

VALIKA ART FABRICS LIMITED

ANNUAL REPORT 2004

COMPANY INFORMATION

Board of Directors:

NASIRUDDIN FAKHRUDDIN	Chief Executive
KAMRUDDIN FAKHRUDDIN	Director
KUTBUDDIN FAKHRUDDIN	Director
ALI ASGHAR KAMRUDDIN	Director
SHJRIN KAMRUDDIN	Director
SHIRLEY AMIRUDDIN	Director
JUMANA NASIRUDDIN	Director

Audit Committee:

KUTBUDDIN FAKHRUDDIN	Chairman
SHIRIN KAMRUDDIN	Member
ALI ASGHAR KAMRUDDIN	Member

Company Secretary:

JAFFER ALI KAUAWALA

Bankers:

STANDARD CHARTERED BANK LIMITED

HABIB BANK LIMITED

Auditor:

AVAS HYDER ZAMAN RIZWANI Chartered Accountants

6-S, Block 6, P.E. C.H.S

Off Shahra-e-Faisal

Karachi. Ph:4539319

Shares Department & Registered Office:

4th Floor, Valika Chambers,

Altaf Hussain Road,

Karachi.

Telephone # 2217397-2218193

Bonded Warehouse

A/1-B2, S. I. T. E.,

Manghopir Road,

Karachi.

Telephone # 2575722

Operating Performance

As reported in the last year's report that tough competition had from private Bonded Ware Houses, despite the company to managed a Revenue Rs.2,848,844/= as compared the Revenue of Rs.3,349,669/= in the year 2003. The operation result in a - loss before tax of Rs.(1,809,748)7= as compared to Profit of Rs. 140,8047= in corresponding period of last year. This loss was mainly due to written off Bad Debts Rs. 1,155,4837=. Legal charges Rs.138,300/= and auditor remuneration increase by Rs.84,500/= During the year re-measurement of investment made as per requirement of-iAS 37. Gain on investment comes to Rs. 1,368,0097= after written of following investment.

S. No.	No. of Shares	Name of Company	Value
1	1,000	Indus Bank Limited	133,325
2	5,400	Banker's Equity Limited	553,500
3	400	Synthetic Chemical	4,000

Financial Highlights 1999 - 2004

	2004	2003	2002	2001	2000	1999
Revenue	2,921	3,608	3,619	3,360	3,744	2,602
Operating Expenses	-4,731	-3,467	-3,202	-2,918	-2,749	-2,542
Profit 7 (Loss) before Tax	-1,810	141	417	442	995	60
Profit / (Loss) after Tax	-1,952	85	284	246	622	-1,246
Financial Position .						
Paid up Share Capital	1,210	1,210	1,210	1,210	1,210	1,210
Reserve & Un-appropriate Profit	1,805	2,390	2,425	2,292	2,197	1,575
Share Holder Equity	3,015	3,600	3,635	3,502	3,407	2,785
Ratio & Statistics						
Current Ratio	2.7	3.83	3.63	1.5	1.69	1.51
Break up value per Share	9.97	11.9	12.02	11.58	11.26	9.21
Earning per Share	-6.45	0.28	0.94	0.81	2.06	-4.12
Dividend per Share	-	0.4	0.5	0.5	-	-

DIRECTOR'S REPORT TO THE SHAREHOLDERS

Your Directors are pleased to place before you 50th Annual Report with financial statements, duly audited, for the financial year ended June 30, 2004.

Management of Company in order to survive switch its business to "warehousing" and since then the Company has survived by generate income through warehousing business to meet its' Basic Expenses, but now due to recent changes in listing regulations, Corporate Governance and Compliance issue including the registration and placement of shares of Companies with the Central Depository Company (The CDC) which puts additional cost to the Company, to fulfill the said requirements of the law, the financial burden is increased considerably.

Currently Company hold a small number of staff, who are in charge of managing secretarial

and other middle level managerial work. Further, the total Capital of the Company is in a quiet small of Rs. 1,2 10,000/- divided into 302,500 shares having 4,943 shareholders out of which 4,694 shares possessed in odd lots.

Keeping in view above said difficulties Board of Directors of the company decided to voluntary de-list its share and buy-back its shares from the General Public, in this connection an application has already been submitted to Securities & Exchange Commission of Pakistan on 28-04-2004, which was further processed and forwarded to Karachi Stock Exchange (Guarantee) Limited. Presently the Company is under process of obtain approval for voluntary de-listing and buy-back of shares.

Financial Result

Financial Result of the company for the year ended June 30, 2004 are summarized as urtder:-

	2004	2003
	RUPEES	RUPEES
Revenue	2,848,844	3,349,669
Gross Profit	2,418,258	2,767,094
(Loss)/Profit before Taxation	-1,809,748	140,804
Provision for Taxation	-142,442	-55,370
(Loss)/Profit after Taxation	-1,952,190	85,434
Extraordinary Item	1,368,009	-
On-appropriated Profit Brought Forward	133,420	168,986
Available for appropriation	-450,761	254,420
Proposed Dividend Nil (2003: 10%)	-	-121,000
Transfer from General Reserve & Machinery Reserve	685,000	-
Un-appropriate Profit Carried Forward	234,239	133,420
Earning per Share	-6.454	0.282

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No. 37 of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six non-executive directors and no director representing minority shareholders.
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 tax payers and none of them has defaulted in payment of any loan to a banking company, a DPI or an NBF1 or, being a member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.
4. No casual vacancy in the elected directors occurred during the year.
5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by the directors and employees of the Company.
6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved and amended has been maintained.
7. All the powers of BOD were presided over the Chairman and, in absences, by directors elected by BOD for this purpose and BOD met at least once in every quarter. Written notices of the BOD meeting, alongwith the agenda were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
8. 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 CEO and other executive directors, have been maintained.
9. No new appointments of CFO/Company Secretary or Head of Internal Audit have been made during the year.

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Valika Art Fabrics Limited to comply with the Listing Regulation No.37 of the Karachi Stock Exchange (Guarantee) Limited where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code. As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We 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 the effectiveness of such internal controls.

The Company has applied for voluntary de-listing of shares from Karachi Stock Exchange (KSE), under listing regulation 32-A of KSE. The case of the company is under consideration

for approval by the committee of Board of Directors of KSE.

The Company's has not defined it's policies regarding the followings:

- i) Risk management
- ii) Human resources management including preparation of a succession plan
- iii) Procurement of goods and services
- iv) Marketing
- v) Determination of terms of credit and discount to customers
- vi) Transaction or contracts with the associates companies and related parties

Based on our review, except for the matter referred in above para, 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.

The BOD is in the process of arranging orientation courses for its directors to further apprise them of their duties and responsibilities.

The directors report for this year has been prepared in compliance with the requirements of Code of Corporate Governance and fully describes the salient matters required to be disclosed.

The financial statements of the Company were duly endorsed by the CEO and the CFO before the approval of BOD.

The directors', CEO and executive do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

The company has complied with all the corporate and financial reporting requirements of the Code, except for the matters referred by the auditor's in their review report.

The BOD has formed an audit committee. It comprises three members, all of whom two are Non-Executive Directors.

The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

There exists an effective internal audit function within the Company.

The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IF AC guidelines in this regard.

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. Further they have confirmed that they or any of the partner of the firm, their spouses and minors children do not hold shares of the company and that the firm and all its partners are in compliance with IFAC guidelines on code of ethics as adopted by ICAP.

We confirm that all other material principles contained in the Code have been complied with.

In our opinion and to the best of our information and according the explanations given to us the balance sheet, profit and loss account, cash flow statement, statement of changes in equity together with the notes forming part thereof confirm 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, do give a true and fair view of state of company's affairs as at June 30, 2004 and the loss, its cash flow and changes in equity for the year then ended; and

In our opinion Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of the Ordinance.

Without qualifying our opinion, we draw attention to note no.2.8 (a), due to which, the company has not carried out the actuarial valuation for employee's benefits as required by International Accounting Standards 19, 'Employees Benefits'.

The last Financial Statements of the Company were audited by another firm of chartered accountants.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Valika Art Fabrics Limited as at June 30, 2004 and related profit and loss account, cash flow statement, 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 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 statements are free of any material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosure 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 accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) In our opinion:

(i) The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in

agreement with the books of account and are further in accordance with accounting policies being consistently applied except for the changes as stated in note 2.3 with which we concur.

(ii) The expenditure incurred during the period 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;

PROFIT & LOSS ACCOUNT

For The Year Ended June 30, 2004

	NOTE	2004 RUPEES	2003 RUPEES
Revenue	17	2,848,844	3,349,669
Cost of Services	18	-430,586	(582,-575)
Gross Profit		2,418,258	2,767,094
Other Income	19	72,075	259,134
Administrative Expenses	20	-4,214,965	-2,786,686
(Loss)/Profit before Operations		-1,724,632	239,542
Financial Charges	21	-85,116	-98,738
(Loss)/Profit before Taxation		-1,809,748	140,804
Taxation	22	-142,442	-55,370
(Lossy)Profit after Taxation		(1,952,190).	85,434
Extraordinary Items	23	1,368,009	
		-584,181	85,434
Accumulated Profit Brought Forward		133,420	168,986
Dividend Nil (2003: Cash 10%)		-	-121,000
Transfer from Reserves			
- General Reserve		285,000	
- Machinery Reserve		400,000	-
Accumulated Profit Carried Forward		234,239	133,420
Basic Earning Per Share	24	-6.454	0.282

BALANCE SHEET

For The Year Ended June 30, 2004

	NOTE	2004 RUPEES	2003 RUPEES
AUTHORISED SHARE CAPITAL			
302,500 Ordinary Shares of Rs.4/- each		1,210,000	1,210,000
SHARES AND RESERVE			
Issued, Subscribed and Paid-up Capital			
302,500 Ordinary Shares of Rs.4/-each	3	1,210,000	1,210,000
Reserves	4	1,571,167	2,256,167
		2,781,167	3,466,167
Accumulated Profit		234,239	133,420
		3,015,406	3,599,587
LIABILITY AGAINST ASSETS			
SUBJECT TO FINANCE LEASE	5	454,448	754,196
• DEFERRED LIABILITIES	6	165,330	61,001
CURRENT LIABILITIES			
Current Maturity of Assets Subject to Finance Lease		299,748	253,534
Accrued Expenses	7	445,022	243,986
Other Liabilities	8	22,304	22,304
Provision for Taxation		155,905	68,879
Dividend	9	198,511	245,971
		1,121,490	834,674
CONTINGENCIES & COMMITMENTS	10	-	
		<u>4,756,674</u>	<u>5,249,458</u>
FIXED ASSETS - TANGIBLE	11	1,331,634	1,646,788
LONG TERM DEPOSITS	12	400,800	401,800
CURRENT ASSETS			
Trade Debtors	13	666,768	1,798,984
Advances, Prepayments and Other Receivables	14	306,677	196,022
Marketable Securities	15	1,997,819	1,076,473
Cash and Bank Balance	16	52,976	129,391.00
		3,024,240	3,200,870
		<u>4,756,674</u>	<u>5,249,458</u>

STATEMENT OF CHANGES IN EQUITY

For The Year Ended June 30, 2004

	Share Capital	Capital	Reserves General	Machinery	Accumulated Profit /(Loss)	Total
Balance at July 01, 2002	1,210,000	1,571,167	285,000	400,000	168,986	3,635,153
Net Profit for the year	-	-	-	-	85,434	85,434
Dividend	-	-	-	-	(121,000).	-121,000
Balance as at						
June 30, 2003	1,210,000	1,571,167	285,000	400,000	133,420	3,599,587
Net (Loss) for the year	-	-	-	-	-584,181	-584,181
Transfer accumulated						

Profit/(loss) account	-	-	-285,000	-400,000	685,000	-
Balance as at						
June 30, 2004	1,210,000	1,571,167	-	-	234,239	3,015,406

CASH FLOW SYSTEM**For The Year Ended June 30, 2004**

	NOTE	2004 RUPEES	2003 RUPEES
Cash Flow From Operating Activities			
(Loss)/Profit Before Taxation		-1,809,748	140,804
Adjustment For:			
Depreciation		274,678	343,559
Assets Written off		40,476 -	
Provision for Gratuity		104,329	22,167
Loss on Investment		426,173	50,500
Financial Charges		85,116 -	
Bad Debts		1,160,483	
Profit On Sale of Fixed Assets		-	-187,672
		2,091,255	228,554
Operating Profit Before Working Capital Changes		281,507	-369,358
(Increase VDecrease in Operating Assets			
Trade Debtors		-28,267	-8,216
Advances, Prepayments and Other Receivables		-49,921	-153,415
		-78,188	-161,631
Increase/(Decrease) in Operating Liabilities			
Accrued Expenses		201,036	103,806
Cash Generated from Operations		404,355	311,533
Income Taxes Paid		-116,150	
Financial Charges Paid		-85,116 -	
Dividend Paid		-47,470	-122,279
		-248,736	-122,279
Net Cash Generated From Operating Activities		155,619	189,254
Cash Flow From Investing; Activities			
Long Term Deposit		-	-400,000
Sale Proceed of Fixed Assets		-	415,000
Purchase of Fixed Asset		-	-1,190,000
Sale of Investment		22,500	60,700
Purchase of Investment		-	-25,650
Building		-	-30,000
Net Cash Flow From Investing Activities		22,500	-1,169,950
Cash Flow From Financing Activities			
Long Term Deposit		-1,000 -	
Lease Availed		-	1,190,000
Repayment Of Finance Liability		-253,534	-185,598
Net Cash Flow From Financing Activities		-254,534	1,004,402
Net Increase/(Decrease) in Cash & Cash Equivalents dur the year		-76,415	23,706
Cash & Cash Equivalent at the Beginning of the year		129,391	105,685
Cash & Cash Equivalent at the End of the year		52,976	129,391

2.4 Revenue Recognition

- Rental income and gain of financial instruments are recognised on accrual basis.
- Dividend income is recognised on received basis.
- Other revenues are recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be measured reliably.

2.5 Tangible fixed Assets**a) Owned Assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Cost of these assets consists of historical cost and other directly attributable cost for bringing the assets to working condition.

Depreciation is charged to income using the reducing balance method by applying rates specified in the note no. 11 except for lease hold land applying the straight-line method.

Full year depreciation is charged on addition, while no depreciation is charged on deletion during the year

Repairs and maintenance costs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on deletion of assets are included in income currently.

b) Leased Assets

The company accounts for fixed assets acquired under finance lease by recording the assets and the related liability. These amounts are determined on the basis of discounted value of minimum lease payments.

financial charges are allocated to the accounting period in manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged to income using the reducing balance method by applying rates specified in the note no. 11. Full year depreciation is charged on addition, while no depreciation is charged on deletion during the year.

2.6 Financial Instruments

Financial assets are investments, loans and advances to employees, trade debtors, advances, other receivables and cash & bank balances". These are stated at their normal value as reduced by the appropriate allowances for estimated irrecoverable

amount.

Financial liabilities are classified according to substance of contractual arrangements entered into. Significant financial liabilities are obligations under finance lease, accruals, other liabilities and provisions. Mark-up bearing finances are recorded at their principle value. Accruals, other liabilities and provisions are stated at their nominal value.

NOTES TO THE ACCOUNTS

For The Year Ended June 30, 2004

NATURE & STATUS OF THE COMPANY.

1.1 The Company was incorporated on 25th day of November, 1953 in Pakistan as a/ Public Limited Company with the principle object to manufacture artificial leather and plastic sheets and to carry on jobs of dyeing and bleaching.

1.2 Currently Company is engaged in the business providing service of Public Bonded Warehouse to meet the basic expenses.

1.3 The Company did not recommence production during the year.

1.4 The Company has applied for voluntary de-listing of shares from Karachi Stock Exchange (KSE), under listing regulations 32-A of KSE. The case of the company is under consideration for approval by the committee of Board of Director's of KSE.

SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Presentation

These accounts have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 (Ordinance). Approved accounting standards comprise of such International Accounting Standards (IAS's) as notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differs with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

2.2 Basis of Measurement

These financial statements are prepared on the historical cost convention without taking the effect of specific price changes or changes in the general level of prices.

2.3 Changes in the Accounting Policies - Investments 1 Marketable Securities

The company has adopted IAS-39 'Financial Instruments: Recognition and Measurement' for the year ended June 30, 2004. These investment were recorded in the books on cost less provision for diminution, but diminution was last incorporated in the year June 30, 1999 and after ward no movement in provision were recorded. In the current year, all investments are classified as "available for sale" and are valued at their fair market price ruling on the balance sheet date determined on individual basis.

This has resulted in change in accounting policy of recognition of financial instruments. In this respect the company has re-measured all it's Marketable Securities at their fair value resulting in gain of Rs. 1,368,009/= which is charged to profit and loss account for the current period.

Had the Company not changed its accounting policy, as mentioned above, the investment would have been reduced to Rs.629,810/= and company would have suffered loss of Rs. 1,823,7707/= for the year.

	NOTE	2004 RUPEES	2003 RUPEES
ISSUED, SUBSCRIBED & PAID-UP CAPITAL			
250,000 -Shares of Rs.4/- each fully paid in cash		1,000,000	1,000,000
52,500 Shares of Rs.4/- each' issued as bonus		210,000	210,000
		1,210,000	1,210,000
RESERVE			
Capital Reserve		1,571,167	1,571,167
General Reserve			285,000
Replacement cost of machinery reserve		.	400,000
		1,571,167	2,256,167
arid 'general reserve' to accumulated profit account.		1,007,730	
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Opening Balance	5.6	-253,748	-182,270
Acquired during the year	5.6	754,196	1,007,730
Repaid during the year		-299,748	-253,534
		454,448	754,196
	NOTE NO.	2004 RUPEES	2003 RUPEES
DEFERRED LIABILITIES			
Provision for Gratuity		165,330	61,001
ACCRUED EXPENSE			
Auditor's Remuneration		100,000	20,000
Brokerage and Commission		71,752	63,853
Conveyance		12,421	11,034
Insurance		56,992	56,992
Legal and Professional		10,000	
Lifting, Shifting and Stacking		32,575	
Professional Tax		18,300	7,250
Remuneration to Chief Executive		119,025	40,000
Salaries and Benefits		13,000	36,000'
Others		10,957	8,857

	445,022	243,986
OTHER LIABILITIES		
Partial Capital Refundable	22,304	22,304
DIVIDEND		
Unclaimed Dividend	198,511	124,971
Proposed Dividend		121,000
	198,511	245,971

	NOTE	2004	2003
		RUPEES	RUPEES

LONG TERM DEPOSITS

- Secured,		
Central Excise & Land Custom		1,000
First Dawood Investment Bank Limited	400,000	400,000
PTCL	800	800
	400,800	401,800

TRADE DEBTORS

-Unsecured		
Considered Good	665,488	1,407,000
Considered Doubtful	180,984	391,984
- Less: Provision for Doubtful Debts	-179,704	-
	1,280	391,984
	666,768	1,798,984

ADVANCES, PREPAYMENTS & OTHER RECEIVABLES

- Unsecured - Considered Goods		
Advance to Staff	8,000	23,953
Advance Taxes	215,148	154,414
Fees and Subscription	75,000	-
Prepaid Insurance	8,529	9,274
Dividend Receivable	-	8,381
	306,677	196,022

MARKETABLE SECURITIES

Investment in Shares	15.1	1,902,829	1,024,723
Investment in Mutual Fund	15.2	94,990	50,750
Saving Certificate	15.3	-	1,000
		1,997,819	1,076,473

	NOTE	2004	2003
		RUPEES	RUPEES

ADMINISTRATIVE EXPENSES

Assets Written off		40,476	-
Auditor's Remuneration	20.1	100,000	15,500
Advertisement		18,735	15,110
Bad Debts		179,704	-
Bad Debts - Written off		975,779	-
GDC Charges		1,000	-
Claim		75,000	-
Computer Expenses		25,165	32,576
Conveyance		172,325	230,642
Depreciation		274,678	343,559
Documentation		-	2,000
Electricity		24,800	13,756
Entertainment		40,207	68,720
Gratuity		104,329	22,167
Insurance		169,160	168,995
Legal and Professional		138,300	12,400
Loss on Investment		424,163	50,500
Newspaper and Periodicals		8,916	7,720
Office Rent		12,000	12,000
, Penalty	20.2	6,500	-
Postage and Stamps		8,400	9,648
Printing and Stationery		42,973	55,442
Professional Tax		11,050	11,050
Remuneration to Chief Executive	25	240,000	240,000
Rent, Rates and Taxes		46,623	49,322
Repair and Maintenance		57,010	37,200
Salaries and Benefits		666,000	1,005,000
Subscription and Registration Fees		100,000	102,000
Telephone and Trunk Calls		97,830	109,500
Travelling		-	8,000
Vehicle Maintenance		74,735	67,100
Water		23,900	41,100
Zakat		-	594
Sundries Expenses		55,207	55,085
		4,214,965	2,786,686

	NOTE	2004	2003
		RUPEES	RUPEES

EMPLOYEES

Number of Employees as on 30 June	14	18
TRANSACTIONS WITH ASSOCIATED COMPANIES		
Paid office rent	12,000	12,000
CAPACITY AND PRODUCTION		
Installed capacity	Nil	Nil
Production capacity	Nil	Nil
Actual production		Nil

29.1 . Financial Management Objective-

The company's activities expose it to a variety of financial risk, including the effects of changes in interest rates, market condition, credit and liquidity risk. Taken as whole, risk arising from the company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

29.2 Interest Rate Risk Management

Interest rate risk represents the value of a financial instrument which will fluctuate due to changes in the market interest rate: The interest bearing financial instruments of the company carries fixed interest rate and the company is not exposed to interest rate risk, the rates of interest is mentioned in note 5.3

29.3 Market Risk Management

Market risk is the risk that the value of a financial instruments reflected in the financial statements approximated their fair value that is measured in accordance with the accounting policies stated in note 2.3

29.4 Concentration of Credit Risk

The substantial revenue of the company are made on the cash basis. The company attempts to control credit risk associated with the carrying amount of its receivables by monitoring credit exposures, limiting transaction with specific customers and continuing assessment worthiness of clients.

29.5 Concentration of Liquidity Risk

Liquidity risk is the risk that company will encounter difficulty in raising funds to meet commitments associated with the financial instruments. The company matches the availability of liquid funds before committing for liabilities and also performs on timely basis an analysis of liquidity funds will maturities of liabilities due.*

30. GENERAL

30.1 Figures of previous year's have been rearranged wherever necessary for the purpose of comparison.

30.2 Figures have been rounded off to the nearest rupees.

31. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issued on October 02, 2004 by the Board of Directors of the company.