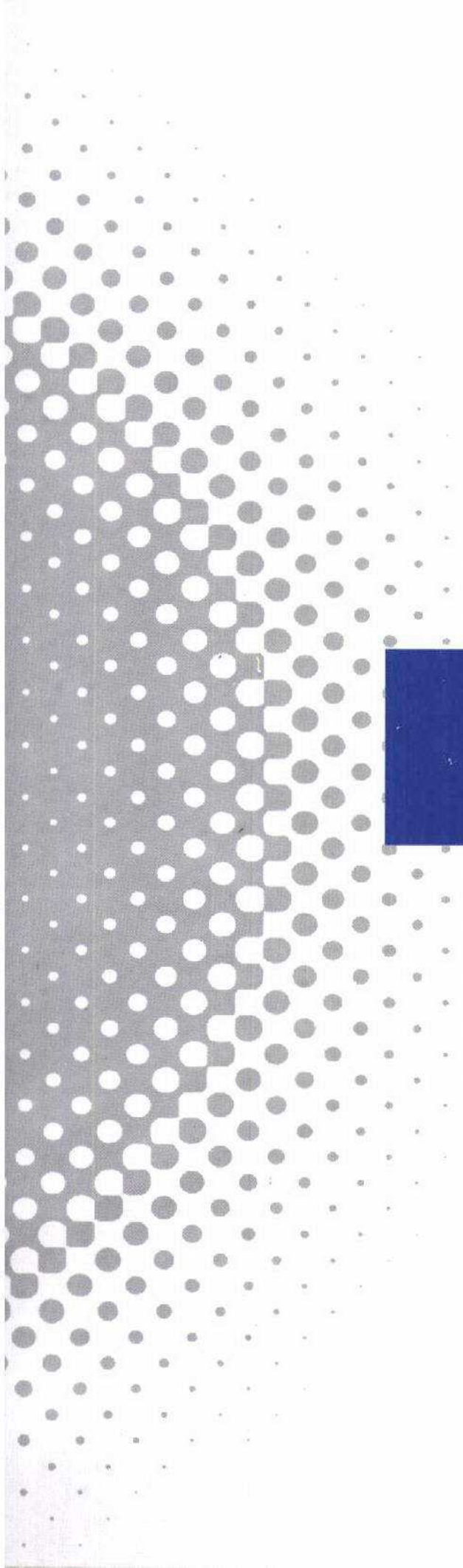




Annual Report

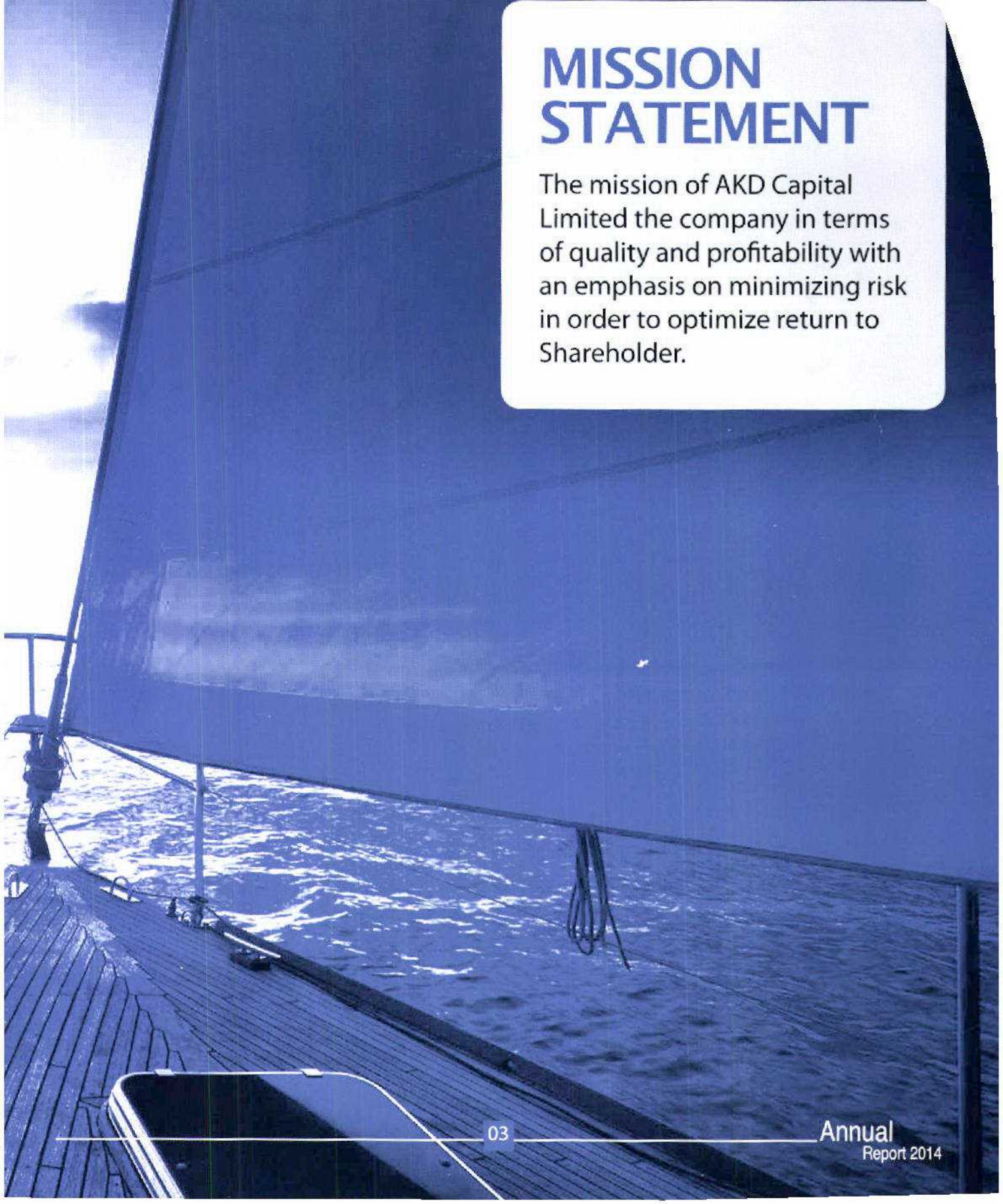
2014

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VISION STATEMENT

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



MISSION STATEMENT

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

Company Information

Board of Directors

Mr. Aqeel Karim Dhedhi
(Chairman)
Mr. Nessar Ahmed
(Chief Executive Officer)
Mrs. Yasmeen Aqeel
Mr. Muhammad Munir
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
Mrs. Mehrunnisa Siddiqui

Notice Of Annual General Meeting

Notice is hereby given that the Seventy ninth Annual General Meeting of AKD Capital Limited will be held on 23 October 2014 at 07:00 P.M at its Corporate Office Room # 416-418- Continental Trade Centre, Block 8, Clifton, Karachi to transact the following business:-

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on 23rd October 2013.
2. To receive, consider and adopt the Audited Financial Statements together with the Directors' and Auditors' Report for the year ended 30 June 2014.
3. To consider and approve Cash Dividend @ 10% Rupee 1 per share except for sponsors, directors, their family members and friends as recommended by the Board of Directors for the year ended 30 June 2014.
4. To elect seven directors as fixed by the Board pursuant to the provisions of Section 178 of the Companies Ordinance, 1984 for a term of three years.

Following are the names of the retiring directors:

- 1) Mr. Aqeel Karim Dhedhi
- 2) Mrs. Yasmeen Aqeel
- 3) Mr. Nessar Ahmed
- 4) Mr. Muhammad Munir
- 5) Mr. Zafar Jaweed Alavi
- 6) Mr. Mohammad Sohail
- 7) Mrs. Mehruunnisa Siddiqui

The retiring directors are eligible for re-election.

5. To appoint Auditors for the year ending 30 June 2015 and to fix their remuneration. Present auditors M/S Riaz Ahmed and Co, Chartered Accountants. retire and offer for re-appointment.
6. To approve the circulation of accounts alongwith the notice through e-mail and placing them on Company's website as SECP notification.
7. Any other business with the permission of the Chair.

NOTES:

1. Any person who is not ineligible to be appointed as a director under section 187 of "The Companies Ordinance 1984" and seeks to contest the election to the office of director shall whether he / she is a retiring director or otherwise file with the Company at its registered office not later than fourteen days before the date of the above said meeting his / her intention to offer himself / herself for the election of directors in terms of the section 178 (3) of the Companies Ordinance, 1984 together with (a) consent in Form 28, (b) a declaration with consent to act as a director in the prescribed form under clause (ii) of the Code of Corporate Governance to the effect that he / she is aware of duties and power of directors under the Companies Ordinance, 1984, the Memorandum and Articles of association of the Company and the listing regulation of the Karachi, Lahore and Islamabad Stock Exchanges and has read the provisions contained therein, (c) a declaration in terms of clause (iii) and (iv) of the Code of Corporate Governance to the effect that he / she is not serving as a directors of more than nine other listed companies, that his / her name is borne in the register of national tax payers (except where he / she is a non-resident), that he / she has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a banking company, a development financial institution or a non-banking financial institution.

Notice Of Annual General Meeting

2. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting. A proxy must be a member.
3. The share transfer books of the Company will remain closed from 17 October 2014 to 23 October 2014 (both days inclusive).
4. The shareholders are advised to notify the company of any change in their addresses to ensure prompt delivery of mails. Any shares(s) for transfer etc. should also be lodged with the company.
5. Shareholders whose shares are deposited with Central Depository Company (CDC), or their Proxies are requested to bring their original Computerized National Identity Card (CNIC) or Passport along with the participants I.D. number and their account number at the time of attending the Annual General Meeting for verification.

Directors' Report

The Board of Directors of your company is hereby pleased to present the audited financial statements together with the Auditor's Report thereon of your Company for the year ended 30 June 2014.

OPERATING RESULTS

The comparison of the audited results for the year ended 30 June 2014 with the corresponding period of last year is as under:

	30 June 2014	30 June 2013
	In Rupees	
Net profit before tax	2,054,439	3,036,502
Net Profit after tax	1,337,967	1,841,375
Earning / (loss) per share – Basic & diluted	0.53	0.73

During the year, the company has a net profit of Rs. 1,337 million, due to the advisory services provided and mark-up income generated by the company on its investments, during the year. The company is exploring other projects and business opportunities to enhance its revenues during the next year.

THE ECONOMY

Macroeconomic and security challenges continue to weigh on the economy. Growth is expected to remain modest in Fiscal Year 2014, largely reflecting fiscal consolidation to deal with high deficits that have caused macroeconomic imbalances. The government has embarked upon a program of fiscal and structural reform, supported by an Extended Fund Facility Arrangement with the International Monetary Fund, to restore macroeconomic balance, relieve energy shortages, and guide the economy toward faster and more sustainable growth.

Moderate growth in gross domestic product (GDP) in FY2013 reflected weak macroeconomic fundamentals in recent years. Investment remained low as energy shortages and security concerns continued to undermine investor confidence. Fiscal pressures kept the budget deficit very high for the second consecutive year. At the same time, however, inflation fell into single digits. Stable global commodity prices, Coalition Support Fund (CSF) inflows, and continued growth in worker remittances reined in the current account deficit.

GDP growth slowed to 3.6% in FY2013 (ended 30 June 2013) as weak expansion in the large service sector more than offset improved growth in manufacturing. GDP growth is projected at 3.4% for FY2014, marginally slower than in FY2013. Weak agriculture will be partly compensated by the pickup in large-scale manufacturing, which grew by 6.7% during the first 6 months of FY2014, three times the rate during the same period a year earlier.

On the demand side, private consumption will remain the main driver of economic growth, supported by the sustained inflow of remittances, low real interest rates, and better credit availability at banks. Government spending will be contained by fiscal consolidation to bring down the budget deficit, but accelerated credit flows to the private sector during the first 7 months of FY2014 indicate an uptick in private investment. Net exports are expected to be modestly negative as import growth quickens to support improved capacity utilization in manufacturing.

GDP growth is expected to be higher in FY2015, at 3.9%, as the impact of fiscal consolidation eases somewhat, energy supplies improve, and the global economy strengthens.

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 10% (2013: 20%) Rupee 1.00 per share (2013: Rupee 2.00 per share) to the ordinary shareholders except Company's sponsors, directors, their families and friends. This is the fifth consecutive year that the company has given dividend to the minority shareholders and the Sponsors etc have graciously forego their dividend.

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	2014	2013	2012	2011	2010	2009
Capital	25,072	25,072	25,072	25,072	25,072	25,072
Share premium	17,723	20,891	20,891	20,891	20,891	20,891
Reserve	752	752	752	752	752	752
Accumulated (loss) / profit	(8,331)	(8,171)	(8,928)	(10,113)	(10,068)	(11,098)
Long term liabilities	22	70	157	-	-	-
Current Liability	4,572	2,912	2,405	1,384	4,396	17,024
Total Equity & Liability	39,810	41,528	40,350	37,987	41,044	52,641
Operating Fixed Assets	2,881	3,334	3,877	4,535	5,341	7,033
Long term assets	218	218	218	218	218	10,020
Current assets	36,711	37,975	36,255	33,233	35,486	35,589
Total Assets	39,810	41,528	40,350	37,987	41,044	52,642
Operating Income	4,935	4,979	4,795	2,662	5,354	4
Capital Gain/(Loss)	-	-	(2)	(1)	10	(41)
Operating Expenses	(2,107)	(1,929)	(1,341)	(1,536)	(3,559)	(13,997)
Operating Profit/(Loss)	2,054	3,050	3,454	1,126	1,759	(14,207)
Taxation	(716)	(1,195)	(1,473)	(237)	(729)	-
Net Profit (Loss)	1,337	1,841	1,980	889	1,030	(14,207)
Basic (Loss) / Earning per share	<u>0.53</u>	<u>0.73</u>	<u>0.79</u>	<u>0.35</u>	<u>0.41</u>	<u>(5.67)</u>

Accumulated loss

PATTERN OF SHAREHOLDING

The Pattern of shareholding as at 30 June 2014 is shown on page # 43. 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. Muhammad Munir	1
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 2014

Statement Of Compliance With The Code Of Corporate Governance

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

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

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

CATEGORY	NAME
Independent directors	Mrs. Mehrunnissa Siddiqui
Executive directors	Mr. Nessar Ahmed
Non-executive directors	Mr. Muhammad Sohail
	Mr. Aqeel Karim Dhedhi
	Mr. Muhammad Munir
	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. One 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.
10. No new appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit were made during the year. The remuneration and terms & conditions in case of future appointments on this position will be approved by the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises 03 members. All members are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board will set-up an effective internal audit function and appoint the Head of Internal Audit from the next year. However, the Company is so far assisted by the internal audit function at group level..
18. The board will establish Human Resource and Remuneration Committee during the next financial year.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with except for the following, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year:
 - 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.
- 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.

Chief Executive Officer

01 October 2014
Karachi

Auditors' Report of the Members

We have audited the annexed balance sheet of AKD CAPITAL LIMITED ("the Company") as at 30 June 2014 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year ended 30 June 2014 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, its cash flows and changes in equity for the year ended 30 June 2014; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company but the amount of Rupees 65,424 so deducted was not deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Engagement partner:
Muhammad Kamran Nasir

Date: 01 OCT 2014

KARACHI

Review Report to the Members on Statement of Compliance with best practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of AKD CAPITAL LIMITED ("the Company") for the year ended 30 June 2014 to comply with the requirements of Listing Regulation No. 35 of Karachi Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendations of 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 as applicable to the Company for the year ended 30 June 2014.

We draw 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-formulation of terms of reference of the audit committee.

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 2014

KARACHI

Balance Sheet

as at 30 June 2014

	Note	30 June 2014	30 June 2013
(Rupees)			
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	3	2,881,510	3,334,046
Long term investments	4	198,000	198,000
Long term deposits	5	20,000	20,000
		<u>3,099,510</u>	<u>3,552,046</u>
CURRENT ASSETS			
Trade debts - considered good		3,000,000	500,000
Advances and prepayments	6	59,433	33,840
Investments	7	29,902,114	59,624
Other receivables	8	-	31,519,395
Accrued markup		-	4,716,223
Advance income tax		16,476	40,595
Cash and bank balances	9	3,733,681	1,106,319
		<u>36,711,704</u>	<u>37,975,996</u>
TOTAL ASSETS		<u>39,811,214</u>	<u>41,528,042</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
50,000,000 (2013: 50,000,000) ordinary shares of Rupees 10 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up share capital	10	25,072,733	25,072,733
Reserves	11	10,143,878	13,472,553
TOTAL EQUITY		<u>35,216,611</u>	<u>38,545,286</u>
NON CURRENT LIABILITIES			
Deferred taxation		22,162	70,251
CURRENT LIABILITIES			
Trade and other payables	12	3,806,529	1,790,093
Provision for taxation		765,912	1,122,412
		<u>4,572,441</u>	<u>2,912,505</u>
TOTAL LIABILITIES		<u>4,594,603</u>	<u>2,982,756</u>
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		<u>39,811,214</u>	<u>41,528,042</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Profit And Loss Account

for the year ended 30 June 2014

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

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Cash Flow Statement

for the year ended 30 June 2014

Note	30 June 2014	30 June 2013
	(Rupees)	
	2,054,439	3,036,502
	(30,810)	(4,720)
	(2,936)	(8,826)
	-	(250,000)
	452,536	543,431
	418,990	279,885
	2,473,429	3,316,387
	(2,500,000)	-
	(25,593)	(26,446)
	31,519,395	(813,878)
	4,716,223	(426,465)
	33,710,025	(1,266,789)
	1,928,663	125,169
	35,638,688	(1,141,620)
	38,112,117	2,174,767
	(1,096,942)	(1,172,433)
	37,015,175	1,002,334
	(32,980,578)	-
	2,936	8,826
	(32,977,642)	8,826
	(1,410,171)	(519,823)
	(1,410,171)	(519,823)
	2,627,362	491,337
	1,106,319	614,982
9	3,733,681	1,106,319

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Changes in Equity

for the year ended 30 June 2014

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

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Notes to the Financial Statements

for the year ended 30 June 2014

1. THE COMPANY AND ITS BUSINESS

- 1.1 AKD Capital Limited ("the Company") was incorporated as a Public Limited Company in the year 1936 and its shares are quoted on the Karachi Stock Exchange. The registered office of the company is situated at 416-418, Continental Trade Center, Clifton, Karachi. The principle activity of the Company is to deal in real estate / providing consultancy, projects financing and management, investment in listed securities and to engage in leasing.
- 1.2 These financial statements have reported net profit for the year amounting to Rupees 1.338 million. The Company's net assets position and other financial indicators depict a healthy financial position as at the reporting date. However, the Company's primary commercial operations i.e. to deal in real estate projects, providing consultancy services, projects financing and management etc remained at halt for some years due to economic conditions prevailing in the Country and other ancillary reasons. This situation indicates the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the management is proactively considering new business avenues and looking for different options. During the year, the Company entered into an agreement with a construction venture for providing consultancy services aggregately amounting to Rupees 4 million. The Company has also invested its surplus funds in a housing scheme company from which lucrative returns are expected in the coming years. The sponsor directors and management of the Company are committed to the viable and profitable commercial operations of the Company in the upcoming financial year and, based upon the future financial projections, strongly believe that the Company will continue as a going concern.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

a) Statement of compliance

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

b) Accounting convention

These financial statements have been prepared under the "historical cost convention", except for the investment at fair value through profit or loss and the investments available for sale measured on the basis of fair value.

Notes to the Financial Statements

for the year ended 30 June 2014

c) Critical accounting estimates and judgments

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

Useful lives, patterns of economic benefits and impairment

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2014

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

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

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

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2014

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

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

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

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

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

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

There are other standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2014

i) Functional and presentation currency

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

2.2 Property and equipment

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

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

Depreciation

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

De-recognition

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

2.3 Investments

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

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

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

a) Investment at fair value through profit or loss

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

Notes to the Financial Statements

for the year ended 30 June 2014

b) Held-to-maturity

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

Available-for-sale

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

Quoted

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

Unquoted

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

Unquoted

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

2.4 Cash and cash equivalents

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

2.5 Provisions

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

Notes to the Financial Statements

for the year ended 30 June 2014

2.6 Taxation

Current

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

Deferred

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

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

2.7 Revenue Recognition

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

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

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

Fee income is recognized as and when services are provided.

2.8 Financial Instruments

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

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

Notes to the Financial Statements

for the year ended 30 June 2014

Receivables

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

Borrowings

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

Trade and other payables

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

2.9 Off setting

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

2.10 Impairment of assets

Financial assets

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

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

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

Non financial assets

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

Notes to the Financial Statements

for the year ended 30 June 2014

2.11 Dividend and other appropriations

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

2.12 Share Capital

Ordinary shares are classified as share capital.

2.13 Foreign currencies

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

2.14 Earnings per share

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

Notes to the Financial Statements

for the year ended 30 June 2014

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

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

Notes to the Financial Statements

for the year ended 30 June 2014

4. LONG TERM INVESTMENTS - available for sale

2014 Rupees (Number of shares)	2013 Rupees (Number of shares)		30 June 2014 (Rupees)	30 June 2013 (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 (CDPL) (Note 4.2)	98,000	98,000
<u>19,800</u>	<u>19,800</u>		<u>198,000</u>	<u>198,000</u>

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

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

5. LONG TERM DEPOSITS

		2014 Rupees	2013 Rupees
Deposit with Pakistan Telecommunication Company Limited	5.1	<u>20,000</u>	<u>20,000</u>

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

6. ADVANCES AND PREPAYMENTS

Advance to employees - considered good	57,201	33,840
Prepayments	2,232	-
	<u>59,433</u>	<u>33,840</u>

7. INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Notes to the Financial Statements

for the year ended 30 June 2014

		Notes	30 June 2014	30 June 2013
			(Rupees)	
8.	OTHER RECEIVABLES			
	(Unsecured and considered good)			
	Related Parties			
	Receivable from associate - Creek Developers (Private) Limited	-		30,405,526
	Receivable from staff	-		435
	AKD Securities Limited	-		1,113,434
			-	<u>31,519,395</u>
9.	CASH AND BANK BALANCES			
	Cash in bank - Current account		3,733,681	1,088,659
	Cash in hand		-	17,660
			<u>3,733,681</u>	<u>1,106,319</u>
10.	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
	2014 2013		30 June	30 June
	Rupees Rupees		2014	2013
	(Number of shares)		(Rupees)	
2,138,681	2,138,681	Ordinary shares of Rupees 10 each fully paid in cash	21,386,810	21,386,810
368,311	368,311	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	3,683,110	3,683,110
479	479	Ordinary shares of Rupees 10 each forfeited	2,813	2,813
<u>2,507,471</u>	<u>2,507,471</u>		<u>25,072,733</u>	<u>25,072,733</u>
11.	RESERVES			
	Composition of reserves is as follows:			
	Capital reserves			
	Share premium	11.1	20,891,600	20,891,600
	Fair value reserve on available for sale investments		(3,168,698)	-
			<u>17,722,902</u>	<u>20,891,600</u>
	Revenue reserves			
	General reserve		752,000	752,000
	Accumulated loss		(8,331,024)	(8,171,047)
			(7,579,024)	(7,419,047)
			<u>10,143,878</u>	<u>13,472,553</u>
11.1	This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.			

Notes to the Financial Statements

for the year ended 30 June 2014

	Notes	30 June 2014	30 June 2013
(Rupees)			
12. TRADE AND OTHER PAYABLES			
Accrued liabilities		888,952	693,035
Share of expenses received in advance from CDPL	12.1	535,370	-
Payable to AKD Securities Limited		1,197,376	-
Unclaimed dividend		<u>1,184,831</u>	<u>1,097,058</u>
		<u>3,806,529</u>	<u>1,790,093</u>

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

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

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

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

13.2 Commitments

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

14. CONSULTANCY FEE

During the year, the Company entered into an agreement dated 01 April 2014 with a construction venture (a related party) to provide consultancy services aggregately amounting to Rupees 4 million in connection with infrastructure designing of the construction projects. The revenue recognized represents the billin made to the related party against services provided till the reporting date. The Company is also exploring other construction projects and business opportunities to enhance its revenues during the next year.

	Notes	30 June 2014	30 June 2013
(Rupees)			
15. OTHER INCOME			
Mark-up on other receivables	15.1	2,401,624	4,716,223
Accrued liabilities written back		-	250,000
		<u>2,401,624</u>	<u>4,966,223</u>

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

Notes to the Financial Statements

for the year ended 30 June 2014

	Notes	30 June 2014	30 June 2013
		(Rupees)	
16. ADMINISTRATIVE EXPENSES			
Salaries and benefits	16.1	716,605	147,890
Printing and stationery		241,541	334,961
Vehicle running expenses		9,444	8,993
Postage and telegram		12,069	19,730
Fees, taxes and subscription		791,668	218,297
Electricity, telephone charges		1,160	4,268
Legal and professional		29,118	96,997
Advertisement and publicity		40,272	41,417
Share registrar expense		-	9,160
Travelling and conveyance charges		4,840	37,716
Insurance		-	4,675
Entertainment		159,000	10,385
Auditors' remuneration	16.2	330,000	297,500
Depreciation	3.1	452,536	543,431
Computer supplies and stationary		2,692	630
Office expenses		635	13,887
Repair and maintenance		7,475	75,000
Workers welfare fund		54,710	64,087
		<u>2,853,765</u>	<u>1,929,024</u>

16.1 Remuneration of Directors and Executives

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

	Notes	30 June 2014	30 June 2013
		(Rupees)	
16.2 Auditors' Remuneration			
Audit fee		200,000	187,500
Half yearly review fee		95,000	85,000
Reimbursable expenses		35,000	25,000
		<u>330,000</u>	<u>297,500</u>

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

	Notes	30 June 2014	30 June 2013
		(Rupees)	
17. FINANCE COST			
Bank charges		<u>26,966</u>	<u>14,243</u>

Notes to the Financial Statements

for the year ended 30 June 2014

18. PROVISION FOR TAXATION

18.1 Current

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

Notes	30 June 2014	30 June 2013
	(Rupees)	

18.2 Deferred

Deferred tax effect is due to:

Tax depreciation allowance	40,763	92,041
Provision for workers welfare fund	(18,601)	(21,790)
	<u>22,162</u>	<u>70,251</u>
Opening balance as at 01 July	70,251	157,384
	<u>(48,089)</u>	<u>(87,133)</u>

18.3 Relationship between tax expense and accounting profit:

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

19. EARNINGS PER SHARE- BASIC AND DILUTED

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

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

Notes to the Financial Statements

for the year ended 30 June 2014

20. FINANCIAL RISK MANAGEMENT

20.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

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

(ii) Other price risk

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

Sensitivity analysis

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

Notes to the Financial Statements

for the year ended 30 June 2014

Index	Impact on equity		Impact on profit	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	(Rupees)		(Rupees)	
KSE 100 (5% increase)	1,490,594	-	4,512	2,981
KSE 100 (5% decrease)	(1,490,594)	-	(4,512)	(2,981)

(iii) Interest rate risk

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

(b) Credit risk

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

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

	Rating			30 June 2014	30 June 2013
	Short Term	Long Term	Agency	(Rupees)	
Banks	A1+	AAA	PACRA	3,351,989	196,360
MCB Bank Limited	A-1+	AA+	JCR-VIS	4,179	4,179
United Bank Limited	A1+	AA+	PACRA	377,513	888,120
Bank Al-Habib Limited				<u>3,733,681</u>	<u>1,088,659</u>
Investments					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	<u>90,234</u>	<u>59,624</u>

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

Notes to the Financial Statements

for the year ended 30 June 2014

	Impact on profit	
	30 June 2014	30 June 2013
	(Rupees)	
Upto 1 month	-	-
1 to 6 months	2,500,000	500,000
More than 6 months	500,000	-
	<u>3,000,000</u>	<u>500,000</u>

(c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and bank balances. At 30 June 2014, the Company had Rupees 3.734 million cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2014

	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	<u>3,806,529</u>	<u>3,806,529</u>	<u>3,806,529</u>	<u>-</u>	<u>-</u>

Contractual maturities of financial liabilities as at 30 June 2013

	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	<u>1,790,093</u>	<u>1,790,093</u>	<u>1,790,093</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

for the year ended 30 June 2014

20.2 Fair values of financial assets and liabilities

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

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Level 4 Rupees
Asset as at 30 June 2014				
Available for sale	29,811,880	-	198,000	30,009,880
At fair value through profit or loss	90,234	-	-	90,234
	<u>29,902,114</u>	<u>-</u>	<u>198,000</u>	<u>30,100,114</u>
Asset as at 30 June 2013				
Available for sale	-	-	198,000	198,000
At fair value through profit or loss	59,624	-	-	59,624
	<u>59,624</u>	<u>-</u>	<u>198,000</u>	<u>257,624</u>

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments as on 30 June 2014.

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

20.3 Financial instruments by categories

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

Notes to the Financial Statements

for the year ended 30 June 2014

	Impact on profit	
	30 June 2014	30 June 2013
	(Rupees)	
Loans and receivables		
Long term deposits	20,000	20,000
Trade debts	3,000,000	500,000
Advances and prepayments	57,201	33,840
Other receivables	-	31,519,395
Accrued markup	-	4,716,223
	<u>3,077,201</u>	<u>36,789,458</u>
Financial Liabilities at amortised cost		
Trade and other payables	<u>3,806,529</u>	<u>1,790,093</u>

21. 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.

22. NUMBER OF EMPLOYEES

The number of employees during the year is as follows:

	2014		2013	
	At Year end	Average	At Year end	Average
Number of employees	4	4	4	4

- 22.1 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.

23. 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:

Notes to the Financial Statements

for the year ended 30 June 2014

	Notes	30 June 2014	30 June 2013
		(Rupees)	
Creek Developers (Private) Limited			
Mark-up income		<u>2,401,624</u>	<u>4,716,223</u>
Expenses debited/allocated		<u>1,494,203</u>	<u>1,959,415</u>
Collection during the year		<u>39,442,399</u>	<u>-</u>
Balance at year end		<u>(535,370)</u>	<u>30,405,526</u>
AKD Securities limited			
Balance at year end		<u>(1,197,376)</u>	<u>1,113,434</u>

24. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

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

25. DATE OF AUTHORIZATION

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

26. GENERAL

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

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Pattern of Shareholding

as at 30 June 2014

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%
Muhammad Munir	Director	1	750	0.03%
Zafar Jaweed Alavi	Director	1	1,000	0.04%
Nessar Ahmed	CEO/ 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 2013 to 30th June 2014

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	-	-
5	Muhammad Munir	Director	-	-
6	Zafar Jaweed Alavi	Director	-	-
7	Nessar Ahmed	C E O / Director	-	-

Form of Proxy

Seventy Nine 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, 2014 and /or any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2014.

Share holder
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 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 and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.



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Tel: (92-21) 35302902-06 Fax: (92-21) 35302913