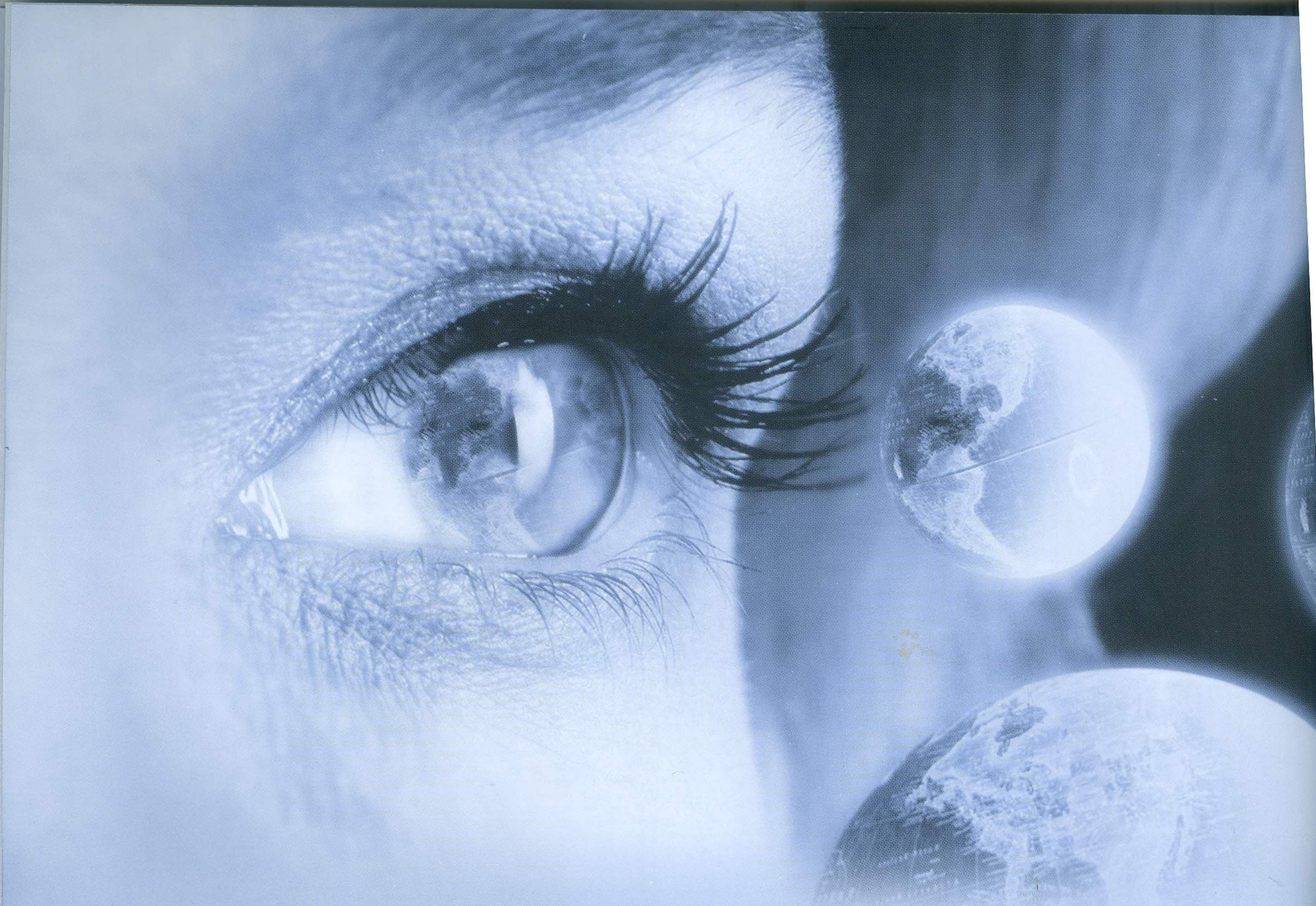
ANNUAL REPORT 2013

AKD Capital Limited

AKD

Annual Report 2013

Contents



Vision Statement

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

Mission Statement

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

Company Information

Board of Directors	Mr. Aqeel Karim Dhedhi (Chairman) Mr. Nessar Ahmed (Chief Executive Officer) Mrs. Yasmeen Aqeel Mr. Abdul Qadir Sultan Mr. Mohammad Sohail Mr. Zafar Jaweed Alavi Mrs. Mehrunnisa Siddiqui
Company Secretary	Tanveer Hussain Khan
Auditors	Riaz Ahmad & Co. Chartered Accountants
Share Registrar	C&K Management Associates (Pvt) Limited
Bankers	MCB Bank Limited United Bank Limited Bank Al-Habib Limited
Registered Office	416-418 Continental Trade Center Main Clifton Road Clifton Karachi-74000, Pakistan Tel: (92-21) 35302902 (5 Lines) Fax: (92-21) 35302913
Audit Committee	Mr. Aqeel Karim Dhedhi Mr. Muhammad Sohail Mr. Abdul Qadir Sultan

Notice of Annual General Meeting

Notice is herby given that the Seventy Eighth Annual General Meeting of AKD Capital Limited will be held on Wednesday, 23 October 2013 at 06:00 P.M at its Corporate Office at - Continental Trade Centre, Block 8, Clifton, Karachi to transact the following business:-

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on 25 October 2012.

2. To receive, consider and adopt the Audited Financial Statements together with the Directors' and Auditors' Report for the year ended 30 June 2013.

3. To consider and approve Cash Dividend @ 20% Rupees 2.00 per share except for sponsors, directors, their family members and friends as recommended by the Board of Directors for the year ended 30 June 2013.

4. To appoint Auditors for the year ending 30 June 2014 and to fix their remuneration. Present auditors M/S Riaz Ahmad and Co, Chartered Accountants, retire and offer for re-appointment.

By order of the board

Karachi
Date:- 02 October 2013

Tanveer Hussain Khan
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 17 October 2013 to 23 October 2013 (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 Depositary Company (CDC) or their Proxies are requested to bring their original Computerized National Identity Card (CNIC) or Passport along with the participants I.D. number and their account number at the time of attending the Annual General Meeting for verification.

Directors' Report

The Board of Directors of your company is hereby pleased to present the audited financial statements together with the Auditor's Report thereon of your Company for the year ended 30 June 2013.

OPERATING RESULTS

The comparison of the audited results for the year ended 30 June 2013 with the corresponding period of last year is as under:

	30 June 2013	30 June 2012
	In Rupees	
Net profit / (loss) before tax	3,036,502	3,454,101
Net Profit / (Loss) after tax	1,841,375	1,980,634
Earning / (loss) per share - Basic & diluted	0.73	0.79

During the year, the company has a net profit of Rs.1.841 million, due to the mark-up income generated by the company, during the year. The company is exploring other construction projects and business opportunities to enhance its revenues during the next year.

THE ECONOMY

The previous fiscal year represented consolidation for the Pakistan Economy where inflation depicted a downward trajectory into single digits to average 7.4% - the first time after being rebased in 2008 supporting the monetary easing cycle. At the same time, aided by receipt of Coalition Support Funds from the US (US$1.8bn), the current account deficit was contained at less than 2% of GDP. That said challenges to the economy remain where structural imbalances took shape in a continuing high fiscal deficit (8% of GDP) and crowding out of the private sector. Risks to the external account within the backdrop of IMF repayments have led the GoP to negotiate a front-loaded second round IMF program (US$6.6bn) which aims to address chronic challenges but at the same time reverse monetary stance and contain the expansion in monetary aggregates. Although GDP growth may remain within the 3%-4% band in FY14, immediate-term Balance of Payment concerns have been addressed by the new IMF program. That said, much depends on the pace of the GoP's reform program particularly in the energy space as well as revival of the privatization program. At the same time, Pakistan will need swift materialization of external flows (e.g. CSF/World Bank) in order to build up fx reserves where delays in the same could lead to continued pressure on the currency and contain the needed rise in overall economic investment.

DIVIDEND

The Board of directors of the Company have recommended final cash dividend from the net profits of the current year at the rate of 20% (2012: 15%) Rupee 2.00 per share (2012: Rupee 1.50 per share) to the ordinary shareholders except Company's sponsors, directors, their families and friends.

GENERAL

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

Directors' Report

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.

Directors' Report

Key Financial Data

Particulars	2013	2012	2011	2010	2009	2008
Capital	25,072	25,072	25,072	25,072	25,072	25,072
Share premium	20,891	20,891	20,891	20,891	20,891	20,891
Reserve	752	752	752	752	752	752
Accumulated (loss) / profit	(8,171)	(8,928)	(10,113)	(10,068)	(11,098)	3,109
Long term liabilities	70	157	-	-	-	309
Current Liability	2,912	2,405	1,384	4,396	17,024	9,206
Total Equity & Liability	41,528	40,350	37,987	41,044	52,641	59,339
Operating Fixed Assets	3,334	3,877	4,535	5,341	7,033	8,173
Long term assets	218	218	218	218	10,020	15,020
Current assets	37,975	36,255	33,233	35,486	35,589	36,148
Total Assets	41,528	40,350	37,987	41,044	52,642	59,342
Operating Income	4,979	4,795	2,662	5,354	4	57,775
Capital Gain/(Loss)	-	(2)	(1)	10	(41)	(55)
Operating Expenses	(1,929)	(1,341)	(1,536)	(3,559)	(13,997)	(25,130)
Operating Profit/(Loss)	3,050	3,454	1,126	1,759	(14,207)	32,204
Taxation	(1,195)	(1,473)	(237)	(729)	-	(547)
Net Profit (Loss)	1,841	1,980	889	1,030	(14,207)	31,656
Basic (Loss) / Earning per share	0.73	0.79	0.35	0.41	(5.67)	12.63

PATTERN OF SHAREHOLDING

The Pattern of shareholding as at 30 June 2013 is shown on page # 44. The Statement showing the Company's shares bought & sold by Directors, CEO, Company Secretary and minor family members is also disclosed therein.

Directors' Report

DIRECTORS MEETING

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

Name of Director	Nos. of Meeting Attended
Mr. Aqeel Karim Dhedhi	4
Mrs. Yasmeen Aqeel	3
Mrs. Mehrunnisa Siddique	3
Mr. Abdul Qadir Sultan	3
Mr. Muhammad Sohail	3
Mr. Zafar Jaweed Alavi	3
Mr. Nessar Ahmed	4

ACKNOWLEDGEMENT

Your Directors record with appreciation, the efforts of the Company's managers and employees who have worked 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

DIRECTOR
Karachi:
Dated: 01 October 2013

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35, Chapter XI of listing regulations of KARACHI STOCK EXCHANGE LIMITED for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

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

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

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board during the year.

5. The company is in the process of formulating the 'Code of Conduct' and appropriate steps will be taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the board.

8. The meetings of the Board were presided over by the Chairman. Board meets at least once in every quarter. The Board held four meetings during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. No new appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit were made during the year. The remuneration and terms & conditions in case of future appointments on this position will be approved by the Board.

10. 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.

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

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

13. The Company has complied with all the corporate and financial reporting requirements of the Code.

14. The Board has formed an audit committee. It comprises 03 members, All members are non executive directors including the chairman of the committee.

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

16. The Board will set-up an effective internal audit function and appoint the Head of Internal Audit from the next year. However, the company is so far assisted by the internal audit function as group level.

17. The board will establish Human Resource and Remuneration Committee during the next financial year.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

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

20. The ‘closed period’, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

22. We confirm that all other material principles enshrined in the CCG have been complied with except for the following, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year:

   - In accordance with the criteria specified in clause xi of CCG, two directors of the Company are exempted from the requirement of director's training program. The remaining directors will obtain training under the said training program in due course.

   - The company is in the process of formulating the ‘Code of Conduct’ and appropriate steps will be taken to disseminate it throughout the Company along with its supporting policies and procedures.

   - The board will establish Human Resource and Remuneration Committee during the next financial year.

   - The Board will set-up an effective internal audit function and appoint the Head of Internal Audit from the next year.

   - The positions of Chief Financial Officer, Company Secretary and Secretary to the Audit Committee are held by the same person. The board will take appropriate steps for appointing another person as Secretary to the Audit Committee during the next year.

Chief Executive Officer
Nessar Ahmed

01 October 2013
Karachi

Auditors' Report to the Members

We have audited the annexed balance sheet of AKD CAPITAL LIMITED ("the Company") as at 30 June 2013 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year ended 30 June 2013 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

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(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the profit, its cash flows and changes in equity for the year ended 30 June 2013; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company but the amount of Rupees 42,383 so deducted was not deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Engagement partner:
Muhammad Kamran Nasir

Date: 01 OCT 2013

KARACHI

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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 prepared by the Board of Directors of AKD CAPITAL LIMITED ("the Company") for the year ended 30 June 2013, to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (x) of Listing Regulation 35 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 30 June 2013.

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We draw your attention to note 23 of the Statement of Compliance with the Code of Corporate Governance which describes following significant instances of non-compliance with the requirements of the Code: (i). non-formulation of the Code of Conduct along with its supporting policies and procedures; (ii). non-establishment of the Human Resource and Remuneration Committee; (iii). pending setting-up of internal audit function within the Company and appointment of Head of Internal Audit; (iv). holding of the positions of Chief

Financial Officer, Company Secretary and Secretary to Audit Committee by same person; and (v). non-fulfillment of the directors' training programme requirements of the Code except for two directors who are exempt from such training requirement.

Our report is not qualified in respect of these matters.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Muhammad Kamran Nasir

Date: 01 OCT 2013

KARACHI

Riaz Ahmad & Company is a member of Nexia International,
a worldwide network of independent accounting and consulting firms.

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Financial Statement

Balance Sheet
as at 30 June 2013

	Note	2013 Rupees	2012 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	3	3,334,046	3,877,477
Long term investments	4	198,000	198,000
Long term deposits	5	20,000	20,000
		3,552,046	4,095,477
CURRENT ASSETS			
Trade debts - considered good		500,000	500,000
Advances and short term deposits	6	33,840	7,394
Investments	7	59,624	54,904
Other receivables	8	31,519,395	30,705,517
Accrued markup		4,716,223	4,289,758
Advance income tax		40,595	82,472
Cash and bank balances	9	1,106,319	614,982
		37,975,996	36,255,027
TOTAL ASSETS		41,528,042	40,350,504
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 50,000,000 (2012: 50,000,000) ordinary shares of Rupees 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up share capital	10	25,072,733	25,072,733
Share premium		20,891,600	20,891,600
General reserves		752,000	752,000
Accumulated loss		(8,171,047)	(8,928,336)
TOTAL EQUITY		38,545,286	37,787,997
NON CURRENT LIABILITIES			
Deferred taxation		70,251	157,384
CURRENT LIABILITIES			
Trade and other payables	11	1,790,093	1,350,661
Provision for taxation		1,122,412	1,054,462
		2,912,505	2,405,123
TOTAL LIABILITIES		2,982,756	2,562,507
Contingencies and commitments	12		
TOTAL EQUITY AND LIABILITIES		41,528,042	40,350,504

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

Chief Executive Officer

Director

Profit and Loss Account

for the year ended 30 June 2013

	Note	2013 Rupees	2012 Rupees
INCOME			
Consultancy fee		-	500,000
Dividend income		8,826	8,842
Gain / (loss) on remeasurement of investment at fair value through profit or loss	7	4,720	(2,928)
Other income	13	4,966,223	4,289,758
		4,979,769	4,795,672
EXPENSES			
Administrative expenses	14	(1,929,024)	(1,284,701)
		3,050,745	3,510,971
Finance cost	15	(14,243)	(56,870)
PROFIT BEFORE TAXATION		3,036,502	3,454,101
PROVISION FOR TAXATION	16		
Current - for the year	17	(1,122,412)	(1,054,462)
- prior year		(159,848)	(261,621)
Deferred		87,133	(157,384)
		(1,195,127)	(1,473,467)
NET PROFIT FOR THE YEAR		1,841,375	1,980,634
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME		1,841,375	1,980,634
EARNINGS PER SHARE-BASIC AND DILUTED	17	0.73	0.79

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

Chief Executive Officer

Director

Cash Flow Statement

for the year ended 30 June 2013

	Note	2013 Rupees	2012 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		3,036,502	3,454,101
Adjustment for non cash items:			
(Gain) / loss on remesurement of investment at fair value		(4,720)	2,928
Dividend income		(8,826)	(8,842)
Accrued liabilities written back		(250,000)	-
Depreciation		543,431	658,340
		279,885	652,426
Operating cash flow before working capital changes		3,316,387	4,106,527
Changes in working capital			
Decrease in current assets			
Trade debts		-	(500,000)
Advances and short term deposit		(26,446)	(733)
Other receivables		(813,878)	(509,403)
Accrued markup		(426,465)	(1,626,106)
		(1,266,789)	(2,636,242)
Increase in current liabilities			
Trade and other payables		125,169	203,276
		(1,141,620)	(2,432,966)
CASH FLOW FROM OPERATIONS		2,174,767	1,673,561
Income tax paid		(1,172,433)	(500,964)
Net cash flow from operating activities		1,002,334	1,172,597
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend received		8,826	8,842
Net cash flow from investing activities		8,826	8,842
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(519,823)	(795,288)
Net cash used in financing activities		(519,823)	(795,288)
NET INCREASE IN CASH AND CASH EQUIVALENTS		491,337	386,151
Cash and cash equivalents at the beginning of the year		614,982	228,831
Cash and cash equivalents at the end of the year	9	1,106,319	614,982

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

Chief Executive Officer

Director

Statement of Changes in Equity

for the year ended 30 June 2013

	Share capital	Share premium	General reserve	Accumulated loss	Total
			Rupees		
Balance as at 30 June 2011	25,072,733	20,891,600	752,000	(10,113,682)	36,602,651
Final dividend for the year ended 30 June 2011	-	-	-	(795,288)	(795,288)
Total comprehensive income for the year					
Profit for the year	-	-	-	1,980,634	1,980,634
Other comprehensive income	-	-	-	-	-
	-	-	-	1,980,634	1,980,634
Balance as at 30 June 2012	25,072,733	20,891,600	752,000	(8,928,336)	37,787,997
Final dividend for the year ended 30 June 2012	-	-	-	(1,084,086)	(1,084,086)
Total comprehensive income for the year					
Profit for the year	-	-	-	1,841,375	1,841,375
Other comprehensive income	-	-	-	-	-
	-	-	-	1,841,375	1,841,375
Balance as at 30 June 2013	25,072,733	20,891,600	752,000	(8,171,047)	38,545,286

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

Chief Executive Officer

Director

Notes to the Financial Statements

for the year ended 30 June 2013

1. THE COMPANY AND ITS BUSINESS

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

These financial statements have reported net profit for the year amounting to Rupees 1,841,374. The Company's net assets position and other financial indicators depict a healthy financial position as at the reporting date. However, the Company's primary commercial operations i.e. to deal in real estate projects, providing consultancy services, projects financing and management etc are at halt for some years due to economic conditions prevailing in the Country and other ancillary reasons. This situation indicates the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the management is proactively considering new business avenues and looking for different options. The sponsor directors and management of the Company are committed to the viable and profitable commercial operations of the Company in the upcoming financial year and, based upon the future financial projections, strongly believe that the Company will continue as a going concern.

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

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

Notes to the Financial Statements

for the year ended 30 June 2013

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standard requires the use of certain critical accounting estimates. It also requires the management t exercise its judgment in the process of applying the Company's accounting policies. Estimate and judgments are continually evaluated and are based on historical experience and othe factors, including expectations of future events that are believed to be reasonable under th circumstances. The areas where various assumptions and estimates are significant to th Company's financial statements or where judgments were exercised in application of accountin policies are as follows:

Useful lives, patterns of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economi benefits are based on the analysis of the management of the Company. Further, the Compan reviews the value of assets for possible impairment on an annual basis. Any change in th estimates in the future might affect the carrying amount of respective item of property an equipment, with a corresponding effect on the depreciation charge and impairment.

Taxation

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

Provision for doubtful debts

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

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

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2012:

IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 July 2012). Under the amendments to IAS 1, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments does not address which items are presented in OCI. There is no impact of these amendments on these financial statements except for certain presentation changes in analysis of OCI as shown in profit and loss account.

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

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

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

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2013 or later periods:

IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The International Accounting Standards Board (IASB) has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Standard Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The clarifying amendments to IAS 32 are effective for annual periods beginning on or after 01 January 2014. However, these amendments are not expected to have a material impact on the Company' financial statements.

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2015). It addresses the classification, measurement and recognition of financial assets and financial liabilities. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that shall replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change shall mainly affect financial institutions. There shall be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Company does not have any such liabilities.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2013). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard is not expected to have a material impact on the Company's financial statements.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

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

On 17 May 2012, IASB issued Annual Improvements to IFRSs: 2009 – 2011 Cycle, incorporating amendments to five IFRSs more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation', that are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

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

There are other accounting standards, amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2013 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

h) Functional and presentation currency

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

2.1 Property and equipment

a) Owned

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

Depreciation

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

De-recognition

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

b) Assets subject to finance lease

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payment under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liability against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to profit and loss account over the lease term.

Depreciation of assets subject to finance lease is recognised in the same manner as for owned assets. Depreciation of the leased assets is charged to profit and loss account.

2.2 Investments

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

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

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

a) Investment at fair value through profit or loss

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

b) Held-to-maturity

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

Available-for-sale

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

Quoted

After Initial recognition, investments which are classfied as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in equity until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in profit and loss account.

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of the business on the balance sheet date.

Unquoted

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

2.3 Cash and cash equivalents

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

2.4 Provisions

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

2.5 Taxation

Current

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

Deferred

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

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

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

2.6 Revenue Recognition

Capital gains or losses on sale of investments are taken to income in the period in which they arise.

Dividend income is recognized when the right to receive the same is established.

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

Fee income is recognized as and when services is provided.

2.7 Related Party Transactions

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

2.8 Financial Instruments

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

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item and in the accounting policy of investments and under note 2.2.

Receivables

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

Borrowings

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

Trade and other payables

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

2.9 Off setting

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

2.10 Impairment of assets

Financial assets

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

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

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

Non financial assets

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

2.11 Dividend and other appropriations

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

2.12 Share Capital

Ordinary shares are classified as share capital.

2.13 Foreign currencies

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

3. Property and equipment

Description	Furniture & Fixtures	Office Equipment	Computer Equipment	Vehicles	Lockers	Total	Leased Vehicles	Total
	Rupees							
At 30 June 2011								
Cost	3,991,830	1,494,921	1,878,265	786,500	41,500	8,193,016	4,336,000	12,529,016
Accumulated depreciation	(1,832,783)	(828,576)	(1,617,129)	(525,755)	(30,498)	(4,834,741)	(3,158,458)	(7,993,199)
Net book value	2,159,047	666,345	261,136	260,745	11,002	3,358,275	1,177,542	4,535,817
Year ended June 30 June 2012								
Opening net book value	2,159,047	666,345	261,136	260,745	11,002	3,258,275	1,177,542	4,535,817
Transfer from / to leased assets:								
Cost	-	-	-	4,336,000	-	4,336,000	(4,336,000)	-
Accumulated depriciation	-	-	-	(3,158,458)	-	(3,158,458)	3,158,458	-
	-	-	-	1,177,542	-	1,177,542	(1,177,542)	-
Depreciation charged for the year	(215,903)	(66,635)	(87,045)	(287,657)	(1,100)	(658,340)	-	(658,340)
Closing net book value	1,943,144	599,710	174,091	1,150,630	9,902	3,877,477	-	3,877,477
At 30 June 2012								
Cost	3,991,830	1,494,921	1,878,265	5,122,500	41,500	12,529,016	-	12,529,016
Accumulated depreciation	(2,048,686)	(895,211)	(1,704,174)	(3,971,870)	(31,598)	(8,651,539)	-	(8,651,539)
Net book value	1,943,144	599,710	174,091	1,150,630	9,902	3,877,477	-	3,877,477
Year ended 30 June 2013								
Opening net book value	1,943,144	599,710	174,091	1,150,630	9,902	3,877,477	-	3,877,477
Depreciation charged for the year	(194,314)	(59,971)	(58,030)	(230,126)	(990)	(543,431)	-	(543,431)
Closing net book value	1,748,830	539,739	116,061	920,504	8,912	3,334,046	-	3,334,046
At 30 June 2013								
Cost	3,991,830	1,494,921	1,878,265	5,122,500	41,500	12,529,016	-	12,529,016
Accumulated depreciation	(2,243,000)	(955,182)	(1,762,204)	(4,201,996)	(32,588)	(9,194,970)	-	(9,194,970)
Net book value	1,748,830	539,739	116,061	920,504	8,912	3,334,046	-	3,334,046
Annual rate of depreciation	10%	10%	33.33%	20%	10%		20%	

4. LONG TERM INVESTMENTS - available for sale

2013	2012		2013	2012
(Number of shares)			Rupees	Rupees
10,000	10,000	AKD REIT Management Company Limited (Note 4.1)	100,000	100,000
9,800	9,800	Creek Developers (Private) Limited (Note 4.2)	98,000	98,000
19,800	19,800		198,000	198,000

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

4.2 This represents 9,800 ordinary shares of Rupees 10 each. The Company is required to seek prior approval from Pakistan Defence Housing Authority before disposing of this investment.

	2013 Rupees	2012 Rupees
5. LONG TERM DEPOSITS		
Deposit with Pakistan Telecommunication Company Limited	20,000	20,000

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

6. ADVANCES AND SHORT TERM DEPOSITS

	2013 Rupees	2012 Rupees
Advance to employees - considered good	33,840	394
Advance others	-	7,000
	33,840	7,394

7. INVESTMENT - AT FAIR VALUE THROUGH PROFIT OR LOSS

2013	2012	National Bank of Pakistan		
(Number of shares)				
1,450	1,261	Market value	59,624	54,904
		Gain / (loss) on remeasurement of investment at fair value through profit or loss	4,720	(2,928)

Notes to the Financial Statements

for the year ended 30 June 2013

8. OTHER RECEIVABLES

	Notes	2013 Rupees	2012 Rupees
(Unsecured and considered good)			
Related Parties			
Receivable from associate - Creek Developers (Private) Limited	8.1	30,405,526	29,168,812
Receivable from staff		435	986
AKD Securities Limited	8.2	1,113,434	1,535,719
		31,519,395	30,705,517

8.1 This amount is receivable from Creek Developers (Private) Limited {CDPL}. Interest is also charged at the rate of 6 Months KIBOR plus five percent per annum on the outstanding amount as approved by the shareholders in last annual general meeting of the Company.

8.2 This represents the margin placed with the brokerage house (related party) for exploring investment opportunities in the capital market. An amount or Rupees 0.422 million (2012: Nil) was withdrawn during the year.

9. OTHER RECEIVABLES

	2013 Rupees	2012 Rupees
Cash in bank - Current account	1,088,659	610,722
Cash in hand	17,660	4,260
	1,106,319	614,982

10. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2013 Rupees (Number of shares)	2012 Rupees (Number of shares)		2013 Rupees	2012 Rupees
2,138,681	2,138,681	Ordinary shares of Rupees 10 each fully paid in cash	21,386,810	21,386,810
368,311	368,311	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	3,683,110	3,683,110
479	479	Ordinary shares of Rupees 10 each forfeited	2,813	2,813
2,507,471	2,507,471		25,072,733	25,072,733

11. TRADE AND OTHER PAYABLES

	2013 Rupees	2012 Rupees
Accrued liabilities	693,035	817,866
Unclaimed dividend	1,097,058	532,795
	1,790,093	1,350,661

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 The Company has filed a law suit in the Honourable High Court of Sindh against a consortium based in Lahore for sending legal notice unduly involving the name of the Company. In response, the said Consortium also filed a counter law suit on the Company in the same court claiming certain consultancy fees from the Company. The management and the legal counsel of the Company are of the view that based on the legal merits, the said law suits will be disposed of without any financial loss to the Company (2012: Nil).

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

12.2 Commitments

There were no commitment as at the reporting date (2012: Nil).

13. OTHER INCOME

	Notes	2013 Rupees	2012 Rupees
Mark-up on other receivables	13.1	4,716,223	4,289,758
Accrued liabilities written back		250,000	-
		4,966,223	4,289,758

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

Notes to the Financial Statements

for the year ended 30 June 2013

	Notes	2013 Rupees	2012 Rupees
14. ADMINISTRATIVE EXPENSES			
Salaries and benefits	14.1	147,890	102,525
Printing and stationery		334,961	65,601
Vehicle running expenses		8,993	63,925
Postage and telegram		19,730	34,469
Fees, taxes and subscription		218,297	244,874
Electricity, telephone charges		4,268	92,321
Legal and professional		96,997	80,490
Advertisement and publicity		41,417	21,800
Share registrar expense		9,160	-
Travelling and conveyance charges		37,716	1,065
Insurance		4,675	24,538
Entertainment		10,385	9,980
Auditors' remuneration	14.2	297,500	295,665
Depreciation		543,431	65,834
Computer supplies and stationary		630	7,237
Office expense		13,887	94,492
Repair and maintenance		75,000	11,567
Books and periodicals		-	6,682
Workers welfare fund		64,087	61,636
		1,929,024	1,284,701

14.1 Remuneration of Directors and Executives

No remuneration and meetings fees have been paid to Chief Executive Officer and Directors during the year respectively (2012: Nil).

14.2 Auditors' Remuneration

	2013 Rupees	2012 Rupees
Audit fee	187,500	187,500
Half yearly review fee	85,000	85,000
Reimbursable expenses	25,000	23,165
	297,500	295,665

14.3 During the year, administrative expenses of Rupees 1.959 million (2012: Rupees 3.269 million) allocated to Creek Developers (Private) Limited as per "Resource Share Agreement".

15. FINANCE COST

	2013 Rupees	2012 Rupees
Bank charges	14,243	56,870

16. PROVISION FOR TAXATION

16.1 Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemption available if any.

	Note	2013 Rupees	2012 Rupees
16.2 Deffered			
Deferred tax effect is due to:			
Tax depreciation allowance		92,041	157,384
Provision for workers welfare fund		(21,790)	-
		70,251	157,384
Opening balance as at 01 July, 2012		157,384	-
		(87,133)	157,384
16.3 Relationship between tax expense and accounting profit:			
Accounting profit before taxation		3,036,502	3,454,101
Tax @ 35%		1,062,776	1,208,935
Effect of:			
Tax effect of computation income		(27,497)	2,911
Effect of prior year adjustment		159,848	261,621
		1,195,127	1,473,467

17. EARNINGS PER SHARE- BASIC AND DILUTED

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

	2013	2012
Profit for the year	1,841,375	1,980,634
Weighted average number of ordinary shares in issue during the year	2,507,471	2,507,471
Earnings per share-Basic	0.73	0.79

19. FINANCIAL RISK MANAGEMENT

19.1 Financial risk factors

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

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

a) Market risk

(i) Currency risk

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

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

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

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

Sensitivity analysis

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

Notes to the Financial Statements

for the year ended 30 June 2013

Index	Impact on Profit 2013 Rupees	Impact on Profit 2012 Rupees
KSE 100 (5% increase)	2,981	2,745
KSE 100 (5% decrease)	(2,981)	(2,745)

(iii) Interest rate risk

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

(b) Credit risk

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

	Note	2013 Rupees	2012 Rupees
Long term deposits		20,000	20,000
Long term investments		198,000	198,000
Trade debts		500,000	500,000
Advances and short term deposits		33,840	7,394
Investments- At fair value through profit or loss		59,624	54,904
Other receivables		31,519,395	30,705,517
Accrued markup		4,716,223	4,289,758
Cash and bank balances		1,106,319	614,982
		38,153,401	36,390,555

	Rating			2013 Rupees	2012 Rupees
	Short Term	Long term	Agency		
Banks					
MCB Bank Limited	A1+	AAA	PACRA	196,360	361,493
United Bank Limited	A-1+	AA+	JCR-VIS	4,179	4,179
Bank Al-Habib Limited	A1+	AA+	PACRA	888,120	245,050
				1,088,659	610,722

As at 30 June 2013, trade debts due from related party amounting to Rupees 500,000 (2012: Rupees 500,000) were past due but not impaired. The age analysis of these trade debts is as follows:

	2013 Rupees	2012 Rupees
Upto 1 month	-	-
1 to 6 months	-	500,000
More than 6 months	500,000	-
	500,000	500,000

(c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and bank balances. At 30 June 2013, the Company had Rupees 1.106 million cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2013

	Carrying Amount Rupees	Contractual Cash Flows Rupees	6 month or less Rupees	6 months to 12 months Rupees	"More than 1 year" Rupees
Trade and other payables	1,790,093	1,790,093	1,790,093	-	-

Contractual maturities of financial liabilities as at 30 June 2012

	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	1,350,661	1,350,661	1,350,661	-	-

18.2 Fair values of financial assets and liabilities

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

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Level 4 Rupees
Asset as at 30 June 2013				
Available for sale	-	-	198,000	198,000
At fair value through profit or loss	59,624	-	-	59,624
Asset as at 30 June 2012				
Available for sale	-	-	198,000	198,000
At fair value through profit or loss	54,904	-	-	54,904

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments as on 30 June 2013.

18.3 Financial instruments by categories

	2013 Rupees	2012 Rupees
Financial Assets		
Cash and bank balances	1,106,319	614,982
Investments		
Available for sale	198,000	198,000
At fair value through profit or loss	59,624	54,904
	257,624	252,904

	2013 Rupees	2012 Rupees
Loans and receivables		
Long term deposits	20,000	20,000
Trade debts	500,000	500,000
Advances and short term deposits	33,840	7,394
Trade and Other receivables	31,519,395	30,705,517
Accrued markup	4,716,223	4,289,758
	36,789,458	35,522,669
Financial Liabilities at amortized cost		
Trade and other payables	1,790,093	1,350,661

19. CAPITAL RISK MANAGEMENT

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

20. NUMBER OF EMPLOYEES

The number of employees during the year is as follows:

2013		2012	
At Year end	Average	At Year end	Average
4	4	4	4

20.1 All employees are hired on temporary contract basis. Therefore, the Company has not so far established any staff retirement benefit scheme. The Company intends to hire permanent employees after the commencement of primary commercial operations.

21. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties are as follows:

	2013 Rupees	2012 Rupees
Creek Developers (Private) Limited		
Mark-up income	4,716,223	4,289,758
Expenses debited/allocated	1,959,415	3,268,933
Balance at year end	30,405,526	29,168,812
AKD Securities limited		
Balance at year end	1,113,434	1,535,719

22. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on 01 October 2013 proposed a final cash dividend for the year ended 30 June 2013 @ 20% i.e. Rupees 2.00 / share (2012: @ 15% i.e. Rupees 1.50 / share) for the ordinary shareholders of the Company except Company's sponsors, directors and their families. The approval of the member for the dividend will be obtained at the forthcoming Annual General Meeting. The financial statements for the year ended 30 June 2013 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending on 30 June 2014.

23. DATE OF AUTHORIZATION

These financial statements were approved and authorized for the issue on 01 October 2013 by the Board of Directors of the Company.

24. GENERAL

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

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

Chief Executive Officer

Director

Pattern of Shareholding

as at 30 June 2013

Number of Shareholders	Share Holding			Total Shares Held	% of Shareholding
	From		To		
341	1	-	100	19,992	0.80
334	101	-	500	111,584	4.45
143	501	-	1000	124,222	4.96
139	1001	-	5000	294,178	11.73
14	5001	-	10000	106,606	4.25
7	10001	-	15000	87,507	3.49
6	15001	-	20000	102,855	4.10
2	20001	-	25000	44,471	1.77
1	25001	-	30000	27,808	1.11
3	35001	-	40000	152,567	6.09
1	45001	-	50000	50,000	1.99
1	55001	-	60000	57,290	2.29
1	195001	-	200000	200,000	7.98
1	375001	-	380000	379,680	15.14
1	710001	-	750000	748,232	29.85
995				2,506,992	100

Categories of Shareholders

Director & Family	Designation	Number of Share holders	Shares Held	%
Aqeel Akrim Dhedhi	Chairman / Director	1	748,232	29.85%
Muhammad Sohail	Director	1	3,000	0.12%
Mehrunnisa W/o M. Sadiq	Director	1	27,808	1.11%
Yasmin Aqeel	Director	1	130,680	5.21%
Abdul Qadir Sultan	Director	1	750	0.03%
Zafar Jaweed Alavi	Director	1	1,000	0.04%
Nessar Ahmed	C EO / Director	1	210	0.01%
Individuals		953	963,654	38.44%
Financial Institutions		2	484,299	19.32%
Insurance Companies		1	543	0.02%
Joint Stock Companies		29	143,116	5.71%
Others		3	3,700	0.15%
	Total	995	2,506,992	100.00%

Statement Showing Shares Bought & Sold by the Directors, CEO & Company Secretary & Minor Family Members From 01st July 2012 to 30th June 2013

S.No.	Name	Designation	Shares Bought	Shares Sold
1	Aqeel Akrim Dhedhi	Chairman / Director	-	-
2	Muhammad Sohail	Director	-	-
3	Mehrunnisa W/o M. Sadiq	Director	-	-
4	Yasmin Aqeel	Director	-	249,000
5	Abdul Qadir Sultan	Director	-	-
6	Zafar Jaweed Alavi	Director	-	-
7	Nessar Ahmed	C EO / Director	-	-

Form of Proxy
Seventy Eight 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 Eight Annual General Meeting of the Company to be held on October 23, 2013 and /or any adjournment thereof.

As witness my/our hand/seal this ______________________ day of __________ 2013.

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 form an more than on instruments of proxy are depoisited by a member with the Company, all such instruments of proxy shall be rendered invalid.