accounting policy of investments and under note 2.3.

Receivables

Receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.



Notes to the Financial Statements

for the year ended 30 June 2012

2.10 Off setting

"Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

2.11 Impairment of assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indication exists, the recoverable amount of that asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.12 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.13 Share Capital

Ordinary shares are classified as share capital.

2.14 Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transaction is foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non monetary items are translated into Pak Rupees at the exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchanges differences to profit and loss account.

Notes to the Financial Statements

for the year ended 30 June 2012

3. Property and equipment

Description	Furniture & Fixtures	Office Equipment	Computer Equipment	Vehicles	Lockers	Total	Leased Vehicles	Total
At 30 June 2010								
Cost	3,991,830	1,494,921	1,878,265	786,500	41,500	8,193,016	4,336,000	12,529,016
Accumulated depreciation	(1,592,889)	(754,538)	(1,486,561)	(460,569)	(29,275)	(4,323,832)	(2,864,073)	(7,187,905)
Net book value	2,398,941	740,383	391,704	325,931	12,225	3,869,184	1,471,927	5,341,111
Year ended June 30 June 2011								
Opening net book value	2,398,941	740,383	391,704	325,931	12,225	3,869,184	1,471,927	5,341,111
Depreciation charged for the year	(239,894)	(74,038)	(130,568)	(65,186)	(1,223)	(510,909)	(294,365)	(805,294)
Closing net book value	2,159,047	666,345	261,136	260,745	11,002	3,358,275	1,177,542	4,535,817
At 30 June 2011								
Cost	3,991,830	1,494,921	1,878,265	786,500	41,500	8,193,016	4,336,000	12,529,016
Accumulated depreciation	(1,832,783)	(828,576)	(1,617,129)	(525,755)	(30,498)	(4,834,741)	(3,158,458)	(7,993,199)
Net book value	2,159,047	666,345	261,136	260,745	11,002	3,358,275	1,177,542	4,535,817
Year ended 30 June 2012								
Opening net book value	2,159,047	666,345	261,136	260,745	11,002	3,358,275	1,177,542	4,535,817
Transfer from / to leased assets: Cost	-	-	-	4,336,000	-	4,336,000	(4,336,000)	-
Accumulated depreciation	-	-	-	3,158,458	-	3,158,458	3,158,458	-
Depreciation charged for the year	(215,903)	(66,635)	(87,045)	(287,657)	(1,100)	(658,340)	-	(658,340)
Closing net book value	1,943,144	599,710	174,091	1,150,630	9,902	3,877,477	-	3,877,477
At 30 June 2012								
Cost	3,991,830	1,494,921	1,878,265	5,122,500	41,500	12,529,016	-	12,529,016
Accumulated depreciation	(2,048,686)	(895,211)	(1,704,174)	(3,971,870)	(31,598)	(8,651,539)	-	(8,651,539)
Net book value	1,943,144	599,710	174,091	1,150,630	9,902	3,877,477	-	3,877,477

Notes to the Financial Statements

for the year ended 30 June 2012

4. LONG TERM INVESTMENTS

2012 Rupees (Number of shares)	2011 Rupees		2012 Rupees	2011 Rupees
10,000	10,000	AKD REIT Management Company Limited (Note 4.1)	100,000	100,000
9,800	9,800	Creek Developers (Private) Limited (Note 4.2)	98,000	98,000
<u>19,800</u>	<u>19,800</u>		<u>198,000</u>	<u>198,000</u>

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

4.2 This represents 9,800 ordinary shares of Rupees 10 each.

5. LONG TERM DEPOSITS

	2012 Rupees	2011 Rupees
Deposit with Pakistan Telecommunication Limited	<u>20,000</u>	<u>20,000</u>

6. ADVANCES AND SHORT TERM DEPOSITS

	2012	2011
Advance to employees	394	(339)
Advance others	7,000	7,000
	<u>7,394</u>	<u>6,661</u>

7. INVESTMENT - AT FAIR VALUE THROUGH PROFIT OR LOSS

2012 (Number of shares)	2011		2012	2011
1,261	1,147	National Bank of Pakistan	54,904	57,832
		Market value		
		"Loss on remeasurement of investment at fair value through profit or loss"	<u>2,928</u>	<u>1,012</u>

8. OTHER RECEIVABLES

(Unsecured and considered good)

Related Parties

Receivable from associate - Creek
Developers (Private) Limited

8.1

29,168,812

30,184,303

Receivable from staff

986

431

AKD Securities Limited

8.2

1,535,719

-

30,705,517

30,184,734

Notes to the Financial Statements

for the year ended 30 June 2012

8.1 This amount is receivable from Creek Developers (Private) Limited {CDPL} and includes Rup 17.196 million taken over by CDPL from BF Properties & Constructions (Private) Limited & Rupees 10 million deposited by the company on behalf of CDPL to Defense Housing Authority. Interest is also charged at the rate of 6 Months KIBOR plus five percent per annum on outstanding amount.

8.2 This amount has been paid for exploring the investment opportunities in the share market.

Note	2012 Rupees	2011 Rupees
9. CASH AND BANK BALANCES		
Cash in bank - Current account	610,722	203,831
Cash in hand	4,260	25,000
	<u>614,982</u>	<u>228,831</u>

10. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2012 Rupees (Number of shares)	2011 Rupees (Number of shares)		30 June 2012 Rupees	30 June 2011 Rupees
2,138,681	2,138,681	Ordinary shares of Rupees 10 each fully paid in cash	21,386,810	21,386,810
368,311	368,311	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	3,683,110	3,683,110
479	479	Ordinary shares of Rupees 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>

11. TRADE AND OTHER PAYABLES

Accrued liabilities	817,866	757,818
Income tax deducted at source	-	6,554
Unclaimed dividend	532,795	383,013
	<u>1,350,661</u>	<u>1,147,385</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There were no contingent liabilities at the reporting date (2011: Nil).

12.2 Commitments

There were no commitment at the reporting date (2011: Nil).

13. CONSULTANCY FEE

During the year, the company entered into an agreement dated 23 February 2012 with a construction venture (a related party) to provide consultancy services in connection with infrastructure designing of the construction projects. The revenue recognized represents the billing made to the related party against services provided till the reporting date. The company is also exploring other construction projects and business opportunities to enhance its revenues during the next year.

Notes to the Financial Statements

for the year ended 30 June 2012

14. OTHER INCOME

This amount represents the mark-up on the advance given by the Company to an associated company, Creek Developers (Private) Limited, disclosed in Note 8.1

	Note	2012 Rupees	2011 Rupees
15. ADMINISTRATIVE EXPENSES			
Salaries	15.1	102,525	80,524
Printing and stationery		65,601	59,281
Vehicle running expenses		63,925	97,126
Postage and telegram		34,469	79,283
Fees, taxes and subscription		244,874	220,755
Electricity, telephone charges		92,321	81,654
Legal and professional		80,490	-
Advertisement and publicity		21,800	7,110
Share registrar expense		-	42,000
Conveyance charges		1,065	2,690
Miscellaneous expenses		-	5,164
Insurance		24,538	12,942
Entertainment		9,980	36,579
Auditors' remuneration	15.2	295,665	286,227
Depreciation		65,834	101,323
Computer supplies and stationary		7,237	8,530
Office expense		94,492	31,799
Repair and maintenance		11,567	127,337
Books and periodicals		6,682	1,325
Workers welfare fund expense		61,636	9,917
Software maintenance		-	150,000
Bad debts		-	77,500
Water and sewerage charges		-	15,442
		<u>1,284,701</u>	<u>1,534,508</u>

15.1 Remuneration of Directors and Executives

No remuneration and meetings fees have been paid to Chief Executive Officer and Directors during the year (2011: Nil).

15.2 Auditors' Remuneration

Audit fee	187,500	187,500
Half yearly review fee	85,000	85,000
Reimbursable expenses	23,165	13,727
	<u>295,665</u>	<u>286,227</u>

15.3 During the year, administrative expenses of Rupees 3.269 million (2011: Rupees 3.494 million) allocated to Creek Developers (Private) Limited as per "Resource Share Agreement".

Notes to the Financial Statements

for the year ended 30 June 2012

	Note	2012 Rupees	2011 Rupees
16. FINANCE COST			
Bank charges		56,870	1,79
17. PROVISION FOR TAXATION			
Current - for the year		1,054,462	237,01
- prior year		261,621	
Deferred		157,384	
		<u>1,473,467</u>	<u>237,015</u>
Relationship between tax expense and accounting profit:			
Accounting profit		3,454,101	1,126,339
Tax @ 35%		<u>1,208,935</u>	<u>394,219</u>
Effect of:			
Tax effect of computation income		2,911	(157,204)
Effect of prior year adjustment		261,621	-
		<u>1,473,467</u>	<u>237,015</u>
18. EARNINGS PER SHARE- BASIC AND DILUTED			
There is no dilutive effect in the basic earnings per share of the company.			
Profit for the year		1,980,634	889,324
Weighted average number of ordinary shares in issue during the year		2,507,471	2,507,471
Earnings per share-Basic		<u>0.79</u>	<u>0.35</u>

19. FINANCIAL RISK MANAGEMENT

19.1 Financial risk factors

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

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

Notes to the Financial Statements

for the year ended 30 June 2012

- (a) **Market risk**
- (i) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is not exposed to this risk because there were no receivables and payables in any foreign currency as at the reporting date. Moreover no transactions were carried out in any foreign currency during the year.

Sensitivity analysis of functional currency at reporting date is not required due to nil foreign currency nominated financial assets and liabilities at the reporting date.

- (ii) **Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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 instrument traded in the market. The Company is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Company's profit after taxation for the year and on equity. The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on Profit	
	2012 Rupees	2011 Rupees
KSE 100 (5% increase)	2,745	2,892
KSE 100 (5% decrease)	(2,745)	(2,892)

- (iii) **Interest rate risk**

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company has no interest bearing liabilities at the reporting date.

Notes to the Financial Statements

for the year ended 30 June 2012

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2012 Rupees	2011 Rupees
Financial Assets			
Long term deposits		20,000	20,000
Long term investments		198,000	198,000
Trade debts		500,000	-
Advances and short term deposits		7,394	6,661
Investments- At fair value through profit or loss		54,904	57,832
Other receivables		30,705,517	30,184,734
Accrued markup		4,289,758	2,663,652
Cash and bank balances		614,982	228,831
		<u>36,390,555</u>	<u>33,359,710</u>

	Rating			2012 Rupees	2011 Rupees
	Short Term	Long term	Agency		
Banks					
MCB Bank Limited	A1+	AA+	PACRA	361,493	50,165
United Bank Limited	A1+	AA+	PACRA	4,179	4,179
Bank Al-Habib Limited	A1+	AA+	PACRA	245,050	149,487
				<u>610,722</u>	<u>203,831</u>

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and bank balances. At 30 June 2012, the Company had Rupees 0.615 million cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2012

Notes to the Financial Statements

for the year ended 30 June 2012

	Carrying Amount Rupees	Contractual Cash Flows Rupees	6 month or less Rupees	6 months to 12 months Rupees	"More than 1 year" Rupees
Trade and other payables	1,350,661	1,350,661	-	1,350,661	-
	<u>1,350,661</u>	<u>1,350,661</u>	<u>-</u>	<u>1,350,661</u>	<u>-</u>

Contractual maturities of financial liabilities as at 30 June 2011

	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	1,147,387	1,147,385	-	1,147,385	-
	<u>1,147,387</u>	<u>1,147,385</u>	<u>-</u>	<u>1,147,385</u>	<u>-</u>

19.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in to levels 1 to 3 based on the degree to which fair value is observable:

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Level 4 Rupees
Asset as at 30 June 2012				
Available for sale	-	-	198,000	198,000
At fair value through profit or loss	54,904	-	-	54,904
Asset as at 30 June 2011				
Available for sale	-	-	198,000	198,000
At fair value through profit or loss	<u>57,832</u>	<u>-</u>	<u>-</u>	<u>57,832</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Company is the current bid price. These financial instruments are classified under level 1 in above referred table.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments as on 30 June 2012. If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3.

Notes to the Financial Statements

for the year ended 30 June 2012

19.3 Financial instruments by categories	2012 Rupees	2011 Rupees
Financial Assets		
Cash and bank balances		
Investments	<u>614,982</u>	<u>228,831</u>
Available for sale		
At fair value through profit or loss	198,000	198,000
	<u>54,904</u>	<u>57,832</u>
Loans and receivables	<u>252,904</u>	<u>255,832</u>
Long term deposits		
Advances and short term deposits	20,000	20,000
Trade and Other receivables	7,394	6,661
Accrued markup	30,705,517	30,184,734
	<u>4,289,758</u>	<u>2,663,652</u>
	<u>35,022,669</u>	<u>32,875,047</u>
Financial Liabilities at amortized cost		
Trade and other payables	1,350,661	1,147,385
	<u>1,350,661</u>	<u>1,147,385</u>

20. CAPITAL RISK MANAGEMENT

The company's prime objective when managing capital structuring is to safeguard 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.

21. TRANSACTIONS WITH RELATED PARTIES

The significant transactions with associated undertakings and related parties have been disclosed in their respective notes. (Note No. 8,13 and 14)

22. NON ADJUSTING EVENTS

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 15% (2011:10%) Rupee 1.50 per share (2011: 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".

Notes to the Financial Statements

for the year ended 30 June 2012

23. DATE OF AUTHORIZATION

These financial statements were approved and authorized for the issue on 03 October 2012 by the Board of Directors of the Company.

23. GENERAL

23.1 Figures have been rounded off to the nearest Rupee, unless otherwise stated.

23.2 No significant reclassification or re-arrangement of the corresponding figures has been made in these financial statements.

Chief Executive Officer

Director