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AKDCL



AKD Capital Limited

ANNUAL REPORT
2009

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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 A. Karim Dhedhi
(Chairman)
Mrs. Yasmeen Aqeel
Mr. Nessar Ahmed
(Chief Executive)
Ms. Aycsha Aqeel
Mr. Mohammad Sohail
Ms. Anum Aqeel
Mrs. Mehrunnisa Siddique

Company Secretary

Mohammad Saqib

Auditors

Muniff Ziauddin Junaidy & Co.
Chartered Accountants

Bankers

MCB Bank Limited
Standard Chartered Bank Pakistan Limited
United Bank Limited

Legal Advisors

Saiyda Dilshad Begum

Registered Office

416-418, Continental Trade Centre,
Main Clifton Road, Clifton,
Karachi-74000, Pakistan.
Tel : (92-21) 5302902 (5 Lines)
Fax : (92-21) 5302913

Audit Committee

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



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Seventy Fourth Annual General Meeting of AKD Capital Limited will be held on October 30, 2009 at 12.30 p.m. at its Corporate Office Room # 416-418, Continental Trade Centre, Block 8, Clifton, Karachi to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held on October 31st 2008.
2. To receive, consider and adopt the Audited Accounts together with the Director's and Auditors' Report for the year ended June 30th 2009.
3. To re-appoint Auditors for the year ending June 30th 2009 and to fix their remuneration. The Board's Audit Committee and the Board of Directors have recommended appointing existing auditors M/s. Muniff Ziauddin & Co. Chartered Accountants as the auditors for the year ending June 30th, 2010.

By order of the Board

Karachi:
October 9, 2009

Muhammad Saqib
Company Secretary

NOTES:

1. 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.
2. The share transfer books of the Company will remain closed from 23-10-09 to 29-10-09 (both days inclusive).
3. 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.
4. Shareholders whose shares are deposited with central depository Company (CDC), or their Proxies are requested to bring their original National Identity Card (NIC) or Passport along with the participants I.D. number and their account number at the time of attending the Annual General Meeting for verification.

DIRECTOR'S REPORT

The Board of Directors of your company hereby presents the audited financial statements together with the Auditor's Report thereon of your Company for the year ended June 30, 2009.

Operating Results

The comparison of the audited results for the year ended June 30, 2009 with the corresponding period of last year is as under:

	June 30, 2009	in Rupees June 30, 2008
Operating (Loss)/ Profit	(13,993,722)	32,644,876
Net (Loss)/ Profit	(14,207,312)	32,204,651
(Loss)/ Earning per Share – Basic & diluted	(5.67)	12.63

During the period the company suffered a loss of Rs. 14.20 million. Operational and financial results for the year remained depressed as compared to the profit during the last year owing to factors given below.

Although the Pakistan economy had zero exposure to the contagious sub-prime financial assets, the international crisis did have adverse consequences on the country's economy as international investors were forced to reassess their exposures in Pakistan resulting in creating liquidity issues in Pakistan. Consequently, the business environment in Pakistan got hit due to the reassessment by the international investors. The Pakistan businesses and institutions also readjusted to meet the challenge of liquidity. Although, the elections were held in 2008, the incoming government found itself in a difficult position by the end of first six months of the year as the government deficit rose to record highs. One of the major causative factors of this rise was the high commodity prices and the related subsidies that the government was paying to keep the fuel prices at affordable levels. Now, the government did manage to eliminate the subsidies and thus reduce the financial burden on government. However, the political uncertainties, coupled with rising inflation and interest rates adversely impacted the investor perception which led to a record fall in stock market and also a liquidity shortfall in the country's banking sector. The KSE put a floor on the KSE Index and stock prices. The measure would have been acceptable to the investing public if it was for a short term, but effectively the market remained closed for over 100 days. With the lack of liquidity in the stock market, and a withdrawal of deposits, a very strong credit crunch ensued, wherein the financial institutions adopted a defensive posture preferring to conserve liquidity rather than lend. The result was a virtual freeze in the credit market and erosion of investor (individual & institutional) confidence and trust. The collective impact of all these factors affected your company's business. The financial crunch globally has its impact on real estate industry and Pakistan is not an exception to it. The real estate market took the worst hit and now has started recovering as investor confidence is being restored through improvement in the financial sector and positive steps been taken by the Government.

We could not achieve the company's revenue target due to lack of business. As against operating income of Rs. 57.77 million last year only as an income of Rs. 0.003 million was realized during the year 2009. In order to reduce the massive decline in revenue, the operating expenses were reduced from Rs. 25.13 million to Rs. 13.99 million. Therefore the net loss is much less than what it may have been.

During the year, due to the changed circumstances, the underwriters were of the view that the



feasibility had changed and all the underwriters backed down on their underwriting commitments stating that the current economic and political scenario prevailing in the country represents a complete breakdown of the business in financial and capital markets of Pakistan. As the Clause 10 of the underwriting agreement(s) provided that if the whole basis of stock exchange prices at the Karachi Stock Exchange (Guarantee) Limited undergoes substantial change through the occurrence of some catastrophe or unforeseen event, the underwriters are entitled to terminate the agreement and since the underwriters believed that the premium justification and the underwriting rationale changed significantly, therefore, all the underwriters terminated the underwriting agreements. It is pertinent to mention here that this fact was brought to the notice of shareholders in the general meeting held on December 24, 2009 whereby EOGM authorized BOD to take any decision including deferment/cancellation of the right issue that is in the interest of the Company. The Board also considered the deferment of issuance of said right shares; however, BOD was of the opinion that there exists no provision of deferment under the relevant regulations of stock exchange and rules of SECP. In the absence of underwriting arrangement/commitment, the Company was unable to proceed further as it lack compliance to Rule 5 of the Companies (Issue of Capital) Rules 1996 in terms of underwriting commitments although the directors as shareholders undertook to subscribe to their respective portion of the said right issue. Despite the enormous potential and attractive business opportunities in Pakistan, the potential investors were not willing to come out with money at the desired level due to various reasons explained. The BOD was of the view that investment in business (including capital & property market) would become positive, but it would take time, and hence favorable for the company. Keeping in view the overall present economic conditions in the country, termination of underwriter's agreements and inability to comply with the regulatory requirements, the BOD did not find any favorable option to proceed further on issuance of Right shares @1875% at premium of Rs.34 on April 2, 2009.

The Creek Project could not be started during the year as the conditions were not favorable; however, your company sponsors have now made the second installment of payment to DHA and the lease rights will be transferred to the project company. It is expected that project development will be started shortly after the lease hold rights are transferred and your company will be actively engaged in the project, thus bringing business activity back to normal.

The current economic & political condition of the country has a positive outlook and the Board is hopeful and determined to undertake projects as progress is being made, slowly but gradually. It gives me pleasure to inform the shareholders that AKD Group has been granted approval for REIT Management Company for the first time in Pakistan and your company is the shareholder of AKD REIT Management Company which may be quite positive for revenue generation of the company.

We expect that recent positive signals of economy would prevail and the economic discipline and condition of the country would improve and the Board of Directors and the management are hopeful to pass through these difficult times with your support and achieve the best possible results for the company and realize the true worth of the business for the benefit of the shareholders.

Future outlook

A great break through was made with the revival of Creek View & Terraces residential project, part of DHA Creek City, after formalization of arrangements made by DHA and Creek Developers in the wake of the ongoing economic recession and market conditions in the country.



A Document of Understanding between DHA and Creek Developers was signed in a simple and impressive ceremony held at DHA Main Office to formalize the master plan and related arrangements of the project. The prestigious project is a milestone achievement which will give a boost and address the demand of the real estate sector.

General

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

CODE OF CORPORATE GOVERNANCE

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

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

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



- ii) Statement of shares held by associated undertakings and related persons.
- iii) Statement of the Board meetings held during the year and attendance by each director has been given separately.
- iv) Key operating and financial statistics for last six years in summarized form is given below.

KEY FINANCIAL & OPERATING DATA

Particulars	(Rs. 000)					
	2009	2008	2007	2006	2005	2004
Capital	25,072	25,072	25,072	25,072	25,072	2,788
Share Premium	20,891	20,891	20,891	20,891	20,891	-
Reserve	752	752	752	752	752	6,214
Unappropriated profit/(Loss)	(11,098)	3,109	(28,547)	(22,625)	3,608	-
Long term liability	-	309	1,869	3,803	-	-
Current Liability	17,024	9,206	23,414	77,919	100,860	434
Total Equity & Liability	52,642	59,342	43,452	105,814	151,184	9,436
Operating Fixed Assets	7,033	8,173	9,046	10,865	3,846	363
Long Term Assets	10,020	15,020	10,020	10,606	-	-
Current	35,589	36,148	24,385	84,342	147,338	9,073
Total Assets	52,642	59,342	43,452	105,814	151,184	9,436
Operating Income	4	57,775	2	4	262	249
Capital Gain/(Loss)	(41)	(55)	41	61	2,921	4,360
Operating Expenses	(13,997)	(25,130)	(5,399)	(25,779)	(3,636)	(775)
Operating Profit/(Loss)	(14,207)	32,204	(5,922)	(26,233)	(453)	3,834
Taxation	-	(547)	-	-	(7)	(71)
Net Profit/(Loss)	(14,207)	31,656	(5,922)	(26,234)	(461)	3,763
Basic (Loss)/Earning per share	(5.67)	12.63	(2.36)	(10.46)	(0.23)	3.83

DIRECTORS MEETING

During the year Eight 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	8
Mrs. Yasmeen Aqeel	8
Mr. Muhammad Yasin	6 (Resigned on June 23, 2009)
Mrs. Mehrunnisa Siddique	5
Miss. Ayesha Aqeel	6
Mr. Muhammad Sohail	4
Miss. Anum Aqeel	7
Mr. Nessar Ahmed	1 (Appointed on June 23, 2009)



CHANGES IN THE BOARD OF DIRECTORS

During the year under review the composition of the Board of Directors was changed due to resignation of **Mr. Mohammad Yasin** and his place **Mr. Nessar Ahmed** was appointed to fill in the vacancy caused due to resignations of the said Director/ Chief Executive Officer.

PATTERN OF SHAREHOLDING

The Pattern of shareholding as at June 30, 2009 is shown on page # 31. The Statement showing the Company's shares bought & sold by Directors, CEO, Company Secretary and minor family members is also disclosed therein.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Chief Executive Officer
Karachi: October 08, 2009



STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.37, Chapter XIII of listing regulations of KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The board encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. The Board comprises seven directors including the CEO. At present all members of the Board are independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or Non-banking Financial Institution and none of them being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies occurring in the Board were filled up by the directors with in 30 days of occurrence.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which is duly signed by the directors and employees of the Company.
6. The Board has developed a vision / mission statement and significant policies of the Company while the Company is in the process of developing overall corporate strategy. A complete record of particulars of significant policies along with the dates on which they were approved or amended is being maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. Board meets at least once in every quarter. The Board **held eight meetings** during the year. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. The directors of the company have given declaration that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the listing regulation of Stock Exchange. The directors have attended the talks, workshops and seminars on the subject of Corporate Governance.



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

On behalf of the Board of Directors

Karachi: October 08, 2009

Chief Executive Officer



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **AKD CAPITAL LIMITED** as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2009 and of the loss, its



cash flows and changes in equity for the year then ended; and

- (d) in our opinion, no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

MUNIFF ZIAUDDIN JUNAIDY & CO.
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Mohammad Moin Khan

Karachi: October 08, 2009



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

We have reviewed the Statement of Compliance with the Best Practices contained in the Code of Corporate Governance applicable to the Company for the year ended 30 June, 2009 prepared by the Board of Directors of **AKD Capital Limited** to Comply the with Listing Regulation No. 35 of Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

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

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

Further, Sub-Regulation (xiii) of Listing Regulations 37 (now 35) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2009.

MUNIFF ZIAUDDIN JUNAIDY & CO.
CHARTERED ACCOUNTANTS

Karachi: October 08, 2009

BALANCE SHEET AS AT JUNE 30, 2009

	NOTE	2009 RUPEES	2008 RUPEES
ASSETS			
Non-current Assets			
Fixed Assets			
Property, plant & equipment	4	7,033,234	8,078,573
Intangible asset	5	-	95,028
		7,033,234	8,173,601
Long term deposits	6	10,020,000	15,020,000
Current assets			
Loans and advances-unsecured, considered good	7	17,577,500	17,890,656
Investments - held for trading	8	49,267	90,418
Prepayment		35,336	143,889
Other receivables-unsecured, considered good	9	17,196,343	17,211,343
Advance tax		335,559	284,318
Cash and bank balances	10	395,602	528,008
		35,589,608	36,148,633
Total assets		52,642,842	59,342,234
LIABILITIES			
Non Current Liabilities			
Liabilities against assets subject to finance lease	11	-	309,767
Current liabilities			
Trade and other payables	12	898,235	7,038,652
Due to directors	13	15,816,592	-
Short term borrowing-unsecured	14	-	60,970
Provision for taxation		-	547,708
Current portion of liabilities against assets subject to finance lease		309,768	1,559,578
		17,024,595	9,206,908
Contingencies & Commitment	15	-	-
Less: Total Liabilities		17,024,595	9,516,675
Net Assets		35,618,247	49,825,559
Represented by:			
Share capital	16	25,072,733	25,072,733
Share premium		20,891,600	20,891,600
General reserves		752,000	752,000
Accumulated profit/(loss)		(11,098,086)	3,109,226
		35,618,247	49,825,559

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

Chief Executive

Director

Karachi: October 8, 2009



**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009**

	NOTE	2009 RUPEES	2008 RUPEES
Dividend income		3,985	4,185
Consultancy Income	17	-	57,042,080
Other Income	18	-	782,750
		<u>3,985</u>	<u>57,775,015</u>
Administrative expenses	19	<u>(13,997,707)</u>	<u>(25,130,140)</u>
Operating (loss)/profit		(13,993,722)	32,644,876
(Loss)/Gain on remeasurement of investment to fair value		<u>(41,150)</u>	<u>(55,779)</u>
		(14,034,872)	32,589,097
Financial charges		<u>(172,440)</u>	<u>(384,446)</u>
(Loss)/profit before taxation		(14,207,312)	32,204,651
Provision for taxation - Current		-	(547,708)
Net (loss)/profit after taxation		<u>(14,207,312)</u>	<u>31,656,943</u>
Loss per share - Basic and diluted		<u>(5.67)</u>	<u>12.63</u>

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

Chief Executive

Director

Karachi: October 8, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	2009 RUPEES	2008 RUPEES
A. CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(14,207,312)	32,204,651
Adjustments for:		
Dividend Income	(3,985)	(4,185)
Interest on leased assets	172,440	384,446
(Loss)/Gain on remeasurement of investment to fair value	41,150	55,779
Amortization	95,028	126,654
Depreciation	1,229,906	1,406,048
	1,534,539	1,968,742
Operating cash flow before working capital changes	(12,672,773)	34,173,393
Changes in working capital		
(Increase)/decrease in current assets		
Loans and advances	313,156	(17,731,900)
Prepayments and other receivable	123,553	121,893
Increase/(decrease) in current liabilities	-	-
Trade and other payables	(6,140,417)	1,622,952
	(5,703,708)	(15,987,055)
Cash flow from operations	(18,376,481)	18,186,338
Income tax paid	(598,949)	(180,419)
Interest paid	(172,440)	(384,446)
Net cash flow from operating activities	(19,147,870)	17,621,473
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(184,569)	(659,433)
Long term deposit	5,000,000	-
Dividend received	3,985	4,185
Net cash flow from investing activities	4,819,416	(655,248)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of obligation under finance leases	(1,559,577)	(1,347,574)
Short term borrowing obtained from directors	15,816,596	-
Short term borrowing obtained	-	-
Repayment of short term loan from directors	-	-
Repayment of short term borrowing	(60,970)	(16,590,125)
Net cash flow from financing activities	14,196,049	(17,937,699)
Net (decrease)/increase in cash and cash equivalents A+B+C	(132,405)	(971,474)
Cash and cash equivalents at the beginning of the period	528,007	1,499,482
Cash and cash equivalents at the end of the period	395,602	528,007

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

Karachi: October 8, 2009

Chief Executive

Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009**

	Share capital	Share Premium	General Reserve	Accumulated Loss	Total
	-----Rupees-----				
Balance at June 30, 2007	25,072,733	20,891,600	752,000	(28,547,717)	18,168,616
Profit for the year ended	-	-	-	31,656,943	31,656,943
Balance at June 30, 2008	25,072,733	20,891,600	752,000	3,109,226	49,825,559
(Loss)/Profit for the year ended 2009	-	-	-	(14,207,312)	(14,207,312)
Balance at June 30, 2009	<u>25,072,733</u>	<u>20,891,600</u>	<u>752,000</u>	<u>(11,098,086)</u>	<u>35,618,247</u>

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

Karachi: October 8, 2009

Chief Executive

Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1. LEGAL STATUS AND OPERATIONS

- 1.1 The Company was incorporated as a Public Limited Company in the Year 1936 and its shares are quoted on the Karachi Stock Exchange. The registered office of the company is situated at 416-418, Continental Trade Center, Clifton, Karachi. The principle activity of the company is to deals in real estate, projects financing and management, investment in listed securities and also engaged in leasing.
- 1.2 Presently the company is engaged in real state development. One of the projects of the company is development of Creek View and Creek Terraces at DHA Phase-VII, Karachi. For effective implementation of the project and in accordance with the terms of the Letter of Intent (LOI), a Special Purpose Vehicle (SPV) has been incorporated and registered with SECP by the name of "Creek Developers (Private) Limited". 50% equity of SPV will be owned by the company whereas remaining 50% equity will be owned by M/s. BF Property & Construction Pak (Pvt.) Limited (BF). The company alongwith BF offered a bid of Rs. 6,039,434,282 to Pakistan Defence Officers Housing Authority Karachi (PDHA) for purchase of 43 acres of land on sub-lease of 99 years basis. PDHA accepted the bid and issued a Letter of Intent (LOI) dated April 15, 2005 to the parties. In this connection the company alongwith BF have signed an agreement dated July 10, 2006 with PDHA which laid down the terms and conditions for construction of the projects. As per agreement the total bid is payable by SPV in 6 installments. In this respect SPV has paid 1st installment of Rs.905,915,142 through two payments on July 19, 2006 and July 23, 2006. The same was paid through nominee directors of the company in Creek Developers (Pvt.) Limited. The balance payment of Rs.5,133,519,140 is required to be paid through various installments.
- 1.3 Further, the Town Planning and Building Control Directorate of DHA has physically demarcated the Land of the Projects and the Environmental Protection Agency, Government of Sindh, has also granted approval of Initial Environmental Examination of the project. According to the agreement mentioned above, sub-lease of the Land will be granted to the company within 120 days from the date of the agreement, but due to legal formalities of the respective authorities as mentioned above, the sub-lease has been delayed. Currently, the company has submitted its master plan to DHA and approval of master plan is in process. After obtaining approval in principle of master plan from DHA, the SPV expects to sign sub-lease of the land. The management believes that the projects will be launched by the end of calendar year 2009 and/or start of 2010.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Accrual basis of accounting

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



of accounting.

2.4 Functional and presentation accuracy

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

2.5 Use of estimates and judgments

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

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

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

2.6 Recent accounting developments

Amendments effective in 2008-2009:

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 1, 2008 or later periods:

IFRS 7, 'Financial instruments: Disclosures', notified by SECP through its S.R.O 411(I)/2008 dated April 28, 2008 effective for the annual periods beginning on or after July 1, 2008 introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the company's financial instruments.

International Financial Reporting Interpretation Committee (IFRIC) Interpretation 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. The interpretation provides guidance on assessing the limit in International Accounting Standard (IAS) 19 - 'Employee benefits' on the amount of surplus that can be recognized as an asset. It also explains how the gratuity/defined benefit asset or liability may be affected by a statutory or contractual minimum funding requirement. The unfunded gratuity scheme of the company is not subject to any minimum funding requirements and the requirements of this interpretation have only been applied to assess the surplus arising in the company's books under the funded gratuity scheme.

Standards, amendments to published standards and interpretations effective in 2008-2009 but not relevant:

There are certain new standards, amendments to published standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2008 but are considered not to be relevant or have any significant effect on the company's operations and are, therefore not disclosed in these financial statements.



Standards, interpretations and amendments to published approved accounting standards there are not yet effective:

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 1, 2009 or later periods:

IAS 1 (Revised) 'Presentation of financial statements', (effective from January 1, 2009) was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statements of comprehensive income) or two statements (the income statement and statement of comprehensive income). Further, where the company restates or reclassifies comparative information, it will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The adoption of this standard will only impact the presentation of the financial statements.

IAS 19 (Amendment), 'Employee benefits' (effective from January 1, 2009).

– The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. Adoption of the amendment is not expected to have any effect on the company's financial statements.

– The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered. Adoption of this amendment will only impact the presentation of the financial statements.

– IAS 37, Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed and not to be recognized. IAS 19 has been amended to be consistent with IAS 37.

IAS 23 (Amendment) 'Borrowing costs' (effective from January 1, 2009). It requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. On adoption the option of immediately expensing those borrowing costs will be withdrawn. This amendment is not expected to have a significant effect on the company's financial statements.

IAS 36 (Amendment), 'impairment of assets' (effective from January 1, 2009). As per the new requirements, disclosures equivalent to those for value-in-use calculation should be made where fair value less costs to sell is calculated on the basis of discounted cash flows. Addition of the amendment is not expected to have significant effect on the company's financial statements.

IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2009). The amendment states that a prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Adoption of the amendment is not expected to have any significant effect on the company's financial statements.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2009 but are considered not to be relevant or do not have any significant effect on the company's operations and are therefore not mentioned in these financial statements.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Operating Fixed Assets

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

3.2 Intangible Assets

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

3.3 Investments

Financial assets at fair value

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

Held to maturity

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

Held for trading

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

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

Available for sale

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

De-recognized

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

3.4 Leases

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

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



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

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

3.5 Trade and Other payables

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

3.6 Cash and cash equivalents

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

3.7 Provisions

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

3.8 Taxation

Current

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

Deferred

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

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

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

3.9 Revenue Recognition

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

3.10 Related Party Transactions

All transaction involving related parties arising in the normal course of business are conducted at arm's



length using valuation method. Prices for these transactions are determined on the basis of comparable uncontrolled price method.

3.11 Financial Instruments

Financial assets

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

Financial liabilities

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

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

3.12 Impairment of assets

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



4. FIXED ASSETS - TANGIBLE

2009

Particulars	Cost			Depreciation			WDV As at June 30, 2009	Dep. Rate %
	As at July 01, 2008	Addition	As at June 30, 2009	As at July 01, 2008	Charge for the year	As at June 30, 2009		
Owned								
Furniture and fixtures	3,991,830	-	3,991,830	1,054,298	282,920	1,337,217	2,654,612	10
Office equipment	1,522,521	14,800	1,537,321	588,654	91,256	679,911	857,410	10
Computers equipment	1,783,889	169,769	1,953,658	1,162,188	191,982	1,354,171	599,496	33.33
Vehicles	786,500	-	786,500	295,212	91,131	386,343	400,156	20
Lockers	41,500	-	41,500	26,529	1,442	27,971	13,529	10
	8,126,240	184,569	8,310,809	3,126,881	658,731	3,785,613	4,525,204	
Assets held under finance lease								
Vehicles	5,865,000	-	5,865,000	2,785,796	571,173	3,356,969	2,508,031	20
2009 Rupees	13,991,240	-	14,175,809	5,912,677	1,229,906	7,142,582	7,033,234	

2008

Particulars	Cost			Depreciation			WDV As at June 30, 2008	Dep. Rate %
	Cost at July 01, 2007	Addition/ Transfer	Cost at June 30, 2008	As at July 01, 2007	Charge for the year	As at June 30, 2008		
Owned								
Furniture and fixtures	3,986,330	5,500	3,991,830	741,512	312,786	1,054,298	2,937,532	10
Office equipment	1,441,771	80,750	1,522,521	494,899	93,755	588,654	933,867	10
Computers	1,407,706	376,183	1,783,889	968,624	193,564	1,162,188	621,701	33.33
Vehicles	589,500	197,000	786,500	192,117	103,095	295,212	491,288	20
Lockers	41,500	-	41,500	24,933	1,596	26,529	14,971	10
	7,466,807	659,433	8,126,240	2,422,085	704,796	3,126,881	4,999,359	
Assets held under finance lease								
Vehicles	5,865,000	-	5,865,000	2,084,544	701,252	2,785,796	3,079,204	20
2008 Rupees	13,331,807	659,433	13,991,240	4,506,629	1,406,048	5,912,677	8,078,563	

5. INTANGIBLE ASSETS

2009		Cost		Amortization				
Particulars	As at July 01, 2008	Addition/ (Deletion)	Cost at June 30, 2009	As at July 01, 2008	Charge for the year	As at June 30, 2009	WDV as at June 30, 2009	Amortization Rate %
Computer software	380,000	-	380,000	284,972	95,028	380,000	-	33.33
2009 Rupees	380,000	-	380,000	284,972	95,028	380,000	-	

2008		Cost		Amortization				
Particulars	As at July 01, 2007	Addition/ (Deletion)	Cost at June 30, 2008	As at July 01, 2007	Charge for the year	As at June 30, 2008	WDV as at June 30, 2008	Amortization Rate %
Computer software	380,000	-	380,000	158,318	126,654	284,972	95,028	33.33
2008 Rupees	380,000	-	380,000	158,318	126,654	284,972	95,028	

6. LONG TERM DEPOSITS

	2009 RUPEES	2008 RUPEES
Deposit with PTCL	20,000	20,000
DHA for development projects	6.1 10,000,000	10,000,000
CAA project at lahore	6.2 -	5,000,000
	<u>10,020,000</u>	<u>15,020,000</u>

6.1 This amount represents the earnest money deposited for Creek View & Terraces at phase-VIII DHA Karachi..

6.2 This amount represents the bid money deposited with Civil Aviation Authority for construction of hotel at Lahore.

7. LOANS AND ADVANCES

Advance against salary	12,500	50,500
Mansoor Seraj Saleem and CO	10,000	10,000
Advance to Marriot Islamabad	-	13,156
Civil Aviation Authority	-	100,000
Ms. Uzma Khan	15,000	15,000
Plot # 71	-	10,000
Advance to Directors	40,000	20,000
Advance against purchases	-	32,000
Advance against expenses	-	65,000
Advance against purchase of land	17,500,000	17,500,000
Advance to contractor	-	75,000
	<u>17,577,500</u>	<u>17,890,656</u>

8. INVESTMENTS-HELD FOR TRADING (Marketable Securities)

No. of Shares	Name of Institution	Cost	Market value	Cost	Cost Market Value
June, 30 2009	June, 30 2008	June 30, 2009	June 30, 2009	June 30, 2008	June 30, 2008
735	613	90,418	49,267	137,956	90,418
		90,418	49,267	137,956	90,418
Surplus/deficit on revaluation		(41,151)	-	(47,538)	-
		<u>49,267</u>	<u>49,267</u>	<u>90,418</u>	<u>90,418</u>



		2009 RUPEES	2008 RUPEES
9. OTHER RECEIVABLES			
BF Property and Construction Pak (Pvt) Limited	9.1	17,196,343	17,196,343
Receivable from staff		-	15,000
		<u>17,196,343</u>	<u>17,211,343</u>

9.1 This represents amount paid in respect of a project of the Company.

10. CASH AND BANK BALANCES			
Cash in hand		197,862	225,819
Cash in bank - Current Accounts		197,740	302,189
		<u>395,602</u>	<u>528,008</u>

11. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments		309,768	1,869,346
Less: Current portion shown under current liabilities		(309,768)	(1,559,578)
		<u>-</u>	<u>309,768</u>

The amount of future payments of the lease and the period in which these payments will become due are as follows:

Years	Minimum Lease payment	Future finance charge	Present value of lease liability	
			2009	2008
Not Later than one year	316,106	6,338	309,768	1,559,578
Later that one year end not later than five years	-	-	-	309,768
	<u>316,106</u>	<u>6,338</u>	<u>309,768</u>	<u>1,869,346</u>

This represents vehicles acquired under ijara financing from bank. The financing rate used as discounting factor ranges from 14.49% to 15% per annum.

Overdue rentals in certain agreements are subject to additional charge at the rate of Rs. 100 per day. Taxes, repairs, replacement and insurance costs are borne by the company.

	2009 RUPEES	2008 RUPEES
12. TRADE AND OTHER PAYABLES		
Accrued expenses	85,808	-
Sidat Hyder Morshed & Co.	10,000	10,000
Muniff Ziauddin & Co.	187,500	125,000
Syed Adil Gilani	-	400,000
Payable to Ghulam Abbas Soomro	25,000	-
Payable to Nasir Motors	6,420	-
Salary Payable	76,865	1,097,140
With holding tax payable U/s 153 18,267	18,267	-
Other payable	250,000	-
Unclaimed dividend	238,375	238,375
	<u>898,235</u>	<u>2,038,652</u>

13. DUE TO DIRECTORS	<u>15,816,592</u>	<u>5,000,000</u>
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It represents an unsecured, interest free loan which was received from Aqeel Karim Dhedhi, a director of the Company. For the purpose of better presentation, this amount has been shown separately from trade and other payables. Consequently the comparative figure of last year has also been reclassified.

14. SHORT TERM BORROWING	<u>-</u>	<u>60,970</u>
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An unsecured, interest free loan of Rs.Nil (2008 : 60970) was received from AKD Securities (Pvt.) limited an associated company. During the year this loan has been transferred to Due to Director.

15. CONTINGENCIES & COMMITMENTS**15.1 COMMITMENTS**

In respect of the projects of the company mentioned in note 1.2, the company has also entered in to an agreement with BF Property & Construction Pakistan (Private) Limited dated July 12, 2005. As per the agreement the company is liable pay to BF as amount of Rs. 64.8 million to BF in the following manner:

Amount to be paid Rupees	Time of payment
15,000,000	After formation of the project company and injection of paidup capital in the project company.
30,000,000	After execution of lease deed by DHA in favour of SPV.
9,000,000	Payable in 12 monthly installments amounting to Rs. 750,000/-. Payment will be made at each month end after the launch of the project.
10,800,000	Payable in 36 monthly installments amounting to Rs. 300,000/-. Payment will be made at each month end.
<u>64,800,000</u>	

15.2 The expected total cost of construction of the project mentioned in note 1.2 is Rs. 60 billion including cost of land of Rs. 6 billion out of which 50% cost will be born by the company.

15.3 The company along BF has signed an agreement with PDHA to acquire a land of for Rs. 6,039,434,282 out of which 50% cost will be born by the company.

16. SHARE CAPITAL

2008	2007			
No. of shares				
<u>50,000,000</u>	<u>50,000,000</u>	Authorized Ordinary shares of Rs. 10/- each	<u>500,000,000</u>	<u>500,000,000</u>
2,138,681	2,138,681	Issued, subscribed and paid-up capital Ordinary shares of Rs. 10/- fully paid in cash	21,386,810	21,386,810
368,311	368,311	Ordinary shares of Rs. 10/- issued as fully paid bonus shares	3,683,110	3,683,110
479	479	Ordinary shares of Rs. 10/- each forfeited	2,813	2,813
<u>2,507,471</u>	<u>2,507,471</u>		<u>25,072,733</u>	<u>25,072,733</u>

2009
RUPEES2008
RUPEES**17. CONSULTANCY INCOME**

- 57,042,080

17.1 This income related to local as well as international consultancy provided in the real estate sector during the preceding year.

18. OTHER INCOME

- 728,750

18.1 This income related to exchange gain on foreign currency.

		2009 Rupees	2008 Rupees
19. ADMINISTRATIVE EXPENSES			
Salaries		4,453,070	6,232,015
Directors' remuneration	19.1	1,450,000	4,850,000
Printing and stationery		305,137	389,779
Travelling		187,633	1,490,185
Vehicle running		704,068	1,001,544
Postage and telephone		576,442	765,751
Fees, taxes and subscription		329,375	863,437
Electricity		553,731	800,543
Legal and professional		-	68,000
Advertisement & Publicity		161,470	32,400
Share Registrar Expense		51,360	38,312
Conveyance charges		33,910	20,850
Miscellaneous Expenses		161,737	74,817
Insurance		143,889	316,080
Entertainment		140,990	167,184
Auditors' remuneration	19.2	262,500	200,000
Depreciation		1,229,906	1,406,048
Amortization		95,028	126,654
Computer Supplies & Stationery		169,290	188,790
Office Expense		242,550	352,138
Repair & Maintenance		96,650	193,737
Survey Charges		-	6,000
Bank Charges		3,971	5,516
Consultancy & Advisory		2,000,000	5,200,000
Donations		-	50,100
Professional Tax		20,000	40,000
Books & Periodicals		-	260
Sales & Promotion		-	250,000
Software Maintenance		75,000	-
Software Maintenance		550,000	-
		<u>13,997,707</u>	<u>25,130,140</u>

19.1. REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including benefits, to the chief executive and executives of the Company were as follows;

	Chief Executive	Executives	2009	Chief Executive	Executives	2008
Remuneration	727,272	151,516	878,788	2,181,818	757,576	2,939,394
House rent	327,276	68,180	395,456	981,818	340,909	1,322,727
Utilities	72,726	15,152	87,878	218,182	75,758	293,940
Medical	72,726	15,152	87,878	218,182	75,758	293,940
Bonus	-	-	-	-	-	-
Leave encashment	-	-	-	-	-	-
	<u>1,200,000</u>	<u>250,000</u>	<u>1,450,000</u>	<u>3,600,000</u>	<u>1,250,001</u>	<u>4,850,001</u>
No. of persons	1	1	2	-	2	2

19.1.1 Executives are also provided with company maintained car.

19.1.2 No remuneration and meeting fee is paid to Directors.



	2009 Rupees	2008 Rupees
19.2. AUDITORS' REMUNERATION		
Audit fee paid for review of half yearly accounts	75,000	75,000
Statutory audit fee	<u>187,500</u>	<u>125,000</u>
	<u>262,500</u>	<u>200,000</u>
20. TAXATION		
Provision for taxation - current year	<u>-</u>	<u>547,708</u>

20.1 The relationship between tax expense and accounting profit / loss has not been presented in these financial statements as the company's tax liability is determined under final tax regime.

21. EARNING/(LOSS) PER SHARE-BASIC AND

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

(Loss)/Profit for the year	<u>(14,207,312)</u>	<u>31,656,943</u>
Weighted average number of ordinary shares	<u>2,507,471</u>	<u>2,507,471</u>
Loss per share	<u>(5.67)</u>	<u>12.63</u>

22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

22.1 Financial Risk Management

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

Risks managed and measured by the company are explained below:

22.2 Market Risk

22.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates.

The company's interest rate risk arises from borrowings which include liabilities against assets subject to finance leases. The financing rate used as discounting factor in such leases ranges from 14.49% to 15% per annum

22.2.2 Currency Risk

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

22.2.3 Price Risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company holds 735(2008: 613) shares of NBP having market value of Rs. 49,267 as at year end. Accordingly the price risk is minimal and the company is not exposed to major concentration of price risk.

**22.3 Credit Risk**

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

Credit risk arises from cash equivalents, deposits with banks, as well as credit exposures to customers and other counterparties which include trade debts and other receivables. Out of the total financial assets, those that are subject to credit risk amounted to Rs 45.238 million (2008: Rs 50.740 million).

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

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

The maximum exposure to credit risk as at June 30, 2009, along with comparative is tabulated below:

	2009 Rupees	2008 Rupees
Financial Assets		
Deposits	10,020,000	15,020,000
Loans & advances	17,577,500	17,890,656
Investment	49,267	90,418
Other receivables	17,196,343	17,211,343
Cash & bank balances	395,602	528,008
	<u>45,238,713</u>	<u>50,740,425</u>

22.4 Liquidity Risk

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

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

	Carrying Amount/ Contractual Cash Flows Rupees	Less Than 1 year Rupees	Between 1 to 2 years Rupees	Between 2 to 5 years Rupees
Trade and other payables	16,714,827	16,714,827	-	-
Liabilities against assets subject to financial lease	309,768	309,768	-	-
	<u>17,024,595</u>	<u>17,024,595</u>	<u>-</u>	<u>-</u>

22.5 Fair values of financial assets and liabilities

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2009 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values. Further, staff loans are valued at their original cost less repayments.

**23. CAPITAL RISK MANAGEMENT**

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

	2009 Rupees	2008 Rupees
24. TRANSACTIONS WITH RELATED PARTIES		
AKD Securities (Pvt.) Limited (Common Directorship)		
Short term borrowing obtained	-	31,844,631
Repayment of short term borrowing	60,970	48,434,762

25. DATE OF AUTHORIZATION

These financial statements were authorized for the issue on October 8, 2009 by the Board of Directors of the company.

26. GENERAL

Figures have been rounded off to the nearest Rupee.

Karachi: October 8, 2009

Chief Executive

Director

PATTERN OF SHAREHOLDING AS AT JUNE 30,2009

Number of Shareholders	Shareholding		Total shares held	% of shareholding
	From	To		
321	1	100	23,742	0.95
379	101	500	129,384	5.16
149	501	1000	129,891	5.18
123	1001	5000	274,122	10.93
16	5001	10000	133,033	5.31
10	10001	15000	127,661	5.09
3	15001	20000	56,855	2.27
1	20001	25000	21,125	0.84
2	25001	30000	53,308	2.13
1	35001	40000	37,968	1.51
1	55001	60000	57,290	2.29
1	65001	70000	70,000	2.79
1	195001	200000	200,000	7.98
1	375001	380000	379,680	15.14
1	810001	815000	812,933	32.43
1010			2,506,992	100.00

CATEGORIES OF SHAREHOLDERS

	Designation	Number of Shareholders	Shares Held	%
Director & Family				
Mr. Aqeel Karim Dhedhi	Chairman/Director	1	812,933	32.43
Mr. Muhammad Sohail	Director	1	3,000	0.12
Mrs. Mehrunnisa W/o M. Sadiq	Director	1	27,808	1.11
Mrs. Yasmin Aqeel	Director	1	379,680	15.14
Ms. Ayesha Aqeel	Director	1	750	0.03
Miss Anum Aqeel	Director	1	1,000	0.04
Mr. Nisar Ahmed	Chief Executive/Director	1	2,500	0.10
Individual		964	1,167,863	46.58
Insurance Companies		2	843	0.03
Joint Stock Companies		34	106,915	4.26
Others		3	3,700	0.15
	Total	1010	2,506,992	100.00

**Statement Showing Shares Bought & Sold
By Directors, CEO & Company Secretary & Minor Family Members
From 1st July 2008 to 30th June 2009**

S.No.	Name	Designation	Shares Bought	Shares Sold
1.	Mr. Aqeel Karim Dhedhi	Chairman/Director	-	-
2	Mr. Muhammad Sohail	Director	-	-
3	Mrs. Mehrunnisa W/o M. Sadiq	Director	-	-
4	Mrs. Yasmin Aqeel	Director	-	-
5	Ms. Ayesha Aqeel	Director	-	-
6	Mrs. Anum Aqeel	Director	-	-
7	Mr. Nisar Ahmed	Chief Executive/Director	2,500	-

FORM OF PROXY
SEVENTYFIRST ANNUAL GENERAL MEETING

I/We _____
of _____
being member(s) of AKD Capital Limited holding _____
ordinary shares hereby appoint _____
of _____ or failing him/her _____
of _____ who is also member of **AKD CAPITAL LTD.** as my/our proxy in
my/our absence to attend and vote for me/us and on my/our behalf at the Seventy Fourth General
Meeting of the Company to be held on October 30, 2009 and/or any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2009.

Shareholder
Folio No.

Signature on
Five Rupee
Revenue Stamp

Important :

1. This proxy form, duly completed and signed, must be received at the Registered Office of the Company, 416-418, Continental Trade Centre, Block 8, Clifton, Karachi, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself is member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

