DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

ANNUAL FINANCIAL STATEMENTS AS ON JUNE 30, 2022

H.A.M.D & Co.
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of DADABHOY CONSTRUCTION TECHNOLOGY LIMITED

Report on the audit of the financial statements

Disclaimer of Opinion

We were engaged to audit the annexed financial statements of **DADABHOY CONSTRUCTION TECHNOLOGY LIMITED** (the Company), which comprise the statement of financial position as at **June 30, 2022**, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report. We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

a) We draw attention to the note 1.2 to the annexed financial statements, as more fully described in that note, during the current year, the Company has incurred after tax loss amounting to Rs. 2.173 (2021: Rs. 3.2) million, rising its accumulated losses as on reporting date amounting to Rs. 36.890 (2021: Rs. 34.717) million, wiping off the equity to Rs. 13.662 (2021: Rs. 11.489) million. Further, current liabilities of the Company exceeded the current assets by Rs. 13.662 (2021: Rs. 11.489) million. Operations of the Company are closed since financial year 2016 due to which the Company is facing financial and operational difficulties and is unable to discharge its liabilities in the due course of business.

Although, the related parties have provided loans to the Company, which were utilized to acquire the land for development. However, installments due during the year for the acquisition of land for development was not paid by the Company due to certain legal issues over the title of the proposed properties, the outcome of which is pending till the issuance of these financial statements due to which the ownership rights or the assertion of existence of the advance against property given amounting to Rs. 59.80 (2021: Rs. 40.80) million cannot be substantiated. Hence, the uncertainty exists about the operational plans of the Company for the foreseeable future. In addition, most of the administrative expenses incurred during the year could not be paid. The operations of the Company are mainly dependent upon the financial support of the directors and sponsors. However, there is no inflow of funds during the current year from them.

Mitigating factors disclosed by the management in the financial statements in note # 1.2 reflect the tentative steps taken by the management for restarting the operational activities of the Company which have not been materialized till the issue of these financial statements. Moreover, the feasibility of the financial and operational activities of the Company including projected plans to start the diversified business operations are yet to be finalized mainly due to ongoing un-favorable socio-economic situation prevailing in the country. Without any concrete business and financial plan and other mitigating factors, there exists a material uncertainty about the Company's ability to continue as a going concern and adequacy of disclosures about the appropriateness of going concern assumption for the preparation of these financial statements due to which we have not been able to obtain sufficient appropriate audit evidence regarding the use of going concern assumption for the preparation of these financial statements. As a result, we do not have sufficient basis to form our opinion on the appropriateness or otherwise of the use of the going concern assumption in these financial statements.

These factors along with the other matters described in that note cast significant doubt on 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. Therefore, the Company is not a going concern and financial statement should be presented at their appropriate realizable values. On the other hand, The SECP vide its announcement dated Oct 28, 2019 authorized the Registrar, Company Registration Office, Karachi, to present a petition of winding up of the Company before august High Court.

b) The Company has not provided us access to its books of account, records and other information which were necessary for the purpose of our audit. Consequently, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded elements making up the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants *'Code of Ethics for Professional Accountants'* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

Report on Other Legal and Regulatory Requirements

Because of significance of the matters described in Basis of Disclaimer of Opinion section of our report, we express no opinion whether:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

Chartered Accountants

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Waseem Ashfaq.

H.A.M.D & Co.

H.A.M.D & CO.
Chartered Accountants
Place: Lahore
Dated: 7 February 2024
UDIN# AR202210040FnjyCx2w8

H.A.M.D & Co. Chartered Accountants LAHORE

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non-Current Assets			
Deferred taxation	4	-	-
Current Assets			
Advance against property	5	59,800,000	49,800,000
Advance Income Tax		238,800	238,800
Cash and bank balance	6	94,512	10,021,937
		60,133,312	60,060,737
Total assets		60,133,312	60,060,737
EQUITY AND LIABILITIES			
Authorized Share Capital			
5,000,000 Ordinary shares of Rs. 10 each		50,000,000	50,000,000
Issued, subscribed and paid up capital	7	23,228,000	23,228,000
Accumulated losses		(36,890,353)	(34,717,163)
Shareholders' equity		(13,662,353)	(11,489,163)
Current Liabilities			
Accrued and other payables	8	10,778,541	8,532,776
Markup accrued	9	6,900,324	6,900,324
Short term borrowings	10	56,116,800	56,116,800
		73,795,665	71,549,900
Contingencies and commitments	11	-	-
Total equity and liabilities		60,133,312	60,060,737

The annexed notes from 1 to 23 form an integral part of these financial statements.

Chief Executive | *Chief Financial Officer* | *Director*

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Sales		-	-
Cost of sales - depreciation		-	-
Gross profit / (loss)		-	-
Administrative expenses	12	(6,827,390)	(3,064,966)
Finance cost	13	(2,900)	-
		(6,830,290)	(3,064,966)
Operating loss		(6,830,290)	(3,064,966)
Other charges	14	(175,000)	(135,000)
Other income	15	4,832,100	-
Loss before taxation		(2,173,190)	(3,199,966)
Taxation - net	16	-	-
Loss after taxation		(2,173,190)	(3,199,966)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(2,173,190)	(3,199,966)
Earning per share - basic and diluted	17	(0.94)	(1.38)

The annexed notes from 1 to 23 form an integral part of these financial statements.

Chief Executive | **Chief Financial Officer** | **Director**

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Issued, Subscribed and Paid-up Capital	Accumulated Losses	Total Shareholders' Equity
	----------	Rupees	----------
Balance as at June 30, 2020	23,228,000	(31,517,197)	(8,289,197)
Total comprehensive loss for the year	-	(3,199,966)	(3,199,966)
Balance as at June 30, 2021	**23,228,000**	**(34,717,163)**	**(11,489,163)**
Total comprehensive loss for the year	-	**(2,173,190)**	**(2,173,190)**
Balance as at June 30, 2022	**23,228,000**	**(36,890,353)**	**(13,662,353)**

The annexed notes from 1 to 23 form an integral part of these financial statements.

Chief Executive | **Chief Financial Officer** | **Director**

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(2,173,190)**	(3,199,966)
Adjustments for:			
Depreciation		**-**	-
In view o Finance cost	13	**2,900**	-
		2,900	-
Cash outflow before working capital changes		**(2,170,290)**	(3,199,966)
Working Capital Changes:			
Increase in current assets			
Advance against property	5	**(10,000,000)**	10,200,000
Increase in current liabilities			
Trade and other payables		**2,245,765**	3,199,966
Cash used in operations		**(9,924,525)**	10,200,000
Financial charges paid		**(2,900)**	-
Income Tax Paid		**-**	(238,800)
Net cash used in operating activities		**(9,927,425)**	9,961,200
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of land and building		-	-
Net cash generated from investing activities		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings received - net		-	60,000
Net cash generated from financing activities		-	60,000
Net (decrease) / increase in cash and cash equivalents		**(9,927,425)**	10,021,200
Cash and cash equivalents at beginning of year	6	**10,021,937**	737
Cash and cash equivalents at end of the year	6	**94,512**	10,021,937
		-	

The annexed notes from 1 to 23 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated on April 07, 1981 under the repealed Companies Act, 1913 (now the Companies Act, 2017) by the name of Pak German Prefabs (Pvt.) Limited as private limited company which converted its status to public limited company and was listed on Stock Exchanges (now the Pakistan Stock Exchange Limited - PSX). However, on March 07, 2005, the Company changed its name to Dadabhoy Construction Technology Limited under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registration # of the Company is 008506. The principal activity of the Company is to acquire and develop land for construction and sell of properties and to manufacture and sell the sealing chemicals / bonds used in the construction including Hi Bond Cement and allied products. The Company's registered office is situated at Suite # 4, 2nd Floor, Plot no. 28-30 / C, Noor Centre, Khayaban-e-Ittehad, Lane # 12, Phase VII, D.H.A., Karachi.

Trading in shares of the Company was suspended by the Stock Exchanges on August 01, 2012 due to non compliances with respect to listing regulations (now the PSX Rule Book). However, CDC has declared the shares of the Company as eligible security for trading with effect from August 17, 2018 and trading of the shares will be allowed after fulfilling certain specified conditions.

1.2 Going Concern Assumption:

During the current year, the Company has incurred after tax loss amounting to Rs. 2.173 (2021: Rs. 3.2) million rising its accumulated losses as on the reporting date amounting to Rs. 36.89 (2021: Rs. 34.717) million, wiping off the equity to negative Rs. 13.662 (2021: negative Rs. 11.489 million. Further, current liabilities of the Company exceed the current assets by Rs. 13.662 (2021: Rs. 11.489) million. Operations of the Company are closed since financial year 2016. These factors indicate the existence of material uncertainty over the Company's ability to continue as going concern and accordingly, Company may not be able to realize its assets and settle its liabilities at the stated amounts in the normal course of business.

However, management of the Company has prepared these financial statements on going concern basis due to the following reasons:

- The Company has entered into agreements for the acquisition of land for development / construction of residual and commercial units. Covenants of the agreement will be met after the fulfillment of certain legal requirements and improvement in the overall economic outlook of the economy.
- Management is also corresponding with a running hotel business to acquire the complete business against issuance of shares of the Company and partly through cash.
- Management structure of the Company has been changed to bring in the expertise and experience which could facilitate the Company in reviving its overall operations.
- The management has also planned to raise the finance from internal as well as external sources to further improve the financial and operational outlook of the Company.
- Company is also seeking merger with another operational real estate Company after fulfilling all the legal requirements.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (Act) and provisions and directives issued under the Act. Where provisions of or directives issued under the Act differ from the IFRS Standards, the provisions of or directives issued under the Act have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except otherwise disclosed in these financial statements. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company.

2.4 Use of estimates and judgments

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows: -

2.5 Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past.

2.6 New standards, amendments to standards and IFRS interpretations that are effective for year.

The following amendments to accounting standards are effective for the year ended June 30, 2022. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after:
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 1, 2021

2.7 Amendments to standards and IFRS interpretations that are not yet effective

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

		Effective from accounting period beginning on or after
IFRS 3	Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 1, 2022
	Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 1, 2022
IAS 1	Presentation of Financial Statements' - Disclosure of accounting policies	January 1, 2023
IAS 1	Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 1, 2023
IAS 8	Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 1, 2023
IAS 12	Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 1, 2023
IAS 16	Property, Plant and Equipment - Proceeds received before intended use.	January 1, 2022
IAS 37	Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 1, 2022
	Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between	Deferred indefinitely

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 17 - Insurance Contracts

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's unconsolidated financial statements in the period of initial application.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Development properties

Property acquired for construction for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is classified as development properties and is measured at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date less costs to completion and the estimated costs of sale.

3.2 Advances

Company reviews its advances for any provision required for any doubtful balances on an on-going balance. The provision is made while taking into consideration expected recoveries, if any.

3.3 Cash and cash equivalents

It comprises of cash in hand and cash at banks which are carried at cost and subsequently measured at amortized cost but since the balances are considered to be utilizable within the next financial year, therefore, balances recognized initially are considered to be their amortized cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and at bank in current account.

3.4 Accrued and other payables

Liabilities for accrued and other payables are stated at their nominal values which is the fair value of the consideration required to settle the related obligations whether or not billed to the Company. Liabilities are written back and recognized as income when these are no longer payable.

3.5 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss, except to the extent that it relates to the items recognized directly in other comprehensive income or in equity, in which case it is recognized there.

Current
Provision for taxation is based on current year taxable income determined in accordance with the provisions of Income Tax Ordinance, 2001, enactive on the date of statement of financial position and carry adjustment to tax payable in respect of previous year.

Deferred
Deferred tax is provided in full using the balance sheet liability method, on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

The Company recognizes a deferred tax asset only to the extent that it is probable that future taxable profit for the foreseeable future will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.6 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events 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 of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.7 Financial assets and liabilities

3.7.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus transaction costs (except financial asset at FVTPL where transaction costs are charged to profit or loss). These are subsequently measured at fair value or amortized cost as the case may be.

3.7.2 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit or loss ("FVTPL").

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost
Financial assets that meet the following conditions are subsequently measured at amortized cost:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI
Financial assets that meet the following conditions are subsequently measured at FVTOCI:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

Financial assets at fair value through profit or loss
A financial asset is measured at fair value through profit or loss unless it is measured at amortized or at fair value through OCI.

3.7.3 Financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.7.4 Subsequent measurement

Financial assets at FVTOCI
These are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL
Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

3.7.5 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.7.6 Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.8 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third partytransactions using valuation modes as admissible.

3.9 Earnings per share

The company presents basic and diluted earnings per share for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the company by the weighted average number of ordinary shares. Diluted EPS is determined by adjusting profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
4 DEFERRED TAXATION			
Deferred Tax Assets arising in respect of			
Taxable temporary differences			
Accelerated tax depreciation		-	-
Deductible temporary differences			
Available tax losses		5,643,843	5,013,618
		5,643,843	5,013,618
Less: Unrecognized deferred tax asset	4.1	(5,643,843)	(5,013,618)
		-	-

4.1 The Company has not recognized its entire deferred tax asset relating to deductible differences up to the year ended June 30, 2022 as it is uncertain that future taxable profits for the foreseeable future will be available against which the asset can be utilized.

Deductible temporary differences as on June 30, 2022 and their expiry dates are as follows:

Deductible difference	**Expiry**	**Amount**
Assessed tax losses		
Business losses		
Tax Year 2016	30-Jun-22	69,455
Tax Year 2017	30-Jun-23	12,330
Tax Year 2018	30-Jun-24	4,124,264
Tax Year 2019	30-Jun-25	8,485,537
Tax Year 2020	30-Jun-26	1,396,786
Tax Year 2021	30-Jun-27	3,199,966
Tax Year 2022	30-Jun-28	2,173,190
Unabsorbed tax depreciation	Indefinite	Indefinite

	Note	2022 Rupees	2021 Rupees
5 ADVANCE AGAINST PROPERTY			
Land for development		59,800,000	49,800,000
Opening balance	5.1	49,800,000	60,000,000
Less: Refund during the year	5.2	-	(50,000,000)
Add: Paid during the year	5.3	10,000,000	39,800,000
		59,800,000	49,800,000

5.1 This includes an advance payment of Rs. 10 (June-2021: Rs. 10) million made to Mr. Habib Ahmed, against land in Mouza Chirah, Islamabad.

5.2 This represents refund of advance paid NIL (June-2021: Rs. 50 million) against land of 6 Kanal, 4 Marla and 180 sqft in Eden City, Lahore.

5.3 Paid to "Life Islamabad" against purchase of residential and commercial plots (June-2021: Rs. 39.80 million).

The management of the Company intends to utilize these lands for development / construction of residual and commercial units in the ordinary course of its business after fulfilling necessary regulatory compliances. Title of the lands will be transferred after fulfillment of contractual terms and certain legal formalities.

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

		2022 Rupees	2021 Rupees
6	**CASH AND BANK BALANCE**		
	Cash in hand	**5,000**	175
	Cash at bank - in current account	**89,512**	10,021,762
		94,512	10,021,937

7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of shares 2022	Number of shares 2021		2022 Rupees	2021 Rupees
		Ordinary shares of Rs. 10 each		
1,129,500	1,129,500	Fully paid in cash	**11,295,000**	11,295,000
1,065,800	1,065,800	Issued for consideration other than cash (Note. 7.1)	**10,658,000**	10,658,000
127,500	127,500	Issued as fully paid bonus shares	**1,275,000**	1,275,000
2,322,800	2,322,800		**23,228,000**	23,228,000

7.1 1,065,800 shares were issued in prior years to the Directors of the Company against their loans given to the Company.

7.2 1,065,800 shares were issued in prior years to the Directors of the Company against their loans given to the Company.

7.3 Ordinary shareholders are entitled to attend and vote in the company meeting and are also entitled to any distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the company.

		Note	2022 Rupees	2021 Rupees
8	**ACCRUED AND OTHER PAYABLES**			
	Salaries payable		**6,700,808**	5,748,308
	Accrued liabilities		**4,077,733**	2,784,468
			10,778,541	8,532,776
9	**MARKUP ACCRUED**			
	On short term borrowings from related parties	10.1	**6,900,324**	6,900,324
10	**SHORT TERM BORROWINGS**			
	- Unsecured and interest bearing			
	- From Related Parties			
	Directors		**43,556,800**	43,556,800
	Associate of the Directors		**12,560,000**	12,560,000
		10.1	**56,116,800**	56,116,800

10.1 These carried markup ranging from 3 Month Kibor plus 2% per annum to 3 Month Kibor plus 3% per annum till March 31, 2019 after which the lenders have waived the markup till the revival of the operational activities of the Company. Loan and the markup accrued is payable on demand. Loan was obtained for the acquisition of land for development / construction of residual and commercial units.

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11 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments binding on the Company as on the reporting date, except for the remaining amount of payment of land as explained in Note 5.1.

	Note	2022 Rupees	2021 Rupees
12 ADMINISTRATIVE EXPENSES			
Salaries		2,157,500	1,870,000
Professional charges		275,000	340,000
Commission paid for Sale of Plot		3,551,625	-
Travel and Entertainmentl expenses		40,040	29,010
Printing and stationery		28,750	19,000
Courier charges		4,750	2,650
Utilities		82,100	67,500
Advertisement expense		-	-
Fees and subscription		207,625	316,806
Miscellaneous expenses		480,000	420,000
		6,827,390	3,064,966
13 FINANCE COST			
Bank charges		2,900	-
		2,900	-
14 OTHER CHARGES			
Auditors' remuneration	14.1	175,000	135,000
		175,000	135,000
14.1 Auditors' Remuneration			
Audit fees		100,000	80,000
Half yearly review		45,000	32,500
Review of Code of Corporate Governance		20,000	15,000
Out of pocket		10,000	7,500
		175,000	135,000

	Note	Rupees	Rupees
15 OTHER INCOME			
Income from other than financial assets			
Gain on disposal of land and building	1.4	-	-
Liabilities written back		-	-
Commission Income	15	4,832,100	-
		4,832,100	-

15.1 Commission income comprises service charges earned on provision of services.

16 TAXATION - NET

Current	16.1	-	-
Prior		-	-
Deferred	4	-	-
		-	-

16.1 The Company is not liable to current tax, including minimum tax and ACT, on account of nil sales.

16.2 Income Tax Returns of the Company have been finalized up to and including the tax year 2019 which are considered to be the deemed assessment subject to amendment u/s 122 of the Income Tax Ordinance, 2001.

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED
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	Note	2022 Rupees	2021 Rupees
17 EARNING PER SHARE			
Loss after taxation		(2,173,190)	(3,199,966)
Weighted average number of ordinary shares outstanding		2,322,800	2,322,800
Earning per share - basic and diluted		(0.936)	(1.378)

18 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

In view of the current operational and financial position of the Company, the Directors of the Company have voluntarily waived their remuneration. While salary charged during the year with respect to executives amounting to Rs. NIL (2021: Rs. NIL) million.

19 TRANSACTIONS WITH RELATED PARTIES

19.1 The related parties comprise of group companies (associated companies), Directors and their close family members, executives, major shareholders of the Company. The transactions with related parties are Rs. NIL (2021: Rs. NIL).

	Note	2022 Rupees	2021 Rupees
20 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial Assets			
- at amortized cost			
Cash and bank balance	6	94,512	10,021,937
Financial Liabilities			
- at amortized cost			
Accrued and other payables	8	10,778,541	8,532,776
Markup accrued	9	6,900,324	6,900,324
Short term borrowings	10	56,116,800	56,116,800
		73,795,665	71,549,900

21 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

DADABHOY CONSTRUCTION TECHNOLOGY LIMITED
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21.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit ratings.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk before any provisions at the reporting date is:

	2022 Rupees	2021 Rupees
Bank balance	94,512	10,021,762

Quality of financial assets

Currently the funds are kept with a bank having short term rating of A-3 and long term rating of BBB.

21.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with the financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring statement of financial position liquidity ratios against internal and external requirements and maintaining debt financing plans.

Following are the contractual maturities of the financial liabilities:

	2021			
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months
	(Rupees)			
Financial Liabilities				
Accrued and other payables	8,532,776	8,532,776	8,532,776	-
Markup accrued	6,900,324	6,900,324	6,900,324	-
Short term borrowings	56,116,800	56,116,800	-	56,056,800
	71,549,900	71,549,900	15,433,100	56,056,800

	2020			
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months
	---------------- (Rupees) ----------------			
Financial Liabilities				
Accrued and other payables	5,332,810	5,332,810	5,332,810	-
Markup accrued	6,900,324	6,900,324	6,900,324	-
Short term borrowings	56,056,800	56,056,800	-	56,056,800
	68,289,934	68,289,934	12,233,134	56,056,800

21.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk. Company is not exposed to any such risk.

Interest / mark up rate risk
Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates.

21.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arising formal the company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas:

i Requirements for appropriate segregation of duties between various functions, roles and responsibility;

ii Requirements for the reconciliation and monitoring of transactions;

iii Compliance with regulatory and other legal requirements;

iv Documentation of control and procedures;

v Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;

vi Ethical and business standards; and

vii Risk mitigation, including insurance where this is effective.

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21.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying values of all the financial assets and liabilities reported in the financial statements approximate their fair values.

21.6 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk and maximizing profitability.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings from banking companies including any other investors and finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. The gearing ratios as on the reporting date is nil as the Company has not obtained any borrowing from the financial institutions.

22 GENERAL

- Figures have been rounded-off nearest to the rupee unless stated otherwise.
- Number of employees as on the reporting date and average number of employees during the year were 4 (2021: NIL and NIL) respectively.

23 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorized for issue on 6 February 24 by the Board of Directors of the Company.

Chief Executive

Chief Financial Officer

Director