RIAZ AHMAD & COMPANY
Chartered Accountants

AKD CAPITAL LIMITED

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEAR ENDED 30 JUNE 2014

NEXIA
INTERNATIONAL

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of AKD CAPITAL LIMITED ("the Company") as at 30 June 2014 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 ended 30 June 2014 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;

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(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 30 June 2014 and of the profit, its cash flows and changes in equity for the year ended 30 June 2014; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company but the amount of Rupees 65,424 so deducted was not deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Without further qualifying our opinion, we draw attention to Note 1.2 to the financial statements, which states that the Company's primary commercial operations remained at halt for some years that indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the aforesaid note discloses the management's strong commitment to resume the viable and profitable commercial operations during the next financial year. These financial statements do not include any adjustments relating to the realization of the Company's assets and liquidation of liabilities that may be necessary should the Company be unable to continue as a going concern. These financial statements have, however, been prepared on going concern basis for the reasons more fully disclosed in the aforesaid note.

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Engagement partner:
Muhammad Kamran Nasir

Date: 01 OCT 2014

KARACHI

AKD CAPITAL LIMITED
BALANCE SHEET
AS AT 30 JUNE 2014

	Note	30 June 2014	30 June 2013
		------------(Rupees)------------	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	3	2,881,510	3,334,046
Long term investments	4	198,000	198,000
Long term deposits	5	20,000	20,000
		3,099,510	3,552,046
CURRENT ASSETS			
Trade debts - considered good		3,000,000	500,000
Advances and prepayments	6	59,433	33,840
Investments	7	29,902,114	59,624
Other receivables	8	-	31,519,395
Accrued markup		-	4,716,223
Advance income tax		16,476	40,595
Cash and bank balances	9	3,733,681	1,106,319
		36,711,704	37,975,996
TOTAL ASSETS		39,811,214	41,528,042
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
50,000,000 (2013: 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
Reserves	11	10,143,878	13,472,553
TOTAL EQUITY		35,216,611	38,545,286
NON CURRENT LIABILITIES			
Deferred taxation		22,162	70,251
CURRENT LIABILITIES			
Trade and other payables	12	3,806,529	1,790,093
Provision for taxation		765,912	1,122,412
		4,572,441	2,912,505
TOTAL LIABILITIES		4,594,603	2,982,756
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		39,811,214	41,528,042

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

AKD CAPITAL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	30 June 2014	30 June 2013
		------------(Rupees)------------	
INCOME			
Consultancy fee	14	2,500,000	-
Dividend income		2,936	8,826
Gain on remeasurement of investment at fair value through profit or loss	7	30,610	4,720
Other income	15	2,401,624	4,966,223
		4,935,170	4,979,769
EXPENSES			
Administrative expenses	16	(2,853,765)	(1,929,024)
		2,081,405	3,050,745
Finance cost	17	(26,966)	(14,243)
PROFIT BEFORE TAXATION		2,054,439	3,036,502
PROVISION FOR TAXATION	18		
Current - for the year		(765,912)	(1,122,412)
- prior year		1,351	(159,848)
Deferred		48,089	87,133
		(716,472)	(1,195,127)
NET PROFIT FOR THE YEAR		1,337,967	1,841,375
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss:			
Loss on remeasurement of availaible for sale investments		(3,168,698)	-
Other comprehensive loss for the year		(3,168,698)	-
TOTAL COMPREHENSIVE (LOSS) / INCOME		(1,830,731)	1,841,375
EARNINGS PER SHARE-BASIC AND DILUTED	19	0.53	0.73

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

AKD CAPITAL LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		2,054,439	3,036,502
Adjustment for non cash items:			
Gain on remesurement of investment at fair value		(30,610)	(4,720)
Dividend income		(2,936)	(8,826)
Accrued liabilities written back		-	(250,000)
Depreciation		452,536	543,431
		418,990	279,885
Operating cash flow before working capital changes		2,473,429	3,316,387
Changes in working capital			
(Decrease) / increase in current assets			
Trade Debts		(2,500,000)	-
Advances and prepayments		(25,593)	(26,446)
Other receivables		31,519,395	(813,878)
Accrued markup		4,716,223	(426,465)
		33,710,025	(1,266,789)
Increase in current liabilities			
Trade and other payables		1,928,663	125,169
		35,638,688	(1,141,620)
CASH FLOW FROM OPERATIONS		38,112,117	2,174,767
Income tax paid		(1,096,942)	(1,172,433)
Net cash flow from operating activities		37,015,175	1,002,334
CASH FLOW FROM INVESTING ACTIVITIES			
Investments made during the year		(32,980,578)	-
Dividend received		2,936	8,826
Net cash (used in) / flow from investing activities		(32,977,642)	8,826
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(1,410,171)	(519,823)
Net cash used in financing activities		(1,410,171)	(519,823)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,627,362	491,337
Cash and cash equivalents at the beginning of the year		1,106,319	614,982
Cash and cash equivalents at the end of the year	9	3,733,681	1,106,319

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

AKD CAPITAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

		Reserves					
		Capital Reserves		Revenue Reserves			
	Share capital	Share premium	Fair value reserve on available for sale	General reserve	Accumulated loss	Sub total	Total Equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2012	25,072,733	20,891,600	-	752,000	(8,928,336)	12,715,264	37,787,997
Final dividend for the year ended 30 June 2012	-	-	-	-	(1,084,086)	(1,084,086)	(1,084,086)
Total comprehensive income for the year							
Profit for the year	-	-	-	-	1,841,375	1,841,375	1,841,375
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	1,841,375	1,841,375	1,841,375
Balance as at 30 June 2013	25,072,733	20,891,600	-	752,000	(8,171,047)	13,472,553	38,545,286
Final dividend for the year ended 30 June 2013	-	-	-	-	(1,497,944)	(1,497,944)	(1,497,944)
Total comprehensive income for the year							
Profit for the year	-	-	-	-	1,337,967	1,337,967	1,337,967
Other comprehensive loss							
Loss on re-measurement on available for sale investment	-	-	(3,168,698)	-	-	(3,168,698)	(3,168,698)
	-	-	(3,168,698)	-	1,337,967	(1,830,731)	(1,830,731)
Balance as at 30 June 2014	25,072,733	20,891,600	(3,168,698)	752,000	(8,331,024)	10,143,878	35,216,611

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

AKD CAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. THE COMPANY AND ITS BUSINESS

1.1 AKD Capital Limited ("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 to engage in leasing.

1.2 These financial statements have reported net profit for the year amounting to Rupees 1.338 million. The Company's net assets position and other financial indicators depict a healthy financial position as at the reporting date. However, the Company's primary commercial operations i.e. to deal in real estate projects, providing consultancy services, projects financing and management etc remained at halt for some years due to economic conditions prevailing in the Country and other ancillary reasons. This situation indicates the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the management is proactively considering new business avenues and looking for different options. During the year, the Company entered into an agreement with a construction venture for providing consultancy services aggregately amounting to Rupees 4 million. The Company has also invested its surplus funds in a housing scheme company from which lucrative returns are expected in the coming years. The sponsor directors and management of the Company are committed to the viable and profitable commercial operations of the Company in the upcoming financial year and, based upon the future financial projections, strongly believe that the Company will continue as a going concern.

These financial statements, therefore, have been prepared on going concern basis and do not include any adjustment relating to the realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated :

2.1 Basis of Preparation

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 investment at fair value through profit or loss and the investments available for sale measured on the basis of fair value.

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

Useful lives, patterns of economic benefits and impairment

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. 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

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 year and are relevant to the Company**

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2013:

IFRS 7 (Amendment) 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The International Accounting Standards Board (IASB) has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Standard Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

On 17 May 2012, IASB issued Annual Improvements to IFRS: 2009 – 2011 Cycle, incorporating amendments to five IFRS more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation' that are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. The application of the amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

e) **Standards and amendments to published standards that are relevant to the Company and with effective dates falling within the current year but have not yet been notified by the Securities and Exchange Commission of Pakistan (SECP)**

Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning on or after 01 January 2013) provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, 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. This standard is not expected to have a material impact on the Company's financial statements.

f) **Standards, interpretation and amendments to published standards that are effective in current year but not relevant to the Company**

There are other standards, new interpretation and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2013 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.

g) **Standard, interpretation and amendments to published standards that are not yet effective but relevant to the Company**

Following standard, interpretation and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2014 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash- generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. However, the amendments are not expected to have a material impact on the Company's financial statements.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IFRS 13 'Fair Value Measurement', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2011 – 2013 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 'Fair Value Measurement', that is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. However, the interpretation is not expected to have a material impact on the Company's financial statements.

h) Standard and amendments to published standards that are not yet effective and not considered relevant to the Company

There are other standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 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.

i) Functional and presentation currency

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

2.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property 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 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 up to 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.

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 remeasurement to fair value 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.

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 percent of the turnover whichever is higher.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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.

Profit on bank deposits and other markup is recognized on accrual basis.

Fee income is recognized as and when services are provided.

2.8 Financial Instruments

Financial instruments carried on the balance sheet include trade debts, investments, deposits, other receivables, cash and bank balances 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 (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.

2.9 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally 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.

2.10 Impairment of assets

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds the recoverable amount. Impairment losses are recognized in 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 there 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 assets in prior year. Such reversal is recognized in profit and loss account.

2.11 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.

2.12 Share Capital

Ordinary shares are classified as share capital.

2.13 Foreign currencies

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

2.14 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its stakeholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated if there is any potential dilutive effect on the Company's reported net profits.

3. Property and equipment

Description	Owned					
	Furniture & Fixtures	Office Equipment	Computer Equipment	Vehicles	Lockers	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
At 30 June 2012						
Cost	3,991,830	1,494,921	1,878,265	5,122,500	41,500	12,529,016
Accumulated depreciation	(2,048,686)	(895,211)	(1,704,174)	(3,971,870)	(31,598)	(8,651,539)
Net book value	1,943,144	599,710	174,091	1,150,630	9,902	3,877,477
Year ended 30 June 2013						
Opening net book value	1,943,144	599,710	174,091	1,150,630	9,902	3,877,477
Depreciation charged for the year	(194,314)	(59,971)	(58,030)	(230,126)	(990)	(543,431)
Closing net book value	1,748,830	539,739	116,061	920,504	8,912	3,334,046
At 30 June 2013						
Cost	3,991,830	1,494,921	1,878,265	5,122,500	41,500	12,529,016
Accumulated depreciation	(2,243,000)	(955,182)	(1,762,204)	(4,201,996)	(32,588)	(9,194,970)
Net book value	**1,748,830**	**539,739**	**116,061**	**920,504**	**8,912**	3,334,046
Year ended 30 June 2014						
Opening net book value	1,748,830	539,739	116,061	920,504	8,912	3,334,046
Depreciation charged for the year	(174,883)	(53,974)	(38,687)	(184,101)	(891)	(452,536)
Closing net book value	1,573,947	485,765	77,374	736,403	8,021	2,881,510
At 30 June 2014						
Cost	3,991,830	1,494,921	1,878,265	5,122,500	41,500	12,529,016
Accumulated depreciation	(2,417,883)	(1,009,156)	(1,800,891)	(4,386,097)	(33,479)	(9,647,506)
Net book value	**1,573,947**	**485,765**	**77,374**	**736,403**	**8,021**	**2,881,510**
Annual rate of depreciation	10%	10%	33.33333%	20%	10%	

3.1 Depreciation is charged to administrative expenses (Note 16).

4. LONG TERM INVESTMENTS - available for sale

2014	2013		Note	30 June 2014 Rupees	30 June 2013 Rupees
(Number of shares)					
10,000	10,000	AKD REIT Management Company Limited (Note 4.1)		100,000	100,000
9,800	9,800	Creek Developers (Private) Limited{CDPL} (Note 4.2)		98,000	98,000
19,800	19,800			198,000	198,000

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. The Company is required to seek prior approval from Defence Housing Authority before disposing of this investment.

5. LONG TERM DEPOSITS

	Note	2014	2013
Deposit with Pakistan Telecommunication Company Limited	5.1	20,000	20,000

5.1 This represents amount deposited with Pakistan Telecommunication Company Limited (PTCL) as security deposit at the time of connection in 2003.

6. ADVANCES AND PREPAYMENTS

	2014	2013
Advance to employees - considered good	57,201	33,840
Prepayments	2,232	-
	59,433	33,840

7. INVESTMENTS

2014	2013		2014	2013
(Number of shares)				
		At fair value through profit or loss		
1,450	1,450	National Bank of Pakistan	90,234	59,624
		Available for sale		
476,000	-	Javedan Corporation Limited - cost	32,980,578	-
		Effect of remeasurement to fair value	(3,168,698)	-
			29,811,880	
			29,902,114	59,624
		Gain on remeasurement of investment at fair value through profit and loss	30,610	4,720

8. OTHER RECEIVABLES

(Unsecured and considered good)

	2014	2013
Related Parties		
Receivable from associate - Creek Developers (Private) Limited	-	30,405,526
Receivable from staff	-	435
AKD Securities Limited	-	1,113,434
	-	31,519,395

9. CASH AND BANK BALANCES

	2014	2013
Cash in bank - Current account	3,733,681	1,088,659
Cash in hand	-	17,660
	3,733,681	1,106,319

10. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2014	2013		30 June 2014	30 June 2013
(Number of shares)			Rupees	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
2,507,471	2,507,471		**25,072,733**	25,072,733

11. RESERVES

Composition of reserves is as follows:

	Note	30 June 2014 Rupees	30 June 2013 Rupees
Capital reserves			
Share premium	11.1	**20,891,600**	20,891,600
Fair value reserve on available for sale investments		**(3,168,698)**	-
		17,722,902	20,891,600
Revenue reserves			
General reserve		**752,000**	752,000
Accumulated loss		**(8,331,024)**	(8,171,047)
		(7,579,024)	(7,419,047)
		10,143,878	13,472,553

11.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

12. TRADE AND OTHER PAYABLES

	Note	30 June 2014 Rupees	30 June 2013 Rupees
Accrued liabilities		**888,952**	693,035
Share of expenses received in advance from CDPL		**535,370**	-
Payable to AKD Securities Limited	12.1	**1,197,376**	-
Unclaimed dividend		**1,184,831**	1,097,058
		3,806,529	1,790,093

12.1 This represents the balance payable against investment made during the year.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 The Company has filed a law suit in the Honourable High Court of Sindh against a consortium based in Lahore by sending legal notice unduly involving the name of the Company. In response, the said Consortium also filed a counter law suit on the Company in the same court claiming certain consultancy fees from the Company. The management and the legal counsel of the Company are of the view that based on the legal merits, the said law suits will be disposed of without any financial loss to the Company.

13.1.2 During the year, an individual filed case against the Company, amongst others, by making the Company as a pro-forma defendant. Presently, the matter is pending in Honourable High Court of Sindh. The management and its legal counsel are confident that that the Company is not a party to the aforesaid case, therefore, the eventual outcome would be favorable and would not result in any financial loss to the Company.

13.2 Commitments

There were no commitment as at the reporting date (2013: Nil).

14. CONSULTANCY FEE

During the year, the Company entered into an agreement with a construction venture (a related party) to provide consultancy services aggregately amounting to Rupees 4 million 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.

15. OTHER INCOME		30 June 2014 Rupees	30 June 2013 Rupees
Mark-up on other receivables	15.1	**2,401,624**	4,716,223
Accrued liabilities written back		**-**	250,000
		2,401,624	4,966,223

15.1 This amount represents the mark-up on the advance given by the Company to an associated company, Creek Developers (Private) Limited which has been fully recovered during the year.

16. ADMINISTRATIVE EXPENSES

Salaries and benefits	16.1	**716,605**	147,890
Printing and stationery		**241,541**	334,961
Vehicle running expenses		**9,444**	8,993
Postage and telegram		**12,069**	19,730
Fees, taxes and subscription		**791,668**	218,297
Electricity, telephone charges		**1,160**	4,268
Legal and professional		**29,118**	96,997
Advertisement and publicity		**40,272**	41,417
Share registrar expense		**-**	9,160
Travelling and conveyance charges		**4,840**	37,716
Insurance		**-**	4,675
Entertainment		**159,000**	10,385
Auditors' remuneration	16.2	**330,000**	297,500
Depreciation	3.1	**452,536**	543,431
Computer supplies and stationary		**2,692**	630
Office expenses		**635**	13,887
Repair and maintenance		**7,475**	75,000
Workers welfare fund		**54,710**	64,087
		2,853,765	1,929,024

16.1 Remuneration of Directors and Executives

No remuneration and meetings fees have been paid to Chief Executive Officer and Directors during the year respectively (2013: Nil).

16.2 Auditors' Remuneration

Audit fee	**200,000**	187,500
Half yearly review fee	**95,000**	85,000
Reimbursable expenses	**35,000**	25,000
	330,000	297,500

16.3 During the year, administrative expenses of Rupees 1.494 million (2013: Rupees 1.959 million) allocated to Creek Developers (Private) Limited as per "Resource Share Agreement".

	30 June 2014 Rupees	30 June 2013 Rupees
17. FINANCE COST		
Bank charges	26,966	14,243

18. PROVISION FOR TAXATION

18.1 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.

	30 June 2014 Rupees	30 June 2013 Rupees
18.2 Deferred		
Deferred tax effect is due to:		
Tax depreciation allowance	40,763	92,041
Provision for workers welfare fund	(18,601)	(21,790)
	22,162	70,251
Opening balance as at 01 July	70,251	157,384
	(48,089)	(87,133)

18.3 Relationship between tax expense and accounting profit:

Accounting profit before taxation	2,054,439	3,036,502
Tax @ 34% (2013: 35%)	698,509	1,062,776
Effect of:		
Tax effect of computation of income	16,611	(27,497)
Effect of prior year adjustment	1,351	159,848
	716,472	1,195,127

19. EARNINGS PER SHARE- BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company which is based on:

Profit for the year	1,337,967	1,841,375
Weighted average number of ordinary shares in issue during the year	2,507,471	2,507,471
Earnings per share - basic & diluted	0.53	0.73

20. FINANCIAL RISK MANAGEMENT

20.1 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 programme focuses on the unpredictability of financial markets and seeks to minimise 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.

(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 equity		Impact on	
	2014	2013	**2014**	2013
	Rupees	Rupees	**Rupees**	Rupees
KSE 100 (5% increase)	**1,490,594**	-	**4,512**	2,981
KSE 100 (5% decrease)	**(1,490,594)**	-	**(4,512)**	(2,981)

(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.

(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:

Financial Assets	30 June 2014 Rupees	30 June 2013 Rupees
Long term deposits	**20,000**	20,000
Long term investments	**198,000**	198,000
Trade debts	**3,000,000**	500,000
Advances	**57,201**	33,840
Investments	**29,902,114**	59,624
Other receivables	-	31,519,395
Accrued markup	-	4,716,223
Bank balances	**3,733,681**	1,088,659
	36,910,996	38,135,741

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2014	2013
	Short Term	Long Term	Agency	Rupees	Rupees
Banks					
MCB Bank Limited	A1+	AAA	PACRA	**3,351,989**	196,360
United Bank Limited	A-1+	AA+	JCR-VIS	**4,179**	4,179
Bank Al-Habib Limited	A1+	AA+	PACRA	**377,513**	888,120
				3,733,681	1,088,659
Investments					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	**90,234**	59,624

As at 30 June 2013, trade debts due from related party amounting to Rupees 3,000,000 (2013: Rupees 500,000) were past due but not impaired. The age analysis of these trade debts is as follows:

	2014 Rupees	2013 Rupees
Upto 1 month	-	-
1 to 6 months	**2,500,000**	500,000
More than 6 months	**500,000**	-
	3,000,000	500,000

(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 2014, the Company had Rupees 3.734 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

Contractual maturities of financial liabilities as at 30 June 2014

	Carrying Amount	Contractual Cash Flows	6 month or less	6 months to 12 months	More than 1 year
	Rupees		Rupees	Rupees	Rupees
Trade and other payables	3,806,529	3,806,529	3,806,529	-	-

Contractual maturities of financial liabilities as at 30 June 2013

	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	1,790,093	1,790,093	1,790,093	-	-

20.2 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	Level 2	Level 3	Total
		Rupees	Rupees	Rupees
Asset as at 30 June 2014				
Available for sale	29,811,880	-	198,000	30,009,880
At fair value through profit or loss	90,234	-	-	90,234
	29,902,114	-	198,000	30,100,114
Asset as at 30 June 2013				
Available for sale	-	-	198,000	198,000
At fair value through profit or loss	59,624	-	-	59,624
	59,624	-	198,000	257,624

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 maximise 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 2014.

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3.

20.3 Financial instruments by categories

	30 June 2014	30 June 2013
Financial Assets	Rupees	Rupees
Cash and bank balances	3,733,681	1,106,319
Investments		
Available for sale	30,009,880	198,000
At fair value through profit or loss	90,234	59,624
	30,100,114	257,624

24. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on 01 October 2014 proposed a final cash dividend for the year ended 30 June 2014 @ 10 % i.e. Rupees 1 / share (2013: @ 20% i.e. Rupees 2.00 / share) for the ordinary shareholders of the Company except Company's sponsors, directors and their families. The approval of the members for the dividend will be obtained at the forthcoming Annual General Meeting. The financial statements for the year ended 30 June 2014 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending on 30 June 2015.

25. DATE OF AUTHORIZATION

These financial statements were approved and authorized for the issue on 01 OCT 2014 by the Board of Directors of the Company.

26. GENERAL

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

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

CHIEF EXECUTIVE OFFICER

DIRECTOR