



Grant Thornton

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Punjab Land Development Company Limited** as at **June 30, 2012** ("the Company") and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2012 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

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CHARTERED ACCOUNTANTS

Audit Engagement Partner: Imran Afzal

Lahore

Date: *October 10, 2012*

Chartered Accountants

Member of Grant Thornton International Ltd

Offices in Karachi & Islamabad

PUNJAB LAND DEVELOPMENT COMPANY LIMITED

Balance sheet

As at June 30, 2012

	Note	2012 (Rupees)	2011 (Rupees)
Assets			
Non-current			
Property and equipment	4	8,516,276	6,736,132
Non-current assets		8,516,276	6,736,132
Current			
Stock in trade	5	1,221,798,297	408,207,928
Advances	6	1,339,691	512,148
Trade deposits and short term prepayments	7	378,990	306,398
Advance tax		7,254,461	3,734,935
Cash and bank balances	8	690,400,448	581,054,569
Non-current assets		1,921,171,887	993,815,978
Total assets		1,929,688,163	1,000,552,110
Equity and liabilities			
Share capital and reserves			
Authorized share capital:			
1,000 ordinary shares of Rs. 100 each		100,000	100,000
Issued, subscribed and paid up capital	9	100,000	100,000
Advance for future issue of shares	10	249,800,000	249,800,000
Revenue reserve		39,692,133	7,664,483
Total equity		289,592,133	257,564,483
Liabilities			
Non-current			
Payable to Government of Punjab	11	277,200,000	277,200,000
Long term financing	12	565,000,000	250,000,000
Advances from customers		588,402,623	204,688,500
Advance from Government against upfront subsidy for markup	13	94,249,000	-
Deferred taxation	14	793,044	677,714
Non-current liabilities		1,525,644,667	732,566,214
Current			
Trade and other payables	15	96,818,695	6,972,097
Provision for taxation	24	17,632,668	3,449,316
Current liabilities		114,451,363	10,421,413
Contingencies and commitments	16		
Total liabilities		1,640,096,030	742,987,627
Total equity and liabilities		1,929,688,163	1,000,552,110

The annexed notes 1 to 25 form an integral part of these financial statements.

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PUNJAB LAND DEVELOPMENT COMPANY LIMITED

Profit and loss account

For the year ended June 30, 2012

	Note	2012 (Rupees)	2011 (Rupees)
Revenue	17	60,673,500	-
Development cost recognized	18	(70,005,245)	-
Gross loss		(9,331,745)	-
Other operating income	23	117,163,397	53,694,722
Marketing expenses	19	(26,141,468)	(23,160,828)
Administrative expenses	20	(30,162,920)	(18,495,783)
Other operating expenses	21	-	(240,643)
Operating profit		51,527,264	11,797,468
Finance cost	22	(1,273,352)	(5,955)
Profit before tax		50,253,912	11,791,513
Tax expense	24	(18,226,262)	(4,127,030)
Profit for the year		32,027,650	7,664,483

The annexed notes 1 to 25 form an integral part of these financial statements.

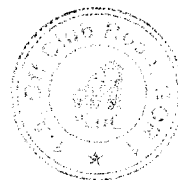
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CHIEF EXECUTIVE



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DIRECTOR



PUNJAB LAND DEVELOPMENT COMPANY LIMITED

Cash flow statement

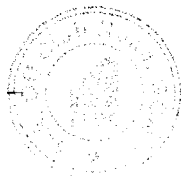
For the year ended June 30, 2012

	Note	2012 (Rupees)	2011 (Rupees)
Cash flows from operating activities			
Profit before tax		50,253,912	11,791,513
Adjustments			
Depreciation	4	1,377,827	626,230
Finance cost	22	1,273,352	5,955
Increase in stock in trade		(813,590,369)	(131,007,928)
Increase in advances		(827,543)	(512,148)
Increase in trade deposits and short term prepayments		(72,592)	(306,398)
Increase in trade and other payables		88,585,491	6,972,097
Finance cost paid		(12,245)	(5,955)
Income taxes paid		(7,447,106)	(3,734,935)
Net cash used in operating activities		(680,459,273)	(116,171,569)
Cash flows from investing activities			
Purchase of property and equipment		(3,157,971)	(7,362,362)
Net cash used in investing activities		(3,157,971)	(7,362,362)
Cash flows from financing activities			
Proceeds from issue of share capital		-	100,000
Advance for future issue of shares		-	249,800,000
Advances received from customers		383,714,123	204,688,500
Advance from Government against upfront subsidy for markup (Quaid)-net		94,249,000	-
Proceeds from long term financing		315,000,000	250,000,000
Net cash from financing activities		792,963,123	704,588,500
Net change in cash and cash equivalents		109,345,879	581,054,569
Cash and cash equivalents, beginning of year		581,054,569	-
Cash and cash equivalents, end of year	8	690,400,448	581,054,569

The annexed notes 1 to 25 form an integral part of these financial statements.

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CHIEF EXECUTIVE



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DIRECTOR



PUNJAB LAND DEVELOPMENT COMPANY LIMITED

Statement of changes in equity

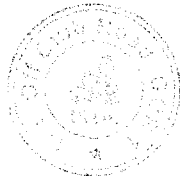
For the year ended June 30, 2012

	Share capital (Issued, subscribed and paid up capital)	Advance for future issue of shares	Revenue reserve (Un-appropriated profit)	Total equity
	Rupees			
Issue of share capital	100,000	-	-	100,000
Advance for future issue of shares	-	249,900,000	-	249,900,000
Advance against future issue of share capital adjusted	-	(100,000)	-	(100,000)
Transactions with owners	100,000	249,800,000	-	249,900,000
Profit for the period	-	-	7,664,483	7,664,483
Balance at 30 June 2011	100,000	249,800,000	7,664,483	257,564,483
Profit for the year	-	-	32,027,650	32,027,650
Balance at June 30, 2012	100,000	249,800,000	39,692,133	289,592,133

The annexed notes 1 to 25 form an integral part of these financial statements.

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CHIEF EXECUTIVE



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DIRECTOR



Notes to the financial statements

For the year ended June 30, 2012

1 General information and nature of operations

Punjab Land Development Company Limited (the Company) was incorporated in Pakistan on March 09, 2010 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 1-A Off Club Road, G.O.R. 1, Lahore. The principle activity of the Company is to provide affordable and decent adobe to the people who have desires but do not have the resources to fulfill their basic needs of shelter.

2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Medium-Sized Entities (MSFEs) issued by The Institute of Chartered Accountants of Pakistan and 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.

3 Significant accounting policies

3.1 Measurement basis

These financial statements have been prepared under the historical cost convention, except for certain financial instruments which are stated at fair value.

3.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with 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, including expectation 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:

- Residual values and useful lives of property and equipment
- Income and other taxes
- Disclosure and assessment of provision of contingencies

3.3 Functional and presentation currency

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

3.4 Property and equipment

These are stated at cost less accumulated depreciation and impairment in value, if any. Cost of property and equipment consists of historical cost and attributable expenses in bringing the assets to their working condition.

Subsequent costs are included in carrying amount of property and equipment or recognized as a separate item of property and equipment, as appropriate, only when it is probable that future economic benefits associated with that item will flow to the Company and the cost of the item can be measured reliably. Depreciation is charged to income applying the reducing balance method over the estimated useful life at the rates specified in property and equipment note 4.

Depreciation on additions is charged from the month in which the property and equipment is acquired or capitalized while no depreciation is charged for the month in which it is disposed off.

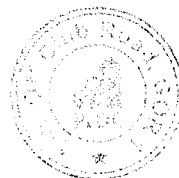
Minor replacement, maintenance and repair of property and equipment are charged to income for the period. Major renewals and improvements which prolong the life of property and equipment are capitalized.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit or loss for the period.

3.5 Stock in trade

Land, completed houses and project costs incurred during the period are classified as stock-in-trade. These are carried at the lower of cost and net realizable value. Work-in-process comprises of houses in the process of construction/development. Cost in relation to work-in-process comprises of cost of direct materials, labour and appropriate overheads, if any. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

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Notes to the financial statements

For the year ended June 30, 2012

3.6 Trade and other receivables

Trade debts and other receivables are recognized at invoice value, which approximates fair value, less provision for doubtful debts. Trade debts where the ownership of the work in progress is transferred by the Company to the buyer as the construction progresses is recognized using the percentage of completion method.

A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized in the profit or loss. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit or loss.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits and other short term highly liquid investments, if any, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.8 Markup bearing borrowings and borrowing costs

Mark up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the profit or loss over the period of borrowings on an effective mark up basis.

Borrowing costs are recognized as expense in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, if any, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, if any, pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization.

3.9 Trade and other payables

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

3.10 Provisions

A provision is recognized in the financial statements when the Company has legal or constructive obligation as a result of a 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 can be made to the amount of obligation.

3.11 Taxation

Current

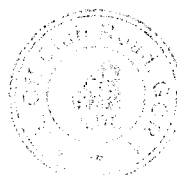
Provision for current taxation is based on taxable income at the current rates of taxation after considering rebates and tax credits available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalized during the year.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized. Deferred tax liability is recognized for all taxable temporary differences. 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 tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

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Notes to the financial statements

For the year ended June 30, 2012

3.12 Revenue recognition

Revenue from sale of houses is recognized when the significant risks and rewards of ownership have been transferred to the buyer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the property sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The significant risks and rewards of ownership are transferred to the buyer when following conditions are met:

- the buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
- construction is beyond a preliminary stage;
- the buyer is committed. Buyer is unable to require a refund except, for non delivery of the unit. Management believes that the likelihood of the Company being unable to fulfill its contractual obligations for this reason is remote; and
- the buyer has the right to dispose off the property.

Revenue from sales agreements where the control and the significant risks and rewards of ownership of the work in progress are transferred by the Company to the buyer in its current state as construction progresses is measured using the percentage of completion method. The stage of completion is measured by reference to the costs incurred up to the balance sheet date as a percentage of total estimated costs for each project.

Revenue from sales agreements where significant risks and rewards are not passed on to the buyer as construction progresses are recognized when possession is handed over to the buyer and the Company does not expect any further future economic benefits from such property.

Profit on bank deposits is accounted for on time proportion basis using the applicable rate of interest.

3.13 Government grants

The Company recognizes government grants when there is reasonable assurance that it will comply with the conditions attaching to them and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants related to assets are recognized as deferred income over the useful life of the related assets. Grants that are not related to assets are credited to the income statement when they are received.

3.14 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. For non-financial assets and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

3.15 Financial assets and liabilities

Financial assets comprise receivables, cash and bank balances. Financial assets are stated at fair value. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are loan and trade and other payables.

3.16 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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PUNJAB LAND DEVELOPMENT COMPANY LIMITED

Notes to the financial statements
For the year ended June 30, 2012

4 Property and equipment

Description	2012							
	Cost			Rate	Depreciation			Book value as on June 30, 2012
	As on July 01, 2011	Addition	As on June 30, 2012		As on July 01, 2011	For the year	As on June 30, 2012	
	Rs.	Rs.	Rs.	%	Rs.	Rs.	Rs.	Rs.
Furniture and fittings	975,985	277,364	1,253,349	15	113,069	139,000	252,069	1,001,280
Office equipment	2,108,471	-	2,108,471	15	115,001	279,295	394,296	1,714,175
Computer equipment	1,124,200	909,311	2,033,511	30	261,838	343,249	605,087	1,428,424
Vehicles	3,153,706	1,971,296	5,125,002	20	136,322	616,283	752,605	4,372,397
Total	7,362,362	3,167,971	10,520,333		626,230	1,377,827	2,004,057	8,516,276

Description	2011							
	Cost			Rate	Depreciation			Book value as on June 30, 2012
	As on Jul 01, 2011	Addition	As on June 30, 2012		As on July 01, 2011	For the year	As on June 30, 2012	
	Rs.	Rs.	Rs.	%	Rs.	Rs.	Rs.	Rs.
Furniture and fittings	-	975,985	975,985	15	-	113,069	113,069	862,915
Office equipment	-	2,108,471	2,108,471	15	-	115,001	115,001	1,993,470
Computer equipment	-	1,124,200	1,124,200	30	-	261,838	261,838	862,362
Vehicles	-	3,153,706	3,153,706	20	-	136,322	136,322	3,017,385
Total	-	7,362,362	7,362,362		-	626,230	626,230	6,736,132

Note	2012	2011
	(Rupees)	(Rupees)

5 Stock in trade

Project land	5.1	270,603,728	277,210,832
Work in process	5.2	917,057,375	121,027,965
Model houses	5.3	34,137,194	9,969,131
Total		1,221,798,297	408,207,928

5.1 This represents land measuring 672 Kanals (84 Acres) for Ashiyana Housing Project, Lahore. Project land amounting to Rs. 6,607,104 has been charged to profit and loss account against revenue recognized during the year.

5.2 Opening work in process

Ashiyana housing project-Quaid	121,027,965	-
Additions during the year		
Ashiyana housing project-Quaid	799,866,599	121,027,965
Ashiyana housing project-Sahiwal	50,733,371	-
Ashiyana housing project-Faisalabad	8,827,581	-
Sub-total	859,427,551	121,027,965

Cost recognized during the year.

Ashiyana housing project-Quaid	63,398,141	-
Closing work in process		
Ashiyana housing project-Quaid	857,496,423	121,027,965
Ashiyana housing project-Sahiwal	50,733,371	-
Ashiyana housing project-Faisalabad	8,827,581	-
Total	917,057,375	121,027,965

5.3 This includes cost of model houses regarding below mentioned schemes of the Company:

Ashiyana Housing Project - Lahore	8,028,747	6,074,456
Ashiyana Housing Project - Sahiwal	7,377,511	-
Ashiyana Housing Project - Faisalabad	5,784,599	555,020
Ashiyana Housing Project - Sargodha	6,824,178	2,765,851
Ashiyana Housing Project - Jhelum	6,122,159	573,804
Total	34,137,194	9,969,131

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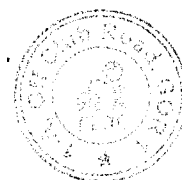
PUNJAB LAND DEVELOPMENT COMPANY LIMITED

Notes to the financial statements
For the year ended June 30, 2012

	Note	2012 (Rupees)	2011 (Rupees)
6 Advances			
Advances to suppliers		1,121,227	465,639
Advances to employees against expenses		218,464	46,509
Total		1,339,691	512,148
7 Trade deposits and short term prepayments			
Security deposits		167,100	167,100
Prepaid insurance		103,540	80,058
Prepaid rent		-	57,740
Receivable from BOP		106,850	-
Others		1,500	1,500
Total		378,990	306,398
8 Cash and bank balances			
Cash at bank:			
- current accounts		30,700,693	109,794,149
- deposit account	8.1	659,699,755	271,260,420
Term deposit receipts (TDRs)	8.2	-	200,000,000
Total		690,400,448	581,054,569
8.1	Deposit account carries interest at rates ranging 11.5% to 12% (2011: 12.5%) per annum.		
8.2	TDRs carried interest at rates ranging 11.5% to 12% (2011: 11.5% to 12%).		
9 Issued, subscribed and paid up capital			
1,000 ordinary shares of Rs. 100/- each fully paid in cash		100,000	100,000
Total		100,000	100,000
9.1 Reconciliation of issued, subscribed and paid up capital		2012	2011
		Number of shares	Number of shares
Number of shares at July 01		1,000	-
Number of shares issued during the period		-	1,000
Number of shares as at June 30,		<u>1,000</u>	<u>1,000</u>
9.2	The Company is wholly owned by Government of the Punjab.		
10 Advance for future issue of shares			
Government of the Punjab			
Balance at July 01		249,800,000	-
Received during the period		-	249,900,000
Shares issued during the period		-	(100,000)
Total		249,800,000	249,800,000

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PUNJAB LAND DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended June 30, 2012

	Note	2012 (Rupees)	2011 (Rupees)
11 Payable to government of Punjab			
Government of the Punjab - deferred payment amount		175,574,198	185,766,637
Deferred Government Assistance		101,625,802	91,433,363
Total		277,200,000	277,200,000

11.1 This represents amount payable to Government of the Punjab against land for Ashiyana Housing Project, Lahore. The total land transferred in the name of the Company for construction of Ashiyana Housing Project, Lahore is 672 Kanals (84 Acres). The cost of land evaluated by District Price Assessment Committee amounted to Rs. 3,300,000/- per acre.

11.2 Salient terms and conditions

The following are deferred payment terms and conditions agreed with Government of the Punjab against the purchase of this land.

Repayment period	Five years; final installment will be paid in January 2016.
Grace period	Three years
Interest rate	0%
Penalty in case of default	4.0% per annum
Mode of payment	In two annual installments after expiry of grace period.

11.3 This deferred payment in accordance with International Accounting Standard-39 "Financial Instruments: Recognition and Measurement" is stated at its present value and the difference is recognized as Deferred Government Assistance. Deferred Government Assistance is being amortized to fully offset the financial charges on the loan at an imputed rate of 12%. The amount amortized and offset against financial charges during the period amounted to Rs. 20.498 million (2011: Rs. 8.846 million) There is no effect on the net profit for the period due to this transaction.

	Note	2012 (Rupees)	2011 (Rupees)
12 Long term financing			
Loan from Government of the Punjab			
Opening balance at July 01			
Ashiyana-e-Quaid, Lahore		250,000,000	-
Received during the year:			
Ashiyana-e-Quaid, Lahore		-	250,000,000
Ashiyana-e-Quaid extension, Lahore		265,000,000	-
Ashiyana-e-Iqbal, Lahore		50,000,000	-
		315,000,000	250,000,000
Closing balance as at June 30, 2012		565,000,000	250,000,000

12.1 Government of the Punjab has transferred Rs. 565 Million to Punjab Land Development Company Limited (PLDC) as loan for construction of Ashiyana Housing Projects .

12.2 Salient terms and conditions

These loan will be governed by the following terms and conditions:

Repayment period	Five years including two years grace period
Grace period	Two years
Interest rate	0.25% per annum

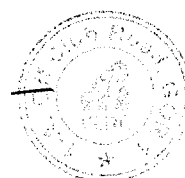
12.3 The Company had requested vide its letter dated May 25, 2011 to Government of the Punjab to re-classify payment of Rs. 250 million as grant-in-aid to be used for payment of land referred to in note 5 above. The matter was discussed in first Annual General Meeting and board of directors have decided that this amount cannot be reclassified as grant -in-aid as the Company is registered U/S 32 of the Companies Ordinance, 1984.

13 Advance from Government against upfront subsidy for markup

Advance from GoP against upfront subsidy of markup(Ashiyana-e-Quaid)	100,000,000	-
Upfront subsidy utilized during the year	(5,751,000)	-
Total	94,249,000	-

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Notes to the financial statements
For the year ended June 30, 2012

	Note	2012 (Rupees)	2011 (Rupees)
14 Deferred tax			
Balance at July 01		677,714	-
For the period		115,330	677,714
Total		793,044	677,714

14.1 Balance of deferred tax is in respect of major temporary differences relating to property and equipment.

15 Trade and other payable

Creditors		52,176,136	431,549
Accrued liabilities		1,299,468	1,002
Withholding tax payable		-	2,223
Retention money payable		42,081,984	6,296,680
Payable to Workers' Welfare Fund	21	-	240,643
Provision for markup payable		1,261,107	-
Total		96,818,695	6,972,097

16 Contingencies and commitments

- i) Civil suit titled Muhammad Irfan & Muhammad Imran Vs Government of the Punjab through Secretary Housing and Physical Planning, Civil Secretariat & Chairman PLDC, Lahore regarding recovery of damages amount to Rs. 6,497,063/- is pending adjudication in the Learned Civil Court, Lahore. The Company served a notice without assigning any reason to plaintiffs for termination of lease agreement of building for head office which was agreed on 5th May 2010. The plaintiffs have incurred some expenses on building renovation which was to be used for head office purposes. Now the plaintiffs are claiming for expenditures and damages for breach of agreement. However, the Company has denied the claim in totality. Hence the civil suit is pending.
- ii) A civil suit titled DHA Vs Government of Punjab PLDC etc. for declaration and permanent injunction is pending adjudication in the Learned Civil Court, Lahore.
The management is hopeful of favorable decisions of cases mentioned above and accordingly there is no likelihood of any financial liability.

	Note	2012 (Rupees)	2011 (Rupees)
17 Revenue			
Revenue		61,670,000	-
Less: Discount allowed	17.1	(996,500)	-
Total		60,673,500	-

17.1 Discount of 5% of balance payment is allowed to allottees who opt to personally pay the balance payment on lump sum basis instead of availing loan facility.

17.2 The Company has entered into a Memorandum of Understanding on March 09, 2011 with the Bank of Punjab wherein it was agreed that upon an application regarding Bank Loan Facility duly submitted by the applicant for payment of balance amount of 3 Marla and 2 Marla Houses at the time of getting possession of the house, the successful applicants will be facilitated by BOP according to its rules, regulations and prudential regulations of State Bank of Pakistan. PLDC is required to provide requisite documents of the applicants to BOP as mutually agreed and execute the Mortgage Deed in favour of BOP regarding the allotted house of the applicants.

18 Development cost recognized

Site facilities		1,379,167	-
Project land		6,607,104	-
Construction of shops & apartments of Ashiyana Housing Project		1,310,695	-
Engineering and other services		3,148,194	-
Amenities		4,589,447	-
Construction of building and infrastructure development		52,970,638	-
Total		70,005,245	-

19 Marketing expenses

Advertisement		18,429,058	20,232,972
Promotional expenses		7,712,410	2,927,856
Total		26,141,468	23,160,828

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PUNJAB LAND DEVELOPMENT COMPANY LIMITED

Notes to the financial statements
For the year ended June 30, 2012

	Note	2012 (Rupees)	2011 (Rupees)
20 Administrative expenses			
Salaries and allowances	20.1	19,223,063	11,810,336
Traveling and conveyance		288,108	84,867
Training and development		27,300	-
Running and maintenance of vehicles		931,072	95,254
Printing and stationery		922,642	514,672
Entertainment		714,704	390,742
Communication		1,050,639	227,945
Newspapers and periodicals		9,915	26,883
Rent, rates and taxes		766,389	1,638,640
Legal, professional and consultancy charges		2,768,102	488,394
Professional tax		10,000	-
Repairs and maintenance		206,274	594,221
Insurance		117,682	25,940
Fee and subscription		59,000	67,100
Auditors' remuneration		350,000	150,000
Utilities		766,944	302,815
Advertisement		3,478	508,154
Depreciation		1,377,827	626,230
Others		569,781	943,590
Total		30,162,920	18,495,783
20.1	This includes salary of Chief Executive Officer amounting to Rs. 2,225,925/- (2011: Rs. 2,767,742/-) . The Company has also provided company maintained car to the Chief Executive Officer of the Company. Directors are not drawing any salary from the Company.		
21 Other operating expenses			
Provision for Workers' Welfare Fund	21.1	-	240,643
Total		-	240,643
21.1	Workers' Welfare Fund Ordinance, 1971 has been amended through Finance Acts 2006 and 2008. These amendments were held unconstitutional and struck down by the Honorable Lahore High Court, Lahore (HLHC) on August 05, 2011. The decision of HLHC has been challenged in the august Supreme Court of Pakistan, which is still pending decision. Owing to the above, the management of the Company has not made provision for Workers' Welfare Fund in these financial statements.		
22 Finance cost			
Interest on long term loan		1,261,107	-
Bank charges		12,245	5,955
Total		1,273,352	5,955
23 Other operating income			
Profit on bank deposit		72,283,137	35,313,282
Application fee		44,734,260	18,063,440
Receipts against tender documents		146,000	318,000
Total		117,163,397	53,694,722

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PUNJAB LAND DEVELOPMENT COMPANY LIMITED

Notes to the financial statements

For the year ended June 30, 2012

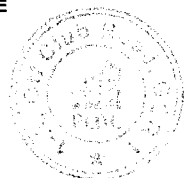
	Note	2012 (Rupees)	2011 (Rupees)
24 Taxation			
For the year			
Current		17,632,668	3,449,316
Prior period		478,264	-
Deferred		115,330	677,714
Total		18,226,262	4,127,030

25 General

- 25.1 Figures have been rounded off to the nearest rupee.
- 25.2 These financial statements were approved for issue on 10 Oct. 2012 by the Board of Directors of the Company.
- 25.3 Comparative figures represent 16 months period from March, 2010 to June, 2011 for which approval was obtained from the Securities and Exchange Commission of Pakistan.

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CHIEF EXECUTIVE



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DIRECTOR



DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors feel pleasure in presenting their 2nd annual report together with audited accounts of the Company for the year ended 30th June 2012. These accounts are presented in accordance with the requirements of Companies Ordinance, 1984.

The major focus of the Company was on;

- a) Progress on the first Ashiana Scheme in Lahore.
- b) Develop strategies & identify locations for Ashiana Housing Schemes in Punjab and start work in these Districts.
- c) Assemble core team to undertake challenging projects.
- d) Identify financial, estate management and planning & control systems to be implemented.

OPERATING & FINANCIAL RESULTS

During the last 12 month period ended on 30th June 2012, the Company has given possession of 53 Housing Units and applicants have also been shifted to Ashiana-e-Quaid.

The revenue of these 53 units has been realized and there has been a Gross Loss of Rs. 9.3 million. However, during the period the Company earned mark-up on investments amounting to Rs. 72.2 million and received application processing fee of Rs. 44.7 million from the applicants. The Gross Loss together with Operating Expenses has been recovered from this source and the Company has earned an Overall Operating Profit of Rs. 32 million.

INFORMATION TECHNOLOGY

The Company recognizes importance of information technology in 21st century and your Company is making continuous efforts to have efficient IT systems supporting timely and effective decisions. The Company is in the process of implementation of SAP B1 financial system and proposals from different authorize vendors have already been received. Further identification of latest software to be used by estate management & engineering department has been made and the Company will be able to operate these software in due course of time.

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HUMAN CAPITAL

The Company strongly believes in the development of human capital to achieve long term growth and prosperity of the Company and therefore recognizes its employees as its most important asset. In order to attract and retain better staff for quality performance, the Company is fully committed to streamline HR function. The HR Department has been assigned to review & develop Company's policies, identify training needs, performance appraisals and ensure quality hiring.

DEVELOPMENT OF SYSTEMS OPERATING PLROCEEDURES

The Company understands the value of being recognized in the commercial world and is making aggressive efforts to develop Systems Operating Procedures to streamline its internal working and to develop better internal controls as part of Code Corporate Governance.

In this regard Avais Hyder Liaquat Nauman a correspondent firm of RSM International (6th in World Ranking) has already been engaged to prepare SOPs of the Company through a competitive process and draft report on SOPs is expected next month.

FINANCIAL STATEMENTS

Financial Statements of the Company as on 30th June 2012 are annexed.

BOARD OF DIRECTORS

The Board of Directors is responsible for the overall governance and administration of the Company. All the Directors are aware of their duties and powers conferred by the Companies Ordinance, 1984 and Company's Memorandum and Articles of Association. The Board of Directors comprises of 14 Directors including one working Director who is also Chief Executive Officer.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have occurred between the end of financial year of the Company and the date of this report.

AUDITORS

The external auditors of the Company Anjum Asim Shahid Rahman & Company Chartered Accountants shall retire on the conclusion of forthcoming Annual General Meeting. Being eligible for re-appointment under the Companies Ordinance 1984, they have offered their services as auditors of the Company for the year ending 30 June 2013.

ACKNOWLEDGMENT

The Board places on record its appreciation to a) the valued shareholders, b) the bankers and c) the current & prospective customers whose co-operation, support and patronage will enable the Company to become a bench mark name in the field of low income housing.

The relations between the management and personnel of the Company remained cordial during the period under review. The Company gratefully acknowledges the hard work and dedication of its all personnel who achieved the difficult tasks with their professionalism and loyalty. The Company expects its personnel to endeavor in achieving the vision set forth by the honorable Chief Minister of Punjab & its management and would continue to put their best efforts for progress and prosperity of the Company in the coming years.

For & on behalf of the Board



Sheikh Allaiddin
Chairman Board of Directors

Lahore

