

**STATEMENT OF VALUE ADDED**  
**by Johnson & Phillips Pakistan Ltd during FY 2013 - 2014**

The statement shows the amount of wealth generated by the Company employees and its assets during the year and the way this wealth has been distributed:

	2014 Rs 000	%
<b>Wealth Generated</b>		
Total Revenue	103,813	
Bought in material & services	(74,785)	
Wealth available for Distribution	<u>29,028</u>	100%
<b>Wealth Distributed</b>		
<b>To Employees</b>		
Salaries Wages and benefits	15,799	34%
<b>To Government</b>		
Income Tax on profit, Worker's Funds, Import Duties	1,096	1%
<b>To Providers of Capital</b>		
Finance Cost	3,346	14%
<b>Retain in the Business</b>		
For replacement of Fixed Assets : Depreciation, Net of transfers to General Reserve	8,787	51%
	<u>29,028</u>	100%

**Total : Rs 29,985**

<b>To Employees</b>	15,799	34%
<b>To Government</b>	1,096	1%
<b>To Providers of Capital</b>	3,346	14%
<b>Retain in the Business</b>	8,787	51%
	<u>29,028</u>	100%

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014

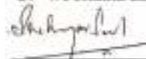
This statement is being presented to comply with the Code of Corporate Governance contained in the Regulation in No.37 of Listing Regulations of Karachi Stock Exchange Limited for the purpose of establishing framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Directors	Mr. Tariq Anjum
	Mr. Farooq Ahmed Khan
Executive Directors	Mr. Shehryar Saeed
Non Executive Directors	Mr. Bilal Ahmad Qureshi
	Ms. Mariam Shafi
	Mr. Nabeel Sadiq
	Mr. Imran Rafiq

- 2 The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- 3 All the resident directors of the Company are registered as taxpayers and none of them have defaulted in payment of any loan to a banking Company, a DFI or an NBF1 or being a member of stock exchange, has been declared as a defaulter by that stock exchange.
- 4 No casual vacancy occurred in the Board of Directors during the year ended June 30, 2014.
- 5 The Company has prepared a "Statement of Ethics and business practices" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- 6 The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended have been maintained.
- 7 All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
- 8 The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9 Two of the director meets the criteria of exemption under clause (xi) of the CCG and is accordingly exempted from the directors training program. The condition of training certification for other directors will be complied in due course.
- 10 The Board has approved the appointment, remuneration and terms and conditions of employment of the CEO, who is also the Company Secretary.
- 11 The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the Salient matters required to be disclosed.
- 12 The financial Statements of the Company were duly endorsed by CEO and CFO before approval of the board.
- 13 The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
- 14 The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
- 15 The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent Director.
- 16 The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to committee for compliance.
- 17 The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee.
- 18 The board has set up an internal audit function which is consonant with the policies and procedures of the Company. Experience and qualification of the Head of Internal Auditor is not as per requirements, this condition will be complied in due course.
- 19 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountant (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 20 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21 The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company securities, was determined and intimated to directors, employees and stock exchange.
- 22 The Company has complied with all the major corporate and financial reporting requirements to the code. All related party transaction have been reviewed and approved by the board.
- 23 The Board has ensured that a mechanism is put in place for an annual evaluation of the board's own performance as required by the code.
- 24 We confirm that all other material principles enshrined in the CCG have been complied with.

  
Shehryar Saeed  
Chief executive

## **REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Johnson & Phillips (Pakistan) Limited ("the Company"), to comply with the Listing Regulations of the Karachi Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of the audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and control, or to form an opinion on the effectiveness of such internal controls, the company corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by the Karachi Stock Exchange Limited requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the note 9 and 18 of non-compliance, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2014.

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Code as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

- i. As disclosed in point 9 of the statement, none of the directors have obtained certification under directors training program and Board did not arranged orientation courses for its directors during the financial year to apprise them of their duties and responsibilities as required under clause (xi) of the code
- ii. As disclosed in point 18 of the statement, the qualification of Head of Internal Audit is not as per the requirement of clause (xiv) of the code.

Karachi  
1st October 2014

Navood Zafar Hussain Jaffery & Co  
Chartered Accountants

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson & Phillips (Pakistan) Limited ("the Company") as at June 30, 2014; 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:

The Company has not deposited unclaimed dividend amounting to Rs. 4.268 million in a separate bank account designated for this purpose nor the Company has sufficient fund available in their bank accounts to pay the unclaimed dividend in the event same is demanded by the shareholder.

Except for the matter stated above;

- 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, 2014; 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.

Without further qualifying our opinion, we draw attention to note 1.2 to the Financial Statements which indicates the existence of material uncertainty which may cause significant doubt on the Company's ability to continue as a going concern.

Karachi

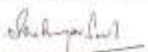
Ahsan Elahi Vohra - FCA  
Engagement Partner

Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants

**JOHNSON & PHILLIPS (PAKISTAN) LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2014**

	2014	2013 (Restated)	2012 (Restated)	
Note	(Rupees in thousand)			
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	4	201,650	210,048	184,117
Long term investments	5	-	-	-
Long term deposits		940	940	940
		<b>202,570</b>	<b>210,988</b>	<b>185,057</b>
<b>CURRENT ASSETS</b>				
Stock-in-trade	6	65,091	106,455	120,715
Trade debts	7	49,806	42,209	34,714
Loans and advances	8	15,859	23,419	19,819
Deposits and prepayments	9	8,630	9,490	15,194
Advance tax-net of provision	10	1,865	1,938	1,710
Cash and bank balances	11	1,066	9,622	7,232
		<b>142,317</b>	<b>193,133</b>	<b>199,384</b>
<b>TOTAL ASSETS</b>		<b>344,887</b>	<b>404,121</b>	<b>384,441</b>
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVE</b>				
<b>Authorized capital</b>				
8,000,000 (2013: 8,000,000) ordinary shares of Rs. 10 each		<b>80,000</b>	<b>80,000</b>	<b>80,000</b>
Issued, subscribed and paid-up capital	12	54,500	54,500	54,500
Share premium reserve		29,727	29,727	29,727
General reserve		23,073	23,073	23,073
Unappropriated loss		(182,609)	(157,829)	(105,757)
		<b>(75,309)</b>	<b>(50,529)</b>	<b>1,543</b>
Surplus on revaluation of property, plant and equipment	13	197,449	204,844	127,947
<b>NON-CURRENT LIABILITIES</b>				
Long term borrowings	14	73,435	72,732	71,969
Deferred liabilities - staff gratuity	15	4,710	6,579	5,357
<b>CURRENT LIABILITIES</b>				
Trade and other payables	16	136,334	162,227	168,443
Current and overdue portion of long term borrowings	17	4,000	4,000	4,000
Mark up accrued	18	-	-	-
Unclaimed dividend		4,268	4,268	4,268
		<b>144,602</b>	<b>170,495</b>	<b>177,625</b>
Contingencies and commitments	18	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>344,887</b>	<b>404,121</b>	<b>384,441</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.

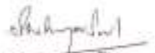
  
**Shehryar Saeed**  
**Chief Executive**

  
**Nabeel Sadiq**  
**Director**

**JOHNSON & PHILLIPS (PAKISTAN) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	2014	2013
	(Rupees in thousand)	(Restated)
	Note	
Revenue from sales and services-net	20	103,813
Cost of sales and services	21	(93,075)
<b>Gross profit</b>		<b>10,738</b>
Distribution cost	22	(1,735)
Administrative expenses	23	(40,620)
Other operating income	24	2,903
		<b>(28,714)</b>
Finance cost	25	(3,346)
<b>Loss before taxation</b>		<b>(32,060)</b>
Taxation	26	(1,096)
<b>Loss for the year</b>		<b>(33,156)</b>
<b>Earnings per share - basic and diluted</b>	27	<b>(6.08)</b>

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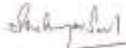
  
**Shehryar Saeed**  
**Chief Executive**

  
**Nabeel Sadiq**  
**Director**

**JOHNSON & PHILLIPS (PAKISTAN) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 (Rupees in thousand)	2013 (Restated)
<b>Loss after taxation for the year</b>		(33,156)	(39,216)
Other comprehensive income			
Items that will not be reclassified to profit and loss account in subsequent periods			
Recognition of actuarial (losses) on retirement benefit obligation due to implementation of IAS 19 (Revised) - net of tax		981	(334)
Reversal of impairment loss on plant & machinery recognized in previous years		-	855
<b>Total comprehensive loss</b>		(32,175)	(38,695)

The annexed notes from 1 to 36 form an integral part of these financial statements.


  
**Shehryar Saeed**  
**Chief Executive**

  
**Nabeel Sadiq**  
**Director**

**JOHNSON & PHILLIPS (PAKISTAN) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

		2014	2013
	Note	(Rupees in thousand)	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	28	(4,032)	2,805
Taxes paid	9	(1,023)	(730)
Gratuity paid	14.1	(509)	(146)
Finance cost paid		(2,643)	(2,691)
<b>Net cash from operating activities</b>		<b>(8,207)</b>	<b>(762)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	3.1	(369)	(102)
Proceeds from disposal of property, plant and equipment		20	1,168
Long term deposits		-	-
<b>Net cash generated from /(used in) investing activities</b>		<b>(349)</b>	<b>1,066</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term borrowing		-	-
Proceeds from long term borrowing	13.3	-	3,000
Repayment of short term borrowings	16	-	(914)
<b>Net cash generated from /(used in) financing activities</b>		<b>-</b>	<b>2,086</b>
<b>Net increase in cash and cash equivalents</b>		<b>(8,556)</b>	<b>2,390</b>
Cash and cash equivalents at beginning of the year		9,622	7,232
Cash and cash equivalents at end of the year	10	<b>1,066</b>	<b>9,622</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.

  
**Shehryar Saeed**  
**Chief Executive**


  
**Nabeel Sadiq**  
**Director**



**JOHNSON & PHILLIPS (PAKISTAN) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	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, 2012 as previously reported	54,500	29,727	23,073	(107,165)	135
Effect of change in accounting policy (note 2.1.3 a)	-	-	-	1,408	1,408
Balance as at July 01, 2012 - restated	54,500	29,727	23,073	(105,757)	1,543
Total comprehensive for the year ended June 30, 2013					
Net loss for the year ended June 30, 2013 (Restated)	-	-	-	(39,216)	(39,216)
Other comprehensive loss for the year ended June 30, 2013				521	1,113
				(38,695)	(38,103)
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	2,170	2,170
Incremental depreciation - reinstatement of assets				(15,547)	(15,547)
Balance as at June 30, 2013 - restated	54,500	29,727	23,073	(157,829)	(66,529)
Total comprehensive for the year ended June 30, 2014					
Net loss for the year ended June 30, 2014				(33,156)	(33,156)
Other comprehensive loss for the year ended June 30, 2014	-	-	-	981	981
				(32,175)	(32,175)
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	7,395	7,395
Balance as at June 30, 2014	54,500	29,727	23,073	(182,609)	(75,309)

The annexed notes from 1 to 36 form an integral part of these financial statements.

  
**Shehryar Saeed**  
**Chief Executive**

  
**Nabeel Sadiq**  
**Director**

# JOHNSON & PHILLIPS (PAKISTAN) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2014

#### 1. STATUS AND NATURE OF BUSINESS

1.1 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 (2014: 2,719,536) ordinary share of Rs. 10 each of the Company as at year end, which constitute 49.90% of total share issued.

1.2. The Company has incurred operating loss net of tax of Rs. 33,156 million (2013: Rs. 39,216 million) during the year, which has increased accumulated losses amounting to Rs. 182,609 million (2013 Rs. 157,829 million) and has resulted in negative equity of Rs. 75,309 million as at June 30, 2014, but still has marginally positive current ratio as at that date.

In spite of the above stated circumstances the management of the Company still considers that the going concern assumption used for the preparation of these financial statements is appropriate in view of the following major facts:

- i) The Company already has 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 and 14.3 of these financial statements.
- ii) The Company and financier has been agreed to provide the interest free loan referred to in note 14.4.
- iii) 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, 2015. The Strategic Business Revival Plan put forward by Management is approved by Board of Directors and will be presented before General Meeting for shareholders approval. According to which Company relocate its assets/operations/manufacturing to Lahore and maintain only a Marketing/Sales and Service facility to facilitate its established customers.
- iv) The Board has provided in past continued support to the Company and has indicated 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 has continued to provide 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.

#### 2. 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.

##### 2.1 Basis of preparation

###### 2.1.1 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.

###### 2.1.2 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
- lease hold land, building and plant and machinery are stated at revalued amount.

### 2.1.3 Accounting Standards, amendments or interpretations that are became effective in the current period

During the year certain amendments to standards or new interpretations became effective; however, the amendments or interpretation did not have any material effect on the financial statements of the Company except for the revised IAS 19 'Employees Benefits', details of which are stated below:

#### a) Change in accounting policy

##### Employee benefits

With effect from 1 January 2013, the revised IAS 19 'Employee Benefits' became effective. The revised IAS 19 requires actuarial gains and losses to be recognized immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortized over the expected average remaining working lives of employees. Further, any past service cost is now recognized immediately in the profit and loss account as soon as the change in the benefit plans are made and previously, only vested past service cost was recognized immediately in profit and loss account and non-vested cost was amortised to profit and loss account over the vesting period. The Standard also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year.

The effects of change has been accounted for retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose as at 1 July 2012 has been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustment through other comprehensive income is restated and disclosed as part of the Statement of Comprehensive Income respectively. The Balance Sheet also presents the prior year numbers as restated, due to the said change.

	2013		2012		As restated
	As previously reported	Impact due to change in policy	As restated	As previously reported	
	Rupees in thousands				
<b>Effect on balance sheet</b>					
Staff retirement benefit	8,647	(1,074)	7,573	7,905	6,497
Unappropriated profit	(112,371)	1,074	(111,297)	(107,165)	(105,757)
					<b>2013</b>
					<b>Rs. '000</b>
<b>Effect on other comprehensive income</b>					
Remeasurement of defined benefit obligation					(334)

There change in accounting policy has no impact on the statement of cashflows and on earning per share.

#### b) 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.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments'(effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company’s financial statements.

Amendment to IAS 36 “Impairment of Assets” Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

Amendments to IAS 19 “Employee Benefits” Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are ‘highly correlated’, or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company’s financial statements.

Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

IFRS 2 ‘Share-based Payment’. IFRS 2 has been amended to clarify the definition of ‘vesting condition’ by separately defining ‘performance condition’ and ‘service condition’. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

IFRS 3 ‘Business Combinations’. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

IFRS 8 ‘Operating Segments’ has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment’s assets to the entity assets is required only if this information is regularly provided to the entity’s chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

## 2.2 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. Company follow revaluation policy after every five years.

### 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 2.7 to these financial statements.

## 2.3 Compensated absences

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

## 2.4 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.

## 2.5 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.

## **2.6 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.

## **2.7 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.

## **2.8 Investments**

These are stated at cost less provision for diminution on carrying value as determined by the management.

## **2.9 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.

## **2.10 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.

## **2.11 Consumable stores**

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

## **2.12 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.

**2.13 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.

**2.14 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.

**2.15 Foreseeable losses on orders in hand**

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

**2.16 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.

**2.17 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.

**2.18 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.

**2.19 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.

**2.20 Cash and cash equivalents**

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

**2.21 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.

**2.22 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.

**2.23 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.

**2.24 Dividend**

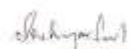
Dividend is recognized in the financial statement in the period in which these are approved.

### 3 RETROSPECTIVE RESTATEMENT OF ERRORS

The incremental depreciation on surplus on revaluation of fixed assets was erroneously adjusted with amount of deferred tax by recognizing the tax in profit and loss account, but no deferred in balance sheet was recognized. Also the increment depreciation on leasehold land was incorrectly calculated. As a result of these errors, surplus on revaluation was understated. Management has treated omission of the fact as prior period error as per IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" as these relates to prior periods and was not accounted for in the prior periods. The impact of rectification of error in prior period's financial statements is as follows:

	Rs. '000'
<b>Effect on balance sheet</b>	
Increase in surplus on revaluation of property, plant and equipment	46,532
<b>Effect on profit and loss account</b>	
Increase in taxation	30,985
<b>Statement of changes in equity</b>	
Increase in accumulated losses	15,547

There is no impact on the cash flow statement of the Company for the prior period presented.

  
**Shehryar Saeed**  
Chief Executive

  
**Nabeel Sadiq**  
Director



#### 4. PROPERTY, PLANT AND EQUIPMENT

##### 4.1 Tangibles

	2014										
	Cost/Revaluation				Accumulated Depreciation				Written down		Useful Life
	As at July 01, 2013	Additions	Disposals	Transfers/Revaluations *	As at June 30, 2014	As at July 01, 2013	Adjustments/Transfers/Revaluations *	For the year	As at June 30, 2014	As at June 30, 2014	
Rupees in thousands											
<b>Owned</b>											
Lease hold Land	170,000	-	-	-	170,000	143	-	4,000	4,143	163,857	99
Building on lease hold land	25,600	-	-	-	25,600	213	-	2,560	2,773	22,827	10
Plant and machinery	14,610	-	-	-	14,610	174	-	2,087	2,261	12,349	7
Gas and electric installations	1,178	-	-	-	1,178	1,148	-	34	1,182	10	10
Factory tools	3,843	-	-	-	3,843	3,843	-	-	3,843	-	5
Vehicles	11,314	355	(29)	-	11,640	11,314	(28)	15	11,300	340	4
Furniture and fixtures	4,320	-	-	-	4,320	4,319	-	-	4,319	1	5
Office and other equipments	11,555	16	-	-	11,569	11,618	-	113	11,735	340	5
	<b>243,821</b>	<b>369</b>	<b>(29)</b>	<b>-</b>	<b>244,160</b>	<b>31,712</b>	<b>(28)</b>	<b>6,787</b>	<b>43,816</b>	<b>201,639</b>	

	2013										
	Cost/Revaluation				Accumulated Depreciation				Written down		Useful Life
	As at July 01, 2012	Additions	Disposals	Transfers/Revaluations *	As at June 30, 2013	As at July 01, 2012	Adjustments/Transfers/Revaluations *	For the year	As at June 30, 2013	As at June 30, 2013	
Rupees in thousands											
<b>Owned</b>											
Lease hold Land	170,000	-	-	-	170,000	6,869	(8,443) *	1,717	143	168,857	99
Building on lease hold land	24,819	-	-	784 *	25,600	6,927	(12,200) *	2,487	213	22,827	10
Plant and machinery	25,811	-	-	(11,201) *	14,610	20,248	(22,405) *	2,233	174	14,436	7
Gas and electric installations	1,178	-	-	-	1,178	1,133	-	15	1,148	10	10
Factory tools	3,843	-	-	-	3,843	3,837	-	6	3,843	-	5
Vehicles	12,885	-	(1,571)	-	11,314	12,885	(1,571)	-	11,314	-	4
Furniture and fixtures	4,320	-	-	-	4,320	4,309	-	10	4,319	1	5
Office and other equipments	11,582	102	-	-	12,084	11,511	-	236	11,747	337	5
	<b>294,826</b>	<b>102</b>	<b>(1,571)</b>	<b>(10,417)</b>	<b>282,949</b>	<b>76,719</b>	<b>(44,628)</b>	<b>4,862</b>	<b>32,961</b>	<b>210,648</b>	

\* The previous revaluations were carried out on March 31, 1985, 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 impairment of Rs. 6,855 million respectively. Further, latest revaluation of leasehold land, building on leasehold land and Plant & Machinery was revalued on June 12, 2013. The revaluation was incorporated in books on June 20, 2013, following the elimination method. The revaluation exercise was conducted by M/s Aml Associates (Private) Limited, a valuer on approved list of Pakistan Bankers Association, on market value basis.

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 2014, if the said had been carried at historical cost would have been as follows:

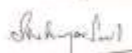
Asset category	Cost	Accumulated Depreciation	Written down Value
Rupees in thousands			
Lease hold Land	61	28	33
Building on lease hold land	13,081	10,946	2,135
Plant and machinery	30,018	28,616	1,402

##### 4.2 Intangibles

	Cost/Revaluation				Accumulated Depreciation				Written down		Useful Life
	As at July 01, 2013	Additions	Disposals	Transfers/Revaluations *	As at June 30, 2014	As at July 01, 2013	Adjustments/Transfers/Revaluations *	For the year	As at June 30, 2014	As at June 30, 2014	
	Rupees in thousands										
<b>Owned</b>											
Computer Software	128	-	-	-	128	128	-	-	128	-	5
	<b>128</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128</b>	<b>128</b>	<b>-</b>	<b>-</b>	<b>128</b>	<b>-</b>	

##### 4.3 Disposal of tangible property, plant and equipment

Description	Cost	Accumulated Depreciation	Written down value	Sale Proceeds	Gain	Mode of Disposal	Particulars of Purchaser
Rupees in thousands							
Honda MT Cycle KC-120 <sup>1</sup>	2014	20	-	20	20	Auction / Bid	Mr. Shahzad
	2013	1,571	1,571	-	1,068		

  
**Shehryar Saeed**  
 Chief Executive

  
**Nabeel Sadiq**  
 Director

	Note	2014 (Rupees in thousand)	2013
<b>4.4 The depreciation charge for the year has been allocated as follows:</b>			
Cost of sales and services	20	7,030	5,442
Administrative expenses	22	1,757	1,360
		<u>8,787</u>	<u>6,802</u>
<b>4.5 Cost of fully depreciated assets</b>			
Plant and machinery		-	-
Gas and electric installation		1,037	1,037
Factory tools		3,843	3,843
Vehicles		11,640	11,314
Furniture and fixtures		4,320	4,320
Office and other equipments		11,361	11,361
		<u>32,201</u>	<u>31,875</u>
<b>5 LONG TERM INVESTMENTS</b>			
<b>In shares of unquoted subsidiaries companies:(at cost)</b>			
<b>Johnson &amp; Phillips Industries (Pakistan) Limited</b>		30,000	30,000
3,000,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June30, 2014 was Nil (June 2013:Nil)] The Company held 100% of the investee's total equity.) Chief Executive Mr. Shehryar Anwar Saeed			
<b>Johnson &amp; Phillips Transformers (Private) Limited</b>		21,000	21,000
2,100,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June 30, 2014 was Nil (June 2013:Nil)] The Company held 70% of the investee's total equity. Chief Executive Mr. Nabeel Sadiq			
<b>Johnson &amp; Phillips EMO Pakistan (Private) Limited</b>		510	510
51,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June 30, 2014 was Nil (June 2013:Nil)] The Company held 51% of the investee's total equity. Chief Executive Mr. Shehryar Anwar Saeed			
<b>Share Application money</b>			
Johnson & Phillips Industries (Pakistan) Limited		20,000	20,000
		<u>71,510</u>	<u>71,510</u>
<b>Provision for diminution in value of investments</b>		<u>(71,510)</u>	<u>(71,510)</u>
		<u>-</u>	<u>-</u>
<b>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:</b>			
Johnson & Phillips Industries (Pakistan) Limited		(38,427)	(38,332)
Johnson & Phillips Transformers (Private) Limited		(32,362)	(32,250)
Johnson & Phillips EMO Pakistan (Private) Limited		<u>(3,314)</u>	<u>(3,281)</u>

	2014	2013
Note	(Rupees in thousand)	
<b>6 STOCK-IN-TRADE</b>		
Raw material and components		
in hand - Gross	42,442	44,690
in transit	-	1,175
Less: provision for obsolete/ slow moving items	(12,132)	(13,752)
	30,310	32,113
Work-in-process	32,611	67,225
Finished goods	2,170	7,117
	<u>65,091</u>	<u>106,455</u>
<b>7 TRADE DEBTS</b>		
<b>Unsecured</b>		
Considered good	49,806	42,209
Considered bad	-	-
	49,806	42,209
Trade debts considered bad written off	-	-
	<u>49,806</u>	<u>42,209</u>
<b>8 LOANS AND ADVANCES</b>		
<b>Loans to subsidiary companies - unsecured</b>		
<b>Considered good</b>		
Johnson & Phillips Industries (Pakistan) Limited (JPI)	8.1	4,593
<b>Considered doubtful</b>		
Johnson & Phillips Transformers (Private) Limited (JPT)	8.2	12,994
Johnson & Phillips EMO Pakistan (Pvt.) Limited (EMO)	8.3	2,864
	16,003	15,858
Less Provision against doubtful loans	(16,003)	(15,858)
	-	-
<b>Advances - Unsecured - Considered good - unsecured</b>		
To suppliers	3,318	3,420
To employees	418	1,069
Against purchase of land	2,717	2,717
Others	71	71
	6,524	7,277
<b>Sales tax refundable</b>	14,485	11,549
Less: Provision for doubtful advances	(2,433)	-
Less: Provision for advance against land	(2,717)	-
	<u>15,859</u>	<u>23,419</u>
<b>8.1 Reconciliation of loan amount due from JPI</b>		
Opening	4,593	(914)
Disbursed	10,092	5,507
Closing	14,685	4,593
Less: provision	(14,685)	-
	<u>-</u>	<u>4,593</u>
<b>8.2 Reconciliation of loan amount due from JPT</b>		
Opening	12,994	12,883
Disbursed	113	111
Closing	13,107	12,994
Less: provision	(13,107)	(12,994)
	<u>-</u>	<u>-</u>

	2014	2013
Note	(Rupees in thousand)	
<b>8.3 Reconciliation of loan amount due from EMO</b>		
Opening	2,864	2,834
Disbursed	32	30
Closing	2,896	2,864
Less: provision	(2,896)	(2,864)
8.6	<u>-</u>	<u>-</u>
<b>8.4</b> The maximum amount of loan due from JPI at the end of any month during the year was Rs. 14,865 thousand (2013: Rs. 4,593 thousands).		
<b>8.5</b> The maximum amount of loan due from Johnson & Phillips Transformers (Private) Limited at the end of any month during the year was Rs. 13,107 thousands (2013: Rs. 12,994) thousands.		
<b>8.6</b> The maximum amount of loan due from Johnson & Phillips EMO Pakistan (Private) Limited at the end of any month during the year was Rs. 2,896 (2013: Rs. 2,864) thousands.		
<b>9 DEPOSITS AND PREPAYMENTS - Considered good</b>		
<b>Prepayments</b>	126	144
<b>Deposits</b>		
Margin against bank guarantee	7,402	7,563
Deposit with court	723	723
Other receivable	50	-
Tender deposits - net of provision	329	1,060
	<u>8,504</u>	<u>9,346</u>
	<b>8,630</b>	<b>9,490</b>
<b>10 ADVANCE TAX - NET OF PROVISION</b>		
Balance receivable as at 1st July	1,938	1,710
Paid / adjusted during the year	1,023	730
	<u>2,961</u>	<u>2,440</u>
Less: Provision for the year		
- current	1,038	516
- prior	58	(14)
	<u>1,096</u>	<u>502</u>
Closing balance	<u>1,865</u>	<u>1,938</u>
<b>11 CASH AND BANK BALANCES</b>		
Cash in hand	106	31
At bank - in current accounts	938	9,569
- in saving accounts	22	22
	<u>1,066</u>	<u>9,622</u>

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		Note	2014	2013
			(Rupees in thousand)	
(Number of shares)				
			2014	2013
4,638,268	4,638,268	Ordinary shares of Rs. 10 each fully paid in cash	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
<b>5,449,972</b>	<b>5,449,972</b>		<b>54,500</b>	<b>54,500</b>
13 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			2014	2013
			(Restated)	
		Note	(Rupees in thousand)	
Opening balance			204,844	127,947
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			(7,395)	(2,170)
Retrospective restatement of errors		3	-	47,291
			<b>197,449</b>	<b>204,844</b>
14 LONG TERM BORROWINGS			2014	2013
		Note	(Rupees in thousand)	
<b>Loans from others-unsecured</b>				
Loan from others		14.1	4,000	4,000
<b>Loan-1</b>				
Principal		14.2	8,408	8,408
Accumulated mark-up there on			8,313	7,458
			<b>16,721</b>	<b>15,866</b>
<b>Loan -2 ( from Director )</b>				
Principal		14.3	20,377	20,377
Accumulated mark-up there on			3,507	3,659
			<b>23,884</b>	<b>24,036</b>
<b>Loan-3</b>				
Principal		14.4	18,650	18,650
Accumulated mark-up there on			14,180	14,180
			<b>32,830</b>	<b>32,830</b>
			<b>77,435</b>	<b>76,732</b>
Less: current and overdue portion		17	(4,000)	(4,000)
Markup accrued		19	-	-
Less: current and overdue portion		17	(4,000)	(4,000)
			<b>73,435</b>	<b>72,732</b>

- 14.1** Represents unsecured loan taken by the Company at an interest rate of 12% per annum which was repayable in installments 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, 2014 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2014) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2015. 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, 2014, the loan carries mark-up @ Twelve months KIBOR per annum and will be repaid in Twenty four equal quarterly installments commencing from July 01, 2015. Total markup charged on loans during the year was Rs. 855 (2013: Rs. 855)
- 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, 2014 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2014) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2015. 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. According to the fresh agreements dated June 30, 2014, the loans carry mark-up @ KIBOR+2% per annum, which will be repaid in twenty four quarterly installments commencing from July 01, 2015 and markup on these loans will be paid on monthly basis. Total markup charged on loans during the year was Rs. 2,439 (2013: Rs. 2,307) 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 July 01, 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, 2015. The mark-up rate on this loan is nil (2013: 12% per annum) on outstanding balance of principal. The total mark-up charged on the loan during the year was Rs. nil (2013: 2,238 thousands).

	2014	2013 (Restated)
15 DEFERRED LIABILITIES - STAFF GRATUITY	Note	(Rupees in thousand)
<b>15.1 The amounts recognised in the balance sheet are as follows:</b>		
<b>Movement in net liability/(assets) recognised</b>		
Opening net liability	7,573	6,497
Expense/(Income) for the year	(479)	964
Other Comprehensive Income	(981)	258
Benefits paid during the year	(509)	(146)
Closing net liability	<u>5,604</u>	<u>7,573</u>
<b>Charge for /(Income from) the Defined Benefit Plan</b>		
Current service cost	275	161
Interest cost	842	803
Curtailement gain	(1,596)	-
Expense recognised in the financial statements	<u>(479)</u>	<u>964</u>

<b>Reconciliation of payable to/(receivable from ) Defined Benefit Plan</b>	<b>Note</b>	<b>2014 (Rupees in thousand)</b>	<b>2013</b>
Present value of Defined Benefit Obligation		4,710	6,579
Fair value of Plan assets		-	-
		<u>4,710</u>	<u>6,579</u>
Unclaimed gratuity	16	894	994
Liability recognised in the accounts		<u><b>5,604</b></u>	<u><b>7,573</b></u>
<b>Actuarial assumptions:</b>			
- Valuation discount rate		13.25%	11.50%
- Salary increase rate		13.25%	11.50%

## 15.2 Historical Information

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	----- Rupees in thousands -----				
Present Value of Defined obligation	4,709	6,579	5,357	5,644	5,284
Unclaimed gratuity	894	994	1,140	711	711
	<u>5,603</u>	<u>7,573</u>	<u>6,497</u>	<u>6,355</u>	<u>5,995</u>
Fair Value of plan assets	-	-	-	-	-
Deficit in the plan	<u><b>5,603</b></u>	<u><b>7,573</b></u>	<u><b>6,497</b></u>	<u><b>6,355</b></u>	<u><b>5,995</b></u>

## 16 TRADE AND OTHER PAYABLES

Creditors		127,046	152,471
Accrued liabilities		2,927	2,059
Advances from customers		4,278	5,676
Payable to ex-employees		892	676
Provident fund		52	1
Unclaimed gratuity payable	15.1	894	994
Tax deducted at source		86	179
Others		159	171
		<u><b>136,334</b></u>	<u><b>162,227</b></u>

## 17 CURRENT AND OVERDUE PORTION OF LONG TERM BORROWINGS

Loan from others - unsecured	14.1	<u><b>4,000</b></u>	<u><b>4,000</b></u>
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## 18 MARK UP ACCRUED

Opening balance		-	-
Accrued during the year		<u>3,293</u>	<u>5,400</u>
		3,293	5,400
Paid / transferred during the year	18.1	<u>(3,293)</u>	<u>(5,400)</u>
<b>Closing balance</b>		<u><b>-</b></u>	<u><b>-</b></u>

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

## 19 CONTINGENCIES AND COMMITMENTS

### 19.1 Contingencies

#### a) Guarantees

The banks have issued guarantees, on behalf of the Company as detailed below:

Guarantees against performance bond	<u>7,402</u>	<u>7,563</u>
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#### 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. (2013: 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 (2013: Rs 3,734 million) in Honorable High Court of Sindh Karachi against the EFU General Insurance Limited and M/s Hanilay & Co. (Private) Limited.

### 19.2 Commitments

There is no commitment as on June 30, 2014 (2013 : Nil )

20 SALES AND SERVICES (NET)	Note	2014 (Rupees in thousand)	2013
Gross sales		103,880	119,531
Sales tax and special excise duty		-	(16,313)
Commission and discount on sales		(67)	(39)
		(67)	(16,352)
		<u>103,813</u>	<u>103,179</u>



21 COST OF SALES AND SERVICES	Note	2014 (Rupees in thousand)	2013
<b>Raw materials and components consumed</b>			
Opening stock		45,865	48,826
Purchases and sub contract cost		32,851	53,221
		<u>78,716</u>	<u>102,047</u>
<b>Closing stock</b>		<u>(42,442)</u>	<u>(45,865)</u>
		36,274	56,182
Salaries, wages and benefits	21.1	9,818	15,079
Insurance		81	206
Fuel and power		1,211	1,778
Repair and maintenance		55	68
Inspection and testing		1	569
Printing and stationery		43	42
Traveling and conveyance		338	424
Depreciation	4.4	7,030	5,442
Provision for Obsolete/ Slow moving Stocks		(1,620)	(563)
Other manufacturing expenses		283	42
		<u>17,240</u>	<u>23,087</u>
		<u>53,514</u>	<u>79,269</u>
<b>Work in process</b>			
Opening stock		67,225	81,807
Closing stock		(32,611)	(67,225)
		<u>34,614</u>	<u>14,582</u>
<b>Cost of goods manufactured</b>		<u>88,128</u>	<u>93,851</u>
<b>Finished goods</b>			
Opening stock		7,117	4,398
Closing stock		(2,170)	(7,117)
		4,947	(2,719)
		<u>93,075</u>	<u>91,132</u>
<b>21.1 Salaries, wages and benefits</b>			
Salaries and wages		9,837	13,950
Gratuity		(138)	935
		<u>9,818</u>	<u>15,079</u>
<b>22 DISTRIBUTION EXPENSES</b>			
Salaries, wages and benefits	23.1	950	1,194
Late delivery charges and penalties		224	2,640
Advertising and sales promotion		67	67
Travelling and conveyance		84	60
Subscriptions and periodicals		116	78
Repair and maintenance		122	73
Insurance		-	-
Entertainment		91	15
Printing and stationery		10	14
Others		71	42
		<u>1,735</u>	<u>4,183</u>

		2014	2013
	Note	(Rupees in thousand)	
<b>22.1 Salaries, wages and benefits</b>			
Salaries & wages		945	1,164
Gratuity		(7)	19
P.F Contribution-Staff		12	11
		<u>950</u>	<u>1,194</u>
<b>23 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	23.1	5,031	6,283
Travelling and conveyance		2,344	2,484
Legal and professional charges		933	835
Rent, rates and taxes		1,170	1,244
Repair and maintenance		786	1,247
Printing and stationery		268	312
Postage, telegram, telephone and telex		952	935
Light and power		1,505	1,611
Entertainment		1,428	1,165
Donations	23.2	-	14
Subscriptions and periodicals		674	597
Advertisement		130	213
Auditors' remuneration	23.3	410	410
Annual general meeting		22	18
Insurance		637	623
Provision for doubtful loans and advances		19,979	141
Depreciation	4.4	1,757	1,360
Provision for doubtful tender deposits		353	-
Others		2,241	1,564
		<u>40,620</u>	<u>21,056</u>
<b>23.1 Salaries, wages and benefits</b>			
Salaries and wages		5,246	6,262
Gratuity		(335)	(47)
P.F Contribution-Staff		120	68
		<u>5,031</u>	<u>6,283</u>
<b>23.2 Directors or a spouse of a director have no interest in the donee.</b>			
<b>23.3 Auditors' remuneration</b>			
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
		<u>410</u>	<u>410</u>
<b>24 OTHER OPERATING INCOME</b>			
Liabilities no more payable written back		2,575	9,141
Gain on disposal of property, plant and equipments		20	1,168
Mark-up on saving accounts		1	5
Others		307	1,362
		<u>2,903</u>	<u>11,676</u>

25	FINANCE COST	Note	2014	2013
			(Rupees in thousand)	
	Mark-up on unsecured long term loans		3,293	5,400
	Bank charges and commission		53	54
			<u>3,346</u>	<u>5,454</u>
26	TAXATION	Note	2014	2013
			(Rupees in thousand)	
	Current year	26.1	1,038	516
	Prior year		58	(14)
	Deferred tax	26.2	-	31,744
			<u>1,096</u>	<u>32,246</u>

#### Relationship between tax expense and accounting profit

- 26.1 There is no tax applicable on taxable profits of the Company under the provision of Income Tax Ordinance, 2001 as amended by Finance Act, 2013 due to available assessed tax losses. Accordingly, no numeric reconciliation of tax expense with accounting profit has been presented.
- 26.2 In view of net deductible temporary differences amounting to Rs 43.496 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. 166.678 million, unabsorbed depreciation of Rs. 28.854 million, and deductible temporary differences of Rs. 32.844 million.

#### 27 EARNING PER SHARE

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

Loss after taxation (Restated)		<u>(33,156)</u>	<u>(39,216)</u>
Weighted average number of ordinary shares		<u>5,449,972</u>	<u>5,449,972</u>
Earnings per share - basic (Restated)		<u>(6.08)</u>	<u>(7.20)</u>

#### 28 CASH GENERATED FROM OPERATIONS

Loss before taxation		(32,060)	(6,970)
<b>Adjustments for:</b>			
Depreciation	4.4	8,787	6,802
Gain on disposal of Property, plant and equipments	24	(20)	(1,168)
Provision for doubtful loans and advances		19,979	141
Provision for staff gratuity - net	15.1	(479)	888
Liabilities no more payable written back	24	(2,575)	(5,000)
Finance cost	25	3,346	5,454
		<u>(3,022)</u>	<u>147</u>

#### Effect on cash flow due to working capital changes

Decrease / (Increase) decrease in current assets			
Stock-in-trade		41,364	14,260
Trade debts		(7,597)	(7,495)
Loans and advances		(12,419)	(3,741)
Deposits and prepayments		860	5,704
		<u>22,208</u>	<u>8,728</u>
Trade and other payables excluding unclaimed gratuity		<u>(23,218)</u>	<u>(6,070)</u>
Cash generated from operations		<u>(4,032)</u>	<u>2,805</u>

## 29 STAFF RETIREMENT BENEFITS

### 29.1 Provident Fund

Salaries wages and other benefits includes Rs.502 thousands (2013: Rs. 546 thousands) in respect of provident fund.

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

	(Unaudited) June 30, 2014	(Audited) Dec 31, 2013
Size of the fund - Total assets	8,116	8,537
Cost of the Investment made	6,000	6,000
Percentage of investments made	74%	70%
Fair value of the investments	6,000	6,000

#### Break-up of the fair value of investments is:

	June 30, 2014 Unaudited ---Rupees in thousands---	Dec 31, 2013 Audited ---Rupees in thousands---	June 30, 2014 Unaudited ---Rupees in thousands---	Dec 31, 2013 Audited ---Rupees in thousands---
Certificate of Investment	6,000	6,000	100%	100%

29.1.1 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.

### 29.2 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 14 to these financial statements.

## 30 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.

### 30.1 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:

	2014	2013
	(Rupees in thousand)	
Long term deposits	940	940
Trade debts	49,806	42,209
Loans and advances	489	8,450
Trade deposits and other receivables	8,856	9,346
Bank balances	960	9,591
	<u>61,051</u>	<u>70,536</u>

#### Impairment losses

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

	2014		2013	
	Gross	impairment	Gross	impairment
	(Rupees in thousand)			
Not past due	-	-	-	-
Past due 1 - 60 days	2,743	-	38,325	-
Past due 61 - 365 days	33,123	-	2,956	-
More than one year	13,940	-	928	-
<b>Total</b>	<u>49,806</u>	<u>-</u>	<u>42,209</u>	<u>-</u>

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.

### 30.2 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.

### 30.1 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.

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	<u>61,051</u>	<u>70,536</u>

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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	77,435	77,435	-	(4,000)	(73,435)
Trade and other payables	136,334	136,334	(1,786)	(134,548)	-
Unclaimed dividend	4,268	4,268	(4,268)	-	-
<b>June 30, 2014</b>	<b>218,037</b>	<b>218,037</b>	<b>(6,054)</b>	<b>(138,548)</b>	<b>(73,435)</b>
Long term financing	76,732	76,732	-	(4,000)	(72,732)
Trade and other payables	162,227	162,227	(1,670)	(160,557)	-
Short term borrowings	-	-	-	-	-
Unclaimed dividend	4,268	4,268	(4,268)	-	-
<b>June 30, 2013</b>	<b>243,227</b>	<b>243,227</b>	<b>(5,938)</b>	<b>(164,557)</b>	<b>(72,732)</b>

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.

### 30.3 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:

	2014	2013	2014	2013
	Effective interest rate (%)		Carrying amount (Rs.'000)	
<b>Financial liabilities</b>				
Long term financing	12% and KIBOR +2%	12% and KIBOR +2%	77,435	76,732
Short term borrowings	Non-interest bearing		-	-

#### 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

### 30.4 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.

## 31 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 his business.

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, 2014, the shareholders' equity amounts to Rs. (75,309) thousands (2013 Rs. -50,529 thousands Restated.)

### 32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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		Total	
	2014	2013	2014	2013	2014	2013
	<b>Rupees in thousands</b>					
Managerial Remuneration	960	960	120	334	1,080	1,294
Retirement benefits and provident fund contribution	80	80	-	-	80	80
Rent, utilities, leave encashment etc.	1,262	1,281	742	350	2,004	1,631
	<b>2,302</b>	<b>2,321</b>	<b>862</b>	<b>684</b>	<b>3,164</b>	<b>3,005</b>
No. of persons	<b>1</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>

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 are as follows:

	2014	2013
	(Rupees in thousand)	
Loan advanced to wholly owned subsidiary company	14,685	4,593
Payments made on behalf of subsidiaries companies	145	141
Repayment/adjustment of loan to subsidiary company	-	914
Contribution paid to Provident Fund Trust	502	546

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

### 34 PRODUCTION CAPACITY

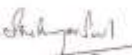
The production capacity of the plant cannot be determined as this depends on the relative proportions of the various types and sizes of products manufactured according to required specifications.

### 35 DATE OF AUTHORIZATION

These financial statements were authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

### 36 GENERAL

Figures have been rounded off to the nearest thousand rupee.

  
**Shehryar Saeed**  
Chief Executive

  
**Nabeel Sadiq**  
Director