AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson & Phillips (Pakistan) Limited ("the Company") as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, 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 above said statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, we report that :

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

(b) in our opinion :

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 , and are in agreement with the books of account and are further in accordance with accounting policies 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, statement of comprehensive income, statement of changes in equity and cash flow statement 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, 2013 and of the loss, total comprehensive loss, 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.

Naveed Zafar Husain Jaffery & Co

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
BALANCE SHEET
AS AT June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	210,048	184,117
Long term investments	5	-	-
Long term deposits		940	940
		210,988	**185,057**
CURRENT ASSETS			
Stock-in-trade	6	106,455	120,715
Trade debts	7	42,209	34,714
Loans and advances	8	23,419	19,819
Deposits and prepayments	9	9,490	15,194
Advance tax-net of provision	10	1,938	1,710
Cash and bank balances	11	9,622	7,232
		193,133	**199,384**
TOTAL ASSETS		**404,121**	**384,441**
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorized capital			
8,000,000 (2012: 8,000,000) ordinary shares of Rs. 10 each		**80,000**	**80,000**
Issued, subscribed and paid-up capital	12	54,500	54,500
Share premium reserve		29,727	29,727
General reserve		23,073	23,073
Unappropriated loss		(112,371)	(107,165)
		(5,071)	**135**
Surplus on revaluation of property, plant and equipment	13	**158,312**	**127,947**
NON-CURRENT LIABILITIES			
Long term borrowings	14	**72,732**	**71,969**
Deferred liabilities - staff gratuity	15	**7,653**	**6,765**
CURRENT LIABILITIES			
Trade and other payables	16	162,227	168,443
Short term borrowings	17	-	914
Current and overdue portion of long term borrowings	18	4,000	4,000
Mark up accrued	19	-	-
Unclaimed dividend		4,268	4,268
		170,495	**177,625**
Contingencies and commitments	20		
TOTAL EQUITY AND LIABILITIES		**404,121**	**384,441**

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive **Director**

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
Revenue from sales and services-net	**21**	103,179	158,181
Cost of sales and services	**22**	(91,132)	(138,227)
Gross profit		**12,047**	**19,954**
Distribution cost	**23**	(4,183)	(4,992)
Administrative expenses	**24**	(21,056)	(20,747)
Other operating income	**25**	11,676	9,395
		(1,516)	**3,610**
Finance cost	**26**	(5,454)	(5,638)
Loss before taxation		**(6,970)**	**(2,028)**
Taxation	**27**	(1,261)	(2,379)
Loss for the year		**(8,231)**	**(4,407)**
Earnings per share - basic and diluted	**28**	**(1.51)**	**(0.81)**

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive **Director**

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
Loss after taxation for the year		**(8,231)**	**(4,407)**
Other comprehensive income			
- Reversal of imparement loss on plant & machinery recognised in June 30, 2008		855	-
Total comprehensive loss		**(7,376)**	**(4,407)**

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive **Director**

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	29	2,805	10,357
Taxes paid	10	(730)	(2,879)
Gratuity paid	15.1	(146)	(554)
Finance cost paid		(2,691)	(2,198)
Net cash from operating activities		**(762)**	**4,726**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	4.1	(102)	(170)
Proceeds from disposal of property, plant and equipment		1,168	-
Long term deposits		-	(5)
Net cash generated from /(used in) investing activities		**1,066**	**(175)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term borrowing		-	-
Proceeds from long term borrowing	14.3	3,000	-
Repayment of short term borrowings	17	(914)	(277)
Net cash generated from /(used in) financing activities		**2,086**	**(277)**
Net increase in cash and cash equivalents		**2,390**	**4,274**
Cash and cash equivalents at beginning of the year		7,232	2,958
Cash and cash equivalents at end of the year	11	**9,622**	**7,232**

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive **Director**

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Issued, subscribed and paid-up capital	Capital reserve Share premium	General reserve	Revenue reserve (Accumulated loss)	Total
	---(Rupees in thousand)---				
Balance as at July 1, 2011	**54,500**	**29,727**	**23,073**	**(104,689)**	**2,611**
Net loss for the year	-	-	-	(4,407)	(4,407)
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	1,931	1,931
Balance as at June 30, 2012	**54,500**	**29,727**	**23,073**	**(107,165)**	**135**
Net loss for the period	-	-	-	(8,231)	(8,231)
Other comprehensive income					
Reversal of impairment loss on plant & machinery previously recognised in June 30, 2008	-	-	-	855	855
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	2,170	2,170
Balance as at June, 2013	**54,500**	**29,727**	**23,073**	**(112,371)**	**(5,071)**

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive **Director**

1. STATUS AND NATURE OF BUSINESS

Johnson and Phillips (Pakistan) Limited (the Company) was incorporated in Pakistan as a public limited company on April 15, 1961 and its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. The registered office of the Company is situated at C-10, South Avenue, SITE, Karachi. The Company is principally engaged in manufacturing, installing and selling of electrical equipments. Etheridge Company Limited, held 2,719,536 (2012: 2,719,536) ordinary share of Rs. 10 each of the Company as at year and, which constitute 49.90% of total share issued.

2. GOING CONCERN

The Company has incurred after tax loss of Rs. 8,231 thousands (2012: Rs.4,407 thousands) during the year, which has increases accumulated losses amounting to Rs. 112,371 thousands (2012: Rs. 107,165 thousands) and has resulted in negative equity of Rs. 5,071 thousands as at June 30, 2013.

Consequently, the management has already taken following steps to keep the company financially sound and operationally viable;

i) During the year the Company has re-paid short term loan to its subsidiary Company.

ii) The Company has already got its obligations rescheduled in respect of long term loans and financial arrangements, including repayment of principal and accumulated markup thereon with various lenders at terms referred to in note 14.2, 14.3 and 14.4 of these financial statements.

iii) The Company has been able to reduce mark up rate from KIBOR+3.5% to KIBOR+2% on a loan referred to in note 14.3 of these financial statements.

iv) Efforts are underway to obtain orders so that sales volume as well as profitability can be maintained and the management expects favorable improvements during the year ending June 30, 2014 and thereafter. The management has a business plan which presents a clear growth strategy in sales and services revenue from a 103 million (FY ended June-2014) to over Rs. 500 million in fifth year of operation. This would be made possible by injecting cash for working capital. This will be met entirely from its own resources, therefore no loan is envisaged for the strategic revival plan.

v) The Board has provided in past continued support to the Company and expresses its commitment in order to maintain the going concern status of the Company. This support is evident from the fact that a Director had in the past provided loan and financial support to the company.

The management of the Company is confident that the above factors shall enable the Company to continue as going concern for foreseeable future; hence, these financial statements have been prepared on going concern assumption.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of preparation

a) Statement of compliance

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention except as follows:

- certain staff retirement benefits are carried at present value

c) Accounting Standards, amendments or interpretations that are became effective in the current period

The following approved accounting standards, interpretations and amendments to approved accounting standards are effective for accounting periods beginning from the dates specified below.

IAS 19 (Amendments) "Employee Benefits" (effective for annual period beginning on or after 01 January 2013). The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognized actuarial losses amounting to Rs 0.258 million in other comprehensive income in the period of initial application.

d) Standards, Interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, interpretations and the amendments are effective for accounting periods beginning from the dates specified below 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.

	Standard or interpretation	**Effective dated (annual periods beginning on or after)**
i)	IAS - 32 (Amendments) "Financial instruments: Presentation" on Offsetting Financial Assets and Financial Liabilities	01 January 2014
ii)	IFRS - 7 (Amendments) "Financial intruments: Disclosure" on Offsetting Financial Assets and Financial Liabilities"	01 January 2013
iii)	IFRIC - 20 "Stripping cost in the production phase of a surface mining"	01 January 2013
iv)	IFRIC- 21 "Levies 'an Interpretation on the accounting for levies imposed by governments'."	01 January 2014
v)	IAS - 39 (Amendments) "Financial Instruments: Recognition and Measurement" on Novation of Derivatives and Continuation of Hedge Accounting	01 January 2014
vi)	IAS - 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets	01 January 2014
vii)	IFRSs 2009-2011 (Annual improvements) includes changes to five standards: IFRS-1 "First time adoption", IAS-1, "Financial statement presentation", IAS-16 "Property, plant and equipment", IAS-32 "Financial instrument: Presentation" and IAS-34 "Interim financial reporting".	01 January 2013
viii)	IAS 27 (Revised 2011) – Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11	01 January 2013
viii)	IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures due to non-adoption of IFRS 10 and IFRS 11	01 January 2013

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board 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 9 – Financial Instruments

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

e) Critical Accounting estimates and judgments

The preparation of the financial statement in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, 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 are as follows.

i) **Employee benefits**

The Company operates an approved non contributory gratuity scheme for all its employees. The scheme entitles the members to a gratuity payable on retirement, death in his service of the employer, voluntary retirement and termination of employee by the employer other than for misconduct and negligence.

ii) **Property, plant and equipment**

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

iii) **Taxation**

The Company takes into account the relevant provision of current income tax laws while providing for current and deferred tax as explained in relevant note 3.7 to these financial statements.

3.5 Compensated absences

Liability in respect of accumulated compensated absences of employees is accounted for in the period in which these absences occur.

3.6 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the balance sheet date. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

3.7 Taxation

a) Current

Provision of current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax also includes adjustments, where considered necessary, for provision for tax made in previous years, arising from assessment framed during the year, for such years.

b) Deferred

The Company accounts for deferred taxation for all material timing differences. The amount is computed using the balance sheet liability method. Debit balances on account of deferred taxation are recognised only if there is reasonable certainty for realisation.

3.8 Trade and other payables

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

3.9 Provisions

Provisions are recognised when the Company has the 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 of the obligation can be made. However, provisions are reviewed and adjusted to reflect current best estimate.

3.10 Investments

3.11 Property, plant and equipment and depreciation

a) Owned

These are stated at cost less accumulated depreciation except for leasehold land, building on leasehold land and plant & machinery which are stated at revalued amount less accumulated depreciation and impairment losses, if any.

Depreciation is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life as stated in Note 4. Depreciation on additions and disposals of assets during the year is charged from the month of acquisition to the month of disposal.

Maintenance and normal repairs are charged to income, as and when incurred.

Major renewals are capitalized and the assets so replaced, if any, are retired.

Profit and loss on disposal of assets is included in income currently.

b) Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amounts of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are depreciated by applying straight line method over the estimated useful lives of the assets as stated in note 4.

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

Depreciation of leased assets is charged to current year's income as part of depreciation.

3.12 Intangible assets

Expenditure incurred to acquire software license is capitalized as intangible assets and stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized applying the straight line method . Where the carrying amount of an asset exceed its estimated recoverable amount it is written down immediately to its recoverable amount.

3.13 Consumable stores

These are valued at average cost and net realizable value less provision for slow moving stores.

3.14 Stock in trade

These are stated at the lower of average cost and net realizable value. Average cost in relation to finished goods and work-in-process represents prime cost and includes appropriate portion of manufacturing expenses.

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and cost necessary to be incurred in order to make the sale.

3.15 Trade debts, loans, advances, deposits, prepayments and other receivables

Trade debts, loans, advances, deposits, prepayments and other receivables are stated at cost. Provision is made against those considered doubtful by the management, whereas, those considered irrecoverable are written off.

3.16 Warranties

The management estimates at each balance sheet date a liability that could arise as a result of the Company's obligation to repair and replace products under warranty. The provision for warranty is accounted for in the periods in which sales are made and no provision is recognised if the chances of warranty claims are remote.

3.17 Foreseeable losses on orders in hand

Provision is made for all known or expected losses at completion on orders in hand.

3.18 Transaction with related parties

The Company enters into transactions with related parties for purchase of goods and services. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

3.19 Impairment losses

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

3.20 Revenue recognition

Sales are recorded on delivery of goods to the customers and in case of exports when shipped. Income from installation and repair projects are recognized as the work is completed and accepted by the customers.

3.21 Borrowing cost

Borrowing cost and other related cost directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that takes a necessarily substantial periods of time to get ready for their intended use, are added to the cost of those assets, until such times as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

3.22 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents consists of cash in hand and balances with banks.

3.23 Financial Instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the income currently.

3.24 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognised amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.25 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are disclosed as accrued interest/mark up to the extent of the amount remaining unpaid.

3.26 Dividend

Dividend is recognized in the financial statement in the period in which these are approved.

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Tangibles

2013

	Cost/Revaluation					Accumulated Depreciation				Written down
	As at July 01, 2012	Additions	Disposals	Transfers Revaluation *	As at June 30, 2013	As at July 01, 2012	Adjustments/ Transfers Revaluation *	For the year	As at June 30, 2013	As at June 30, 2013
	---------- Rupees in thousands ----------									
Owned										
Lease hold Land	170,000	-	-	-	170,000	6,869	(8,443) *	1,717	143	169,857
Building on lease hold land	24,816	-	-	784 *	25,600	9,927	(12,201) *	2,487	213	25,387
Plant and machinery	25,811	-	-	(11,201) *	14,610	20,248	(22,405) *	2,331	174	14,436
Gas and electric installations	1,178	-	-	-	1,178	1,133	-	15	1,148	30
Factory tools	3,843	-	-	-	3,843	3,837	-	6	3,843	-
Vehicles	12,885	-	(1,571)	-	11,314	12,885	(1,571)	-	11,314	-
Furniture and fixtures	4,320	-	-	-	4,320	4,309	-	10	4,319	1
Office and other equipments	11,982	102	-	-	12,084	11,511	-	236	11,747	337
	254,836	**102**	**(1,571)**	**(10,417)**	**242,949**	**70,719**	**(44,620)**	**6,802**	**32,901**	**210,048**

2012

	Cost/Revaluation					Accumulated Depreciation				Written down
	As at July 01, 2011	Additions	Disposals	Transfers Revaluation *	As at June 30, 2012	As at July 01, 2011	Adjustments/ Transfers Revaluation *	For the year	As at June 30, 2012	As at June 30, 2012
	---------- Rupees in thousands ----------									
Owned										
Lease hold Land	170,000	-	-	-	170,000	5,152	-	1,717	6,869	163,131
Building on lease hold land	24,816	-	-	-	24,816	7,445	-	2,482	9,927	14,889
Plant and machinery	25,811	-	-	-	25,811	17,774	-	2,475	20,249	5,563
Gas and electric installations	1,178	-	-	-	1,178	1,118	-	14	1,133	45
Factory tools	3,843	-	-	-	3,843	3,708	-	129	3,837	6
Vehicles	12,886	-	-	-	12,886	12,715	-	171	12,886	1
Furniture and fixtures	4,320	-	-	-	4,320	4,288	-	21	4,309	11
Office and other equipments	11,812	170	-	-	11,982	11,212	-	299	11,511	472
	254,666	**170**	**-**	**-**	**254,836**	**63,411**	**-**	**7,308**	**70,719**	**184,117**

* The previous revaluations were carried out on March 31, 1995, June 30, 2004 and June 17, 2008 which resulted in a surplus of Rs 42.642 million, surplus of Rs 73.464 and Rs. 104.097 and impe Rs.0.855 million respectively. Further, latest revaluation of leasehold land, building on leasehold land and Plant & Machinery were revalued on June 12, 2013. The revaluation was incorporated in book 30, 2013, following the elimination method. The revaluation exercise was conducted by M/s Asif Associates (Private) Limited , a valuer on approved list of Pakistan Bankers Association, on market valu

The last revaluation of leasehold land, Building and Plant & Machinery resulted in a surplus of Rs 31.776 million. The carrying amount of the above mentioned assets as at 30 June 2013, if the said carried at historical cost would have been as follows:

Asset category	Cost/Revaluation	Accumulated Depreciation	Written down Value
	---------------------------------- Rupees in thousands	--------------------------------------	
Lease hold Land	61	26	35
Building on lease hold land	13,081	11,487	1,594
Plant and machinery	30,018	28,722	1,296

4.2 Disposal of tangible property, plant and equipment

Description	Cost	Accumulated Depreciation	Written down value	Sale Proceeds	Gain	Mode of Disposal	Perticulars of Purchaser
	-------------------------------- Rupees in thousand	------------------------------					
Double Cabin Gilgit - KN-5346	360	360	-	222	222	Auction/Bid	Mr. Naveed Rauf
Double Cabin Gilgit - KN-5469	360	360	-	256	256	Auction/Bid	Mr. Naveed Rauf
Suzuki Mehran AKE-120	426	426	-	350	350	Auction/Bid	Mr. Mohammad Zahid Majid
Suzuki Mehran AKE-117	425	425	-	340	340	Auction/Bid	Mr. Anwar Ali
	1,571	**1,571**	**-**	**1,168**	**1,168**		

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	Note	2013	2012
		(Rupees in thousand)	

4.2 The depreciation charge for the year has been allocated as follows:

	Note	2013	2012
Cost of sales and services	22	5,442	5,846
Administrative expenses	24	1,360	1,462
		6,802	**7,308**

4.3 Cost of fully depreciated assets

	2013	2012
Plant and machinery	-	1,157
Gas and electric installation	1,037	1,034
Factory tools	3,843	3,805
Vehicles	11,314	12,886
Furniture and fixtures	4,320	4,246
Office and other equipments	11,361	10,635
	31,875	**33,763**

5 LONG TERM INVESTMENTS

	2013	2012
In shares of unquoted subsidiaries companies:(at cost)		
Johnson & Phillips Industries (Pakistan) Limited	30,000	30,000
3,000,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June30, 2013 was Nil (June 2012:Nil)] The Company held 100% of the investee's total equity.) Chief Executive Mr. Shehryar Anwar Saeed		
Johnson & Phillips Transformers (Private) Limited	21,000	21,000
2,100,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June 30, 2013 was Nil (June 2012:Nil)] The Company held 70% of the investee's total equity. **Chief Executive Mr. Nabeel Sadiq**		
Johnson & Phillips EMO Pakistan (Private) Limited	510	510
51,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June 30, 2013 was Nil (June 2012:Nil)] The Company held 51% of the investee's total equity. Chief Executive Mr. Shehryar Anwar Saeed		
Share Application money		
Johnson & Phillips Industries (Pakistan) Limited	20,000	20,000
	71,510	71,510
Provision for diminution in value of investments	(71,510)	(71,510)
	-	-

5.1 Value of the above investments, based on the net assets of the investee companies as per latest available audited financial statements of the investee companies was as follows:

	2013	2012
Johnson & Phillips Industries (Pakistan) Limited	(38,332)	(38,241)
Johnson & Phillips Transformers (Private) Limited	(32,250)	(32,133)
Johnson & Phillips EMO Pakistan (Private) Limited	(3,281)	(3,251)

		Note	2013	2012
			(Rupees in thousand)	
6	**STOCK-IN-TRADE**			
	Raw material and components			
	in hand - Gross		44,690	48,826
	in transit		1,175	-
	Less: provision for obsolete/ slow moving items		(13,752)	(14,316)
			32,113	34,510
	Work-in-process		67,225	81,807
	Finished goods		7,117	4,398
			106,455	**120,715**
7	**TRADE DEBTS**			
	Unsecured			
	Considered good		42,209	34,714
	Considered bad		-	272
			42,209	34,986
	Trade debts considered bad written off		-	(272)
			42,209	**34,714**
8	**LOANS AND ADVANCES**			
	Loans to subsidiary companies - unsecured			
	Considered good			
	Johnson & Phillips Industries (Pakistan) Limited (JPI)	17	4,593	-
	Considered doubtful			
	Johnson & Phillips Transformers (Private) Limited (JPT)	8.1	12,994	12,883
	Johnson & Phillips EMO Pakistan (Private) Limited (EMC	8.2	2,864	2,834
			15,858	15,717
	Less Provision against doubtful loans		(15,858)	(15,717)
			-	-
	Advances - Unsecured - Considered good - unsecured			
	To suppliers		3,420	1,807
	To employees		1,069	655
	Against purchase of land		2,717	2,717
	Others		71	71
			7,277	**5,250**
	Sales tax refundable		11,549	14,569
			23,419	**19,819**
8.1	**Reconciliation of loan amount due from JPT**			
	Opening		12,883	12,773
	Disbursed		111	110
	Closing		12,994	12,883
	Less: provision		(12,994)	(12,883)
		8.3	-	-

		2013	2012
		(Rupees in thousand)	

8.2 Reconciliation of loan amount due from EMO

Opening		2,834	2,802
Disbursed		30	32
Closing		2,864	2,834
Less: provision		(2,864)	(2,834)
	8.4	-	-

8.3 The maximum amount of loan due from JPT at the end of any month during the year was Rs. 12,994 thousands (2012: Rs. 12,883) thousands.

8.4 The maximum amount of loan due from EMO at the end of any month during the year was Rs. 2,864 (2012: Rs. 2,834) thousands.

9 DEPOSITS AND PREPAYMENTS - Considered good

Prepayments	144	153
Deposits		
Margin against bank guarantee	7,563	12,389
Deposit with court	723	723
Tender deposits	1,060	1,929
	9,346	15,041
	9,490	**15,194**

10 ADVANCE TAX - NET OF PROVISION

Balance receivable as at 1st July	1,710	533
Paid / adjusted during the year	730	2,879
	2,440	3,412
Less: Provision for the year		
- current	516	1,596
- prior	(14)	106
	502	1,702
Closing balance	**1,938**	**1,710**

11 CASH AND BANK BALANCES

Cash in hand	31	73
At bank - in current accounts	9,569	7,070
- in saving accounts	22	89
	9,622	**7,232**

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

(Number of shares) 2013	2012		2013 (Rupees in thousand)	2012
4,638,268	4,638,268	Ordinary shares of Rs. 10 each fully	46,383	46,383
93,000	93,000	Ordinary shares of Rs. 10 each issued for consideration other than cash.	930	930
718,704	718,704	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,187	7,187
5,449,972	**5,449,972**		**54,500**	**54,500**

13 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2013	2012
Opening balance	127,947	129,201
Additions as a result of fresh revaluation during the year	31,776	-
Transferred to accumulated loss in respect of incremental depreciation on revalued assets for the year	(2,170)	(1,931)
Deferred tax expense related to incremental depreciation during the year	759	677
	158,312	**127,947**

14 LONG TERM BORROWINGS

	Note	2013	2012
Loans from others-unsecured			
Loan from others	14.1	**4,000**	**4,000**
Loan-1			
Principal	14.2	8,408	8,408
Accumulated mark-up there on		7,458	6,604
		15,866	**15,012**
Loan -2 (from Director)			
Principal	14.3	20,377	17,377
Accumulated mark-up there on		3,659	3,988
		24,036	**21,365**
Loan-3			
Principal	14.4	18,650	18,650
Accumulated mark-up there on		14,180	16,942
		32,830	**35,592**
		76,732	**75,969**
Less: current and overdue portion	18	(4,000)	(4,000)
		72,732	**71,969**

14.1 Represents unsecured loan taken by the Company at an interest rate of 12% per annum which was repayable in instalments of Rs. 500,000 per month starting from October 2006. As the loan remained unpaid till the year ended June 30, 2007, a fresh agreement was made by the parties on June 30, 2007. According to the fresh agreement dated June 30, 2007 the effective date of repayment, which was October, 2006, was extended to July, 2008.

14.2 Represents an unsecured loan from an individual. During the year an agreement has been signed to reschedule the loan. According to the fresh agreement dated June 30, 2013 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2013) will be repaid in Twenty Four equal quarterly instalments commencing from July 01, 2014. The mark-up will be charged at the rate of 12% per annum on the outstanding balance of principal. An other unsecured loan amounting to Rs. 5.00 million taken in past and according to the agreement dated June 30, 2013, the loan carries mark-up @Twelve months KIBOR per annum and will be repaid in Twenty four equal quarterly instalments commencing from July 01, 2014. Total markup charged on loans during the year was Rs. 855 (2012: Rs. 1,004) thousands.

14.3 Represents an unsecured loan from a Director. During the year an agreement has been signed to reschedule the loan. According to the fresh agreement dated June 30, 2013 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2013) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2014. The mark-up will be charged at the rate of 12% per annum on the outstanding balance of principal. An other unsecured loans amounting to Rs. 7.797 million taken in past and Rs. 3.0 million taken during the year. Acording to the fresh agreements dated June 30, 2013, the loans carry mark-up @ KIBOR+2% per annum, which will be repaid in twenty four quarterly installments commencing from July 01, 2014 and markup on these loans will be paid on monthly basis. Total markup charged on loans during the year was Rs. 2,307 (2012: Rs. 2,350) thousands.

14.4 Represents an un-secured loan from a private company. During the year an agreement has been signed to reschedule the loan. According to the agreement dated June 30, 2013 the parties have agreed that the aggregate amount of loan(Principal and mark-up accumulated thereon up to June 30, 2013) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2014. The mark-up will be charged at the rate of 12% per annum on the outstanding balance of principal. Total markup charged on loan during the year was Rs. 2,238 (2012: 2,238) thousands.

	2013	2012
15 DEFERRED LIABILITIES - STAFF GRATUITY	**(Rupees in thousand)**	
15.1 The amounts recognised in the balance sheet are as follows:		
Movement in net liability/(assets) recognised		
Opening net liability	7,905	7,357
Expense for the year	888	1,054
Benefits paid during the year	(146)	(506)
Closing net liability	**8,647**	**7,905**
Charge for /(income from) the Defined Benefit Plan		
Current service cost	161	233
Interest cost	803	854
Actuarial (Gains) / losses recognised	(76)	(33)
Expense recognised in the financial statements	**888**	**1,054**

Reconciliation of payable to/(receivable from) Defined Benefit Plan		2013	2012
		(Rupees in thousand)	
Present value of Defined Benefit Obligation		6,579	5,357
Unrecognised actuarial gain / (losses)		1,074	1,408
		7,653	6,765
Unclaimed gratuity	16	994	1,140
Liability recognised in the accounts		**8,647**	**7,905**

Actuarial assumptions:

	2013	2012
- Valuation discount rate	11.50%	12.50%
- Salary increase rate	11.50%	12.50%

15.2 Historical information

	2013	2012	2011	2010	2009
	---------------- Rupees in thousands ------------------				
Present value of the defined obligation	6,579	5,357	5,644	5,284	5,002
Unclaimed gratuity	994	1,140	711	711	763
	7,573	**6,497**	**6,355**	**5,995**	**5,765**
Fair value of plan assets	-	-	-	-	-
Deficit in the plan	**7,573**	**6,497**	**6,355**	**5,995**	**5,765**

16 TRADE AND OTHER PAYABLES

		2013	2012
Creditors		152,471	154,003
Accrued liabilities		2,059	843
Advances from customers		5,676	7,471
Payable to ex-employees		676	676
Provident fund		1	-
Unclaimed gratuity payable	15.1	994	1,140
Tax deducted at source		179	4,149
Others		171	161
		162,227	**168,443**

17 SHORT TERM BORROWINGS - Unsecured

Loan from a subsidiary company

		2013	2012
Johnson and Phillips Industries (Pakistan) Limited (JPI)	17.1	-	**914**

Reconciliation of outstanding amount (due from) / due to JPI		2013	2012
Opening balance		914	1,191
Received during the year		-	-
Paid/Adjusted during the year		(5,507)	(277)
		(4,593)	**914**
Closing balance	8	**(4,593)**	**914**

17.1 This loan was unsecured, interest free and was payable on demand.

17.2 The maximum amount of loan due from JPI at the end of any month during the year was Rs. 4,593 thousand (2012: due to JPI Rs. 914 thousands).

		2013	2012
18 CURRENT AND OVERDUE PORTION OF LONG TERM BORROWINGS		**(Rupees in thousand)**	
Loan from others - unsecured	14.1	4,000	4,000

19 MARK UP ACCRUED			
Opening balance		-	-
Accrued during the year		5,400	5,592
		5,400	5,592
Paid / transferred during the year	19.1	(5,400)	(5,592)
Closing balance		-	-

19.1 These have been rescheduled as disclosed in note 14 to these financial statements.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

a) Guarantees

The banks have issued guarantees, on behalf of the

	2013	2012
Guarantees against performance bond	**7,563**	**12,389**

b) Labour

Some legal cases are pending against the Company filed by ex-workers in respect of their claims. The aggregate amounts involved in these cases are Rs. 0.987 million. (2012: 0.987 million).

c) Others

1. Pursuant to a recovery suit filed by the National Bank of Pakistan against Johnson & Phillips Transformers (Pvt.) Limited (Defendant No.1) and Johnson & Phillips (Pakistan) Limited (Defendant No.2), the Banking Court No. III, Lahore passed a compromise decree.

The Bank agreed that prior to executing the Decree against the Defendant No.2 as guarantor, the Bank will execute against all assets of the Defendant No. 1. Some payments has been made to the Bank while the remaining amount of Rs. 25,894 thousand is still payable. The execution proceedings in this case are now pending before the Banking Court No. III.

2. The Company has filed a suit for the recovery of insurance claim of Rs 3.734 million (2012: Rs 3,734 million) in Honorable High Court of Sindh Karachi against the EFU General Insurance Limited and M/s Hanilay & Co. (Private) Limited.

20.2 Commitments

There is no commitment as on June 30, 2013 (2012 : Nil)

			2013	2012
21	**SALES AND SERVICES (NET)**		**(Rupees in thousand)**	
	Gross sales		119,531	184,850
	Sales tax and special excise duty		(16,313)	(25,221)
	Commission and discount on sales		(39)	(1,448)
			(16,352)	(26,669)
			103,179	**158,181**

22	**COST OF SALES AND SERVICES**			
	Raw materials and components consumed			
	Opening stock		48,826	46,539
	Purchases and sub contract cost		53,221	112,108
			102,047	158,647
	Closing stock		(45,865)	(48,826)
			56,182	109,821
	Salaries, wages and benefits	22.1	15,079	15,084
	Insurance		206	231
	Fuel and power		1,778	2,257
	Repair and maintenance		68	97
	Inspection and testing		569	3
	Printing and stationery		42	72
	Traveling and conveyance		424	840
	Depreciation	4.2	5,442	5,846
	Provision for Obsolete/ Slow moving Stocks		(563)	585
	Other manufacturing expenses		42	143
			23,087	**25,158**
			79,269	**134,979**
	Work in process			
	Opening stock		81,807	76,168
	Closing stock		(67,225)	(81,807)
			14,582	(5,639)
	Cost of goods manufactured		**93,851**	**129,340**
	Finished goods			
	Opening stock		4,398	13,285
	Closing stock		(7,117)	(4,398)
			(2,719)	8,887
			91,132	**138,227**

22.1	**Salaries, wages and benefits**			
	Salaries and wages		13,950	14,528
	Gratuity		935	441
	P.F Contribution (Worker & Staff)		194	115
			15,079	**15,084**

			2013	2012
23	**DISTRIBUTION EXPENSES**		**(Rupees in thousand)**	
	Salaries, wages and benefits	23.1	1,194	1,020
	Late delivery charges and penalties		2,640	3,194
	Advertising and sales promotion		67	117
	Travelling and conveyance		60	63
	Subscriptions and periodicals		78	178
	Repair and maintenance		73	67
	Insurance		-	-
	Entertainment		15	236
	Printing and stationery		14	5
	Others		42	112
			4,183	**4,992**

23.1	**Salaries, wages and benefits**			
	Salaries & wages		1,164	972
	Gratuity		19	19
	P.F Contribution-Staff		11	29
			1,194	1,020

24	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	24.1	6,283	6,999
	Travelling and conveyance		2,484	2,167
	Legal and professional charges		835	615
	Rent, rates and taxes		1,244	1,830
	Repair and maintenance		1,247	831
	Printing and stationery		312	297
	Postage, telegram, telephone and telex		935	1,091
	Light and power		1,611	1,510
	Entertainment		1,165	590
	Donations	24.2	14	-
	Subscriptions and periodicals		597	600
	Advertisement		213	78
	Auditors' remuneration	24.3	410	410
	Annual general meeting		18	21
	Insurance		623	652
	Provision for doubtful loans and advances		141	143
	Depreciation	4.2	1,360	1,462
	Written off trade debts,advancesand tender deposits		-	643
	Others		1,564	808
			21,056	**20,747**

24.1	**Salaries, wages and benefits**			
	Salaries and wages		6,262	6,199
	Gratuity		(47)	642
	P.F Contribution-Staff		68	158
			6,283	6,999

24.2 Directors or a spouse of a director have no interest in the donee.

		Note	2013	2012
24.3	**Auditors' remuneration**		**(Rupees in thousand)**	
	Annual audit fee		250	250
	Review of half yearly financial statements		60	60
	Review of consolidated financial statements		60	60
	Certification and others		15	15
	Out of pocket expenses		25	25
			410	**410**

25	**OTHER OPERATING INCOME**			
	Liabilities no more payable written back		9,141	9,062
	Gain on disposal of property, plant and equipments		1,168	-
	Mark-up on saving accounts		5	3
	Others		1,362	330
			11,676	**9,395**
26	**FINANCE COST**			
	Mark-up on unsecured long term loans	18	5,400	5,592
	Bank charges and commission		54	46
			5,454	**5,638**
27	**TAXATION**			
	Current year	27.1	516	1,596
	Prior year		(14)	106
	Deferred tax	27.2	759	677
			1,261	**2,379**

Relationship between tax expense and accounting profit

27.1 There is no tax applicable on taxable profits of the Company under the provision of Income Tax Ordinance, 2001 as amended by Finance Act, 2012 due to available assessed tax losses. Accordingly, no numeric reconciliation of tax expense with accounting profit has been presented.

27.2 In view of net deductible temporary differences amounting to Rs 31.597 million and expected future turnover, it is probable that the company will not have sufficient taxable income in near future and hence will not be able to utilize the deductible temporary differences. Therefore, as a matter of prudence, the company has not recognised net deferred tax asset in these accounts. The net deductible temporary differences include available tax losses of Rs.156,523 million , unabsorbed depreciation of Rs 26.109 million, and deductible temporary differences of Rs.

28 EARNING PER SHARE

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

	2013	2012
Loss after taxation	**(8,231)**	(4,407)
Weighted average number of ordinary shares	**5,449,972**	5,449,972
Earnings per share - basic	**(1.51)**	**(0.81)**

29	CASH GENERATED FROM OPERATIONS		2013	2012
			(Rupees in thousand)	
	Loss before taxation		(6,970)	(2,028)
	Adjustments for:			
	Depreciation	4.2	6,802	7,308
	Gain on disposal of Property, plant and equipments	25	(1,168)	-
	Provision for staff gratuity - net	15.1	888	1,054
	Long term liabilities no more payable written back		(5,000)	(6,527)
	Finance cost	26	5,454	5,638
			6	**5,445**
	Effect on cash flow due to working capital changes			
	Decrease /(Increase)decrease in current assets			
	Stock-in-trade		14,260	1,546
	Trade debts		(7,495)	7,919
	Loans and advances		(3,600)	7,860
	Deposits and prepayments		5,704	9,258
			8,869	**26,583**
	Decrease in current liabilities			
	Trade and other payables excluding unclaimed gratuity		**(6,070)**	**(21,671)**
	Cash generated from operations		**2,805**	**10,357**

30 STAFF RETIREMENT BENEFITS

33.1 Provident Fund

Salaries wages and other benefits includes Rs.546 thousands (2012: Rs. 608 thousands) in respect of provident fund.

The following information is based on latest financial statements of the Fund:

	(Unaudited) **June 30, 2013**	(Audited) Dec 31, 2012
Size of the fund - Total assets	**12,042**	11,703
Cost of the Investment made	**10,000**	10,000
Percentage of investments made	**83%**	85%
Fair value of the investments	**10,000**	10,000

Break-up of the fair value of investments is:

	Jun 30,2013 Un-audited	Dec 31,2012 Audited	**Jun 30,2013 Un-audited**	Dec 31,2012 Audited
	---- Rupees in thousands -----		% of total investment	
Certificate of Investment	**10,000**	10,000	**100%**	100%

33.1.1 The investments out of the Company have been made in accordance with the provisions of sections 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

33.2 Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out by an independent firm of Chartered Actuaries under Projected Unit Credit (PUC) Actuarial Cost method as at June 30 are disclosed in note 15 to these financial statements.

method as at June 30 are disclosed in note 15 to these financial statements

31 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work. The Company has exposure to the following risks from its use of finances instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversee how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal Audit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

31.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. 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 ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arise principally from the trade debts, advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risks at the reporting date is as follows:

	2013	2012
	(Rupees in thousand)	
Long term deposits	940	940
Trade debts	42,209	34,714
Loans and advances	8,450	3,443
Trade deposits and other receivables	9,346	15,194
Bank balances	9,591	7,159
	70,536	**61,450**

Impairment losses

The aging of trade debtors at the balance sheet date was:

	2013		2012	
	Gross	impairment	Gross	impairment
	(Rupees in thousand)			
Not past due	-	-	-	-
Past due 1 - 60 days	38,325	-	8,176	-
Past due 61 - 365 days	2,956	-	18,366	-
More than one year	928	-	8,172	-
Total	**42,209**	**-**	**34,714**	**-**

Based on assessment conducted of individual customers, the management believes that receivable falling within the age bracket of up to one year does not require any impairment provision other than to the extent determined above.

Bank balances are held only with reputable banks with high quality credit ratings.

31.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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 financial liabilities as they fall due. The company's approach to managing 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 risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount	Total	Contractual cash flows		
			On demand	Upto one year	More than one year
Long term financing	76,732	76,732	-	(4,000)	(72,732)
Trade and other payables	162,227	162,227	(1,670)	(160,557)	-
Unclaimed dividend	4,268	4,268	(4,268)	-	-
June 30, 2013	**243,227**	**243,227**	**(5,938)**	**(164,557)**	**(72,732)**
Long term financing	75,969	75,969	-	(4,000)	(71,969)
Trade and other payables	168,443	168,443	-	(168,443)	-
Short term borrowings	914	914	(914)	-	-
Unclaimed dividend	4,268	4,268	(4,268)	-	-
June 30, 2012	**249,594**	**249,594**	**(5,182)**	**(172,443)**	**(71,969)**

The Contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at June 30. The rate of mark-up have been disclosed in note 14 to these financial statements

31.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk only.

Interest 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 rates. Sensitivity to interest rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2013	2012	2013	2012
	Effective interest rate (%)		Carrying amount(Rs.'000')	
Financial liabilities				
Long term financing	12% and KIBOR +2%	12% and KIBOR +3.5%	76,732	75,969
Short term borrowings	Non-interest bearing		-	914

Sensitivity analysis

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

31.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values

32 CAPITAL MANAGEMENT

The objective of the Company when managing capital i.e. its shareholders' equity and surplus on revaluation on property, plant and equipment, is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the lights of changes in economic conditions. As at June 30, 2013, the shareholders' equity amounts to Rs. _____ thousands (2012 Rs 135 thousand).

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

a) The aggregate amount charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Executive		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	-------------------------------------- Rupees in thousands -----------------------------------							
Managerial remuneration	960	960	334	312	-	600	**1,294**	**1,872**
Retirement benefits and provident fund contribution	80	80	-	26	-	-	**80**	**106**
Rent, utilities, leave encashment etc.	1,281	1,220	350	338	-	350	**1,631**	**1,908**
	2,321	**2,260**	**684**	**676**	**-**	**950**	**3,005**	**3,886**
No. of persons	**1**	**1**	**6**	**5**	**-**	**1**	**7**	**7**

32.1 The chief executive and one directors are also provided with free use of company maintained cars

33 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Transactions with related parties

	2013	2012
	(Rupees in thousand)	
Loan advanced to wholly owned subsidiary company	4,593	-
Payments made on behalf of subsidiaries companies	141	142
Repayment/adjustment of loan to subsidiary company	914	277
Contribution paid to Provident Fund Trust	546	608

All transactions with related parties have been carried out by the company at arm's length prices using the comparable uncontrolled price

34 PRODUCTION CAPACITY

The production capacity of the plant cannot be determined as this depends on the relative proportions of the various types and sizes of products manufactured according to required specifications.

35 DATE OF AUTHORIZATION

These financial statements were authorized for issue on_______September 2013 by the Board of Directors of the Company.

36 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Chief Executive **Director**