

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the annexed balance sheet of ITTEFAQ SONS (PVT.) LIMITED, as at June 30, 2013 and the related profit and loss account, cash flow statement and statement of changes in equity together with 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 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Muhammad Kaleem Rathor
Lahore
Date: October 9, 2013


KALEEM AND COMPANY
CHARTERED ACCOUNTANTS

ITEFAQ SONS (PVT.) LIMITED
BALANCE SHEET AS AT JUNE 30, 2013

| <u>EQUITY & LIABILITIES</u> | Notes | 2013 RUPEES | 2012 RUPEES | <u>ASSETS</u> | Notes | 2013 RUPEES | 2012 RUPEES |
|--|-------|----------------|----------------|-----------------------------------|-------|----------------|----------------|
| <u>SHARE CAPITAL & RESERVES</u> | | | | <u>NON-CURRENT ASSETS</u> | | | |
| Share Capital | | | | | | | |
| Authorized Capital | | | | | | | |
| 10,000,000 Ordinary Shares of Rs. 100/- each (2011: 10,000,000 Shares) | | 1,000,000,000 | 1,000,000,000 | Property Plant & Equipments | 12 | 1,739,023,371 | 1,212,397,937 |
| | | | | Capital W.L.P | | - | 516,788,780 |
| Issued Subscribed & Paid-up Capital | | | | | | | |
| 8,947,124 Ordinary Shares of Rs. 100/- each (2012: 8,947,124 shares) | | 894,712,400 | 894,712,400 | | | | |
| Unappropriated Profit | | 278,315,459 | 175,472,293 | | | | |
| | | 1,173,027,859 | 1,070,184,693 | | | | |
| Surplus on Revaluation of Fixed Assets | 4 | 480,387,310 | 527,599,689 | Long-Term Security Deposits | | 14,990,500 | 14,903,000 |
| <u>NON-CURRENT LIABILITIES</u> | | | | | | | |
| Sponsors Loans -subordinated | | 316,329,215 | 316,329,215 | | | | |
| Long Term Loans | 5 | 132,592,048 | 216,093,226 | | | | |
| Liabilities Against Assets Subject to Finance Lease | 6 | - | - | | | | |
| | | 448,921,263 | 532,422,441 | | | | |
| Deferred Liabilities | 7 | 17,394,852 | 14,909,689 | | | | |
| <u>CURRENT LIABILITIES</u> | | | | <u>CURRENT ASSETS</u> | | | |
| Trade and Other Payables | 8 | 801,453,597 | 466,471,835 | Stores, Spares & Loose Tools | | 103,206,258 | 70,459,149 |
| Finance Cost Payable | | 54,810,087 | 68,267,381 | Stock in Trade | 13 | 1,438,714,459 | 1,300,169,391 |
| Short Term Borrowings | 9 | 900,985,112 | 915,675,789 | Trade Debts | | 295,676,279 | 322,494,473 |
| Current Portion of Long Term Liabilities | 10 | 104,375,000 | 121,798,522 | Advances, Deposits, Prepayments & | | | |
| Provision for Taxation | | 128,731,143 | 98,449,078 | Other Receivables | 14 | 85,264,226 | 111,339,823 |
| | | 1,990,354,939 | 1,670,662,605 | Taxes Refundable | 15 | 279,924,630 | 220,177,033 |
| | | | | Cash & Bank Balances | 16 | 153,286,500 | 47,049,531 |
| Contingencies & Commitments | 11 | | | | | 2,356,072,352 | 2,071,689,400 |
| | | 4,110,086,223 | 3,815,779,117 | | | 4,110,086,223 | 3,815,779,117 |

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



CHIEF EXECUTIVE



DIRECTOR



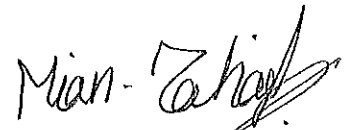
ITTEFAQ SONS (PVT.) LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2013

| | NOTE | 2013 RUPEES | 2012 RUPEES |
|-----------------------------------|------|----------------------|----------------------|
| Sales-Net | 17 | 3,138,386,973 | 3,214,994,574 |
| Less: Cost of Sales | 18 | <u>2,852,758,382</u> | <u>2,916,923,754</u> |
| Gross Profit | | 285,628,591 | 298,070,820 |
| Distribution Cost | 19 | <u>6,497,055</u> | <u>5,280,990</u> |
| Administrative Expenses | 20 | <u>31,438,114</u> | <u>21,460,109</u> |
| | | 37,935,169 | 26,741,099 |
| Operating Profit | | <u>247,693,422</u> | <u>271,329,721</u> |
| Other Income | 21 | <u>2,634,003</u> | <u>6,314,206</u> |
| | | 250,327,425 | 277,643,927 |
| Finance Cost | 22 | 157,432,068 | 169,800,321 |
| Workers Profit Participation Fund | | 4,644,768 | 5,392,180 |
| Workers Welfare Fund | | <u>1,730,404</u> | <u>2,008,851</u> |
| Profit Before taxation | | <u>86,520,185</u> | <u>100,442,575</u> |
| Provision For taxation | | <u>30,282,065</u> | <u>35,154,901</u> |
| Profit After taxation | | <u>56,238,120</u> | <u>65,287,673</u> |
| Earning Per Share | | <u>6.29</u> | <u>7.30</u> |

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



CHIEF EXECUTIVE



DIRECTOR



ITTEFAQ SONS (PVT.) LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

| | Share Capital <u>RUPEES</u> | Accumulated Profit <u>RUPEES</u> | Total <u>RUPEES</u> |
|--|-----------------------------------|--|-----------------------------|
| Balance as on June 30, 2011 | 894,712,400 | 57,878,017 | 952,590,417 |
| Net Profit for the year 2012 | | 65,287,673 | 65,287,673 |
| Incremental Depreciation transferred from Surplus on Rev. of fixed assets | | 52,306,603 | 52,306,603 |
| Balance as on June 30, 2012 | <u>894,712,400</u> | <u>175,472,293</u> | <u>1,070,184,693</u> |
| Net Profit for the year 2013 | - | 56,238,120 | 56,238,120 |
| Prior Year Adjustment | - | (607,333) | (607,333) |
| Incremental Depreciation transferred from Surplus on Rev. of fixed assets | | 47,212,379 | 47,212,379 |
| Balance as on June 30, 2013 | <u><u>894,712,400</u></u> | <u><u>278,315,459</u></u> | <u><u>1,173,027,859</u></u> |

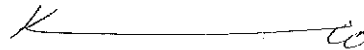
The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



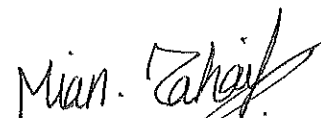
ITTEFAQ SONS (PVT.) LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

| | 2013 RUPEES | 2012 RUPEES |
|--|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit Before Taxation | 86,520,185 | 100,442,575 |
| Adjustments for: | | |
| Depreciation | 116,199,246 | 112,652,889 |
| Provision of Gratuity | 6,371,038 | 9,303,977 |
| Gain on Sale of Fixed Asset | (157,925) | (343,650) |
| Finance Cost | 157,432,068 | 169,800,321 |
| | 279,844,427 | 291,413,537 |
| Profit Before Working Capital Changes | 366,364,612 | 391,856,111 |
| Working Capital Changes | | |
| (INCREASE)/ DECREASE IN | | |
| Stores, Spares & Loose Tools | (32,747,110) | 75,651,205 |
| Stock in Trade | (138,545,068) | 322,056,876 |
| Trade Debts | 26,818,194 | (26,047,281) |
| Advances, Deposits, Prepayments & Other Receivables | 26,075,597 | 58,153,052 |
| | (118,398,386) | 429,813,852 |
| INCREASE/ (DECREASE) IN | | |
| Trade and Other Payables | 334,981,762 | 367,018,859 |
| Cash Generated from Operations | 582,947,988 | 1,188,688,822 |
| Income Tax Paid | (60,354,930) | (52,738,247) |
| Finance Cost Paid | (170,889,362) | (170,439,175) |
| Gratuity Paid | (3,885,875) | (2,829,468) |
| | (235,130,167) | (226,006,890) |
| Net Cash (used in) Operating Activities | 347,817,821 | 962,681,932 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed Assets Acquired | (643,116,755) | (2,990,031) |
| Capital Work in Progress | 516,788,780 | (516,788,780) |
| Disposal of Fixed Asset | 450,000 | 600,000 |
| Security Deposits | (87,500) | 305,500 |
| Net Cash (used in) Investing Activities | (125,965,475) | (518,873,311) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long Term Loans | (100,924,700) | 120,959,885 |
| Due to Associated Undertakings | - | - |
| Short Term Borrowings | (14,690,677) | (535,081,515) |
| Payment of Finance Lease | - | (30,220,684) |
| Net Cash From/(used in) Financing Activities | (115,615,377) | (444,342,314) |
| Net (Decrease) in Cash and Cash Equivalents | 106,236,969 | (533,693) |
| Cash & Cash Equivalents at the Beginning of the Year | 47,049,531 | 47,583,224 |
| Cash & Cash Equivalents at the End of the Year | 153,286,500 | 47,049,531 |

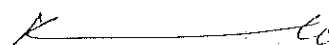
The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



ITTEFAQ SONS (PVT.) LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2013

1 NATURE AND STATUS OF COMPANY

Ittefaq Sons (Pvt.) Limited ("the Company") was incorporated on February 20, 2004 as a Private Limited Company under the Companies Ordinance 1984. The principal activity of the company is manufacturing of Steel, Copper and other allied products. The registered office of the company is situated at 40, B-II Gulberg III M. M. Alam Road, Lahore.

2 STATEMENT OF COMPLIANCE

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

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Measurement

These accounts have been prepared under historical cost convention without any adjustments for the effects of inflation or current values.

3.2 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits available of Income Tax Ordinance 2001. As the company foresees no major timing differences likely to reverse in the foreseeable future, hence no provision for deferred tax is made.

3.3 Foreign Currency Transactions

Foreign Currency transactions are converted into Pak Rupees using the rates prevailing at the date of transaction while assets & liabilities are converted into Pak Rupees using the rates of exchange prevailing at the balance sheet date. Exchange gains and losses on conversion are charged to income currently.

3.4 Fixed Assets and Depreciation

- a) The company has changed its policy for the valuation of certain tangible fixed assets from cost to revaluation model.
- b) Maintenance and normal repairs are charged to current year's income. Major renewals and improvements are capitalized.
- c) Gains and losses on disposal of fixed assets are included in income currently.
- d) The company assesses at each balance sheet date whether there is any indication that a fixed asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the estimated recoverable amount, assets are written down to the recoverable amount.
- e) Depreciation on fixed assets is provided on the reducing balance method at the rates specified in the fixed asset schedule. Acquisitions during the year are depreciated proportionately, from date of purchase to accounting year end. Depreciation is also charged on assets sold during the year proportionately.

3.5 Stores, Spares and Loose Tools

Stores, spares and loose tools are valued at cost on moving average basis, except store in transit which is stated at cost accumulated up to the balance sheet date.

3.6 Stock in Trade

Stock in trade is valued at lower of cost or Net realizable value.

3.7 Borrowing Cost

Interest, mark-up and other charges on long term liabilities are capitalized up to the date of commissioning of respective fixed assets acquired and produced out of the proceeds of such long term liabilities. All other interest, mark-up and other charges are charged to income.

3.8 Receivables

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

3.9 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 future for goods and services.

3.10 Provisions

Provisions are recognized when the company has a present obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

3.11 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 recognized amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability.

3.12 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 instruments. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the income currently.

4 SURPLUS ON REVALUATION OF FIXED ASSETS**2013**
RUPEES**2012**
RUPEES

This represents surplus over book value resulting from revaluation of fixed assets as referred to in fixed assets schedule.

| | | |
|--|--------------------|--------------------|
| Opening Balance | 527,599,689 | 579,906,292 |
| Amount equal to Incremental Depreciation transferred to Equity | 47,212,379 | 52,306,603 |
| | <u>480,387,310</u> | <u>527,599,689</u> |

The company has complied with the requirements of SRO 45(I)2003 for the effect of incremental depreciation. The incremental depreciation charged on revalued assets, except land, during the years has been transferred to retained earnings / accumulated profit/(Loss) to record realization of surplus to the extent of incremental depreciation to comply with the amendment in section 235 of Companies Ordinance, 1984 further notification of Securities and Exchange Commission of Pakistan to clarify the treatment of surplus arising on revaluation of fixed assets.

5 LONG TERM LOANS

| | | |
|------------------------|--------------------|--------------------|
| Soneri Bank Limited | 149,976,000 | 189,976,000 |
| Bank of Punjab Limited | 86,991,048 | 130,492,226 |
| | <u>236,967,048</u> | <u>320,468,226</u> |
| Less: Current Portion | 104,375,000 | 104,375,000 |
| | <u>132,592,048</u> | <u>216,093,226</u> |

5.1 Long term loans were obtained from various commercial banks. The loans are secured against mortgage of Land, Building, Plant & Machinery and the personal guarantees of all the directors of the company. Mark-up is charged at the rate ranging from 3-months to 6-months KIBOR plus 2.25% to 2.5% per annum. The loans will be expired on the dates ranging from 31 March, 2015 to 30 June, 2017.

6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

| | | |
|-------------------------------------|---|-------------------|
| Opening Balance | - | 47,644,206 |
| Less: Payments Made During the Year | - | 30,220,684 |
| | - | <u>17,423,522</u> |
| Less: Current Portion | - | 17,423,522 |
| | - | <u>-</u> |

6.1 The rate of interest used as discounting factor ranging from 3 to 6 months KIBOR + 3 to 4 % per annum with floor of 12.5%. The taxes, repairs and insurance cost are borne by lessee. Lessee shall have no right to terminate the lease agreement and if lease agreement is terminated, the lessee shall pay entire amount of rentals for unexpired period of lease agreements. In all the above leases, the purchase option is available to the company which it intends to avail. This lease is secured against the ownership of leased asset in the name of bank and the Personal Guarantees of the Directors.

| | <u>2013</u> <u>RUPPEES</u> | <u>2012</u> <u>RUPPEES</u> |
|--------------------------------------|-------------------------------|-------------------------------|
| 7 <u>DEFERRED LIABILITIES</u> | | |
| Staff Gratuity: | | |
| Opening Balance | 14,909,689 | 8,435,180 |
| Add: Provision for the Year | 6,371,038 | 9,303,977 |
| | 21,280,727 | 17,739,157 |
| Less: Payments During the Year | 3,885,875 | 2,829,468 |
| | <u>17,394,852</u> | <u>14,909,689</u> |

8 TRADE AND OTHER PAYABLES

| | | |
|--|--------------------|--------------------|
| Sundry Creditors | 497,441,089 | 138,461,489 |
| Advances from Customers / Associated Undertaking | 211,250,273 | 223,096,348 |
| Accrued Expenses | 54,498,024 | 80,866,903 |
| Security Deposits Payable | 22,351,811 | 3,260,900 |
| Others Payables | 9,537,228 | 3,965,283 |
| Workers' Profit Participation Fund | 4,644,768 | 12,220,185 |
| Workers' Welfare Fund | 1,730,404 | 4,600,726 |
| | <u>801,453,597</u> | <u>466,471,835</u> |

9 SHORT TERM BORROWINGS-SECURED

| | | |
|--------------------------------|--------------------|--------------------|
| Bank of Punjab Ltd. | 349,249,562 | 258,976,563 |
| KASB Bank Limited | 216,083,533 | 215,321,191 |
| National Bank of Pakistan Ltd. | 335,652,017 | 441,378,035 |
| | <u>900,985,112</u> | <u>915,675,789</u> |

9.1 Short term borrowings were obtained from various commercial banks. The borrowings are secured against charge over Raw Material, Finished Goods, Imported Chemicals and the personal guarantees of all the directors of the company. Mark-up rate charged at the rate ranging from 3-months to 6-months KIBOR plus 2.25% to 3.0% per annum. These loan will expire within the period ranging from March 31, 2013 to June 30, 2014.

10 CURRENT PORTION OF LONG TERM LIABILITIES

| | | |
|--|--------------------|--------------------|
| Current Portion of Long Term Loans | 104,375,000 | 104,375,000 |
| Current Portion of Liabilities Against Assets Subject to Finance Lease | - | 17,423,522 |
| | <u>104,375,000</u> | <u>121,798,522</u> |

11 CONTINGENCIES AND COMMITMENTS

There were no known contingencies as at June 30, 2013 (2012: Nil). The commitments against Letter of Credit are of Rs. 398,264,750 as at June 30, 2013 (2012: Rs.385,928,145).

| | <u>2013</u> <u>RUPEES</u> | <u>2012</u> <u>RUPEES</u> |
|---|------------------------------|------------------------------|
| 13 STOCK IN TRADE | | |
| Stock of Raw Material | 438,948,944 | 397,893,075 |
| Finished Goods | 999,765,515 | 902,276,316 |
| | <u>1,438,714,459</u> | <u>1,300,169,391</u> |
| 14 ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES | | |
| Advance to : | | |
| -Suppliers | 45,813,788 | 41,288,787 |
| -Office Staff | 2,699,318 | 179,771 |
| -Clearing Agent | 3,289,054 | 1,744,070 |
| -Staff for Expenses | 8,496,110 | 4,993,021 |
| Advances Against L/C | 8,849,467 | 54,954,446 |
| Security Deposits | 5,295,830 | 6,038,350 |
| Letter of Guarantee | 1,800,000 | 1,800,000 |
| Other Receivables | 9,020,659 | 341,378 |
| | <u>85,264,226</u> | <u>111,339,823</u> |
| 15 TAXES REFUNDABLE | | |
| Sales Tax Receivable | 13,631,339 | - |
| Advance Income Tax | 266,293,291 | 220,177,033 |
| | <u>279,924,630</u> | <u>220,177,033</u> |
| 16 CASH AND BANK BALANCES | | |
| Cash at Banks | 148,944,179 | 41,541,929 |
| Cash in Hand | 4,342,321 | 5,507,602 |
| | <u>153,286,500</u> | <u>47,049,531</u> |
| 17 SALES | | |
| Export Sales | 36,317,113 | - |
| Sales | 3,154,133,437 | 3,266,021,078 |
| Total Sales | <u>3,190,450,550</u> | <u>3,266,021,078</u> |
| Less : Sales Tax | 52,063,577 | 51,026,504 |
| | <u>3,138,386,973</u> | <u>3,214,994,574</u> |

| 18 COST OF SALES | 2013 RUPEES | 2012 RUPEES |
|----------------------------|------------------------------|------------------------------|
| Raw Material Consumed | 1,916,712,142 | 1,792,886,520 |
| Salaries, Wages & Benefits | 105,270,474 | 104,270,786 |
| Store Consumption | 124,363,271 | 172,312,376 |
| Fuel and Power | 554,411,682 | 402,935,060 |
| Repair & Maintenance | 43,859,459 | 61,424,587 |
| Freight Expenses | 72,726,518 | 83,054,875 |
| Vehicles Running Expenses | 9,457,607 | 8,797,555 |
| Insurance Charges | 3,973,299 | 4,145,665 |
| Traveling & Conveyance | 87,072 | 98,725 |
| Entertainment | 995,818 | 426,857 |
| Printing & Stationery | 723,887 | 509,521 |
| Rent, Rates & Taxes | 1,404,000 | 219,150 |
| Telephone Expense | 865,918 | 718,419 |
| Laboratory Expense | 565,083 | 760,471 |
| Misc. Expenses | 4,442,066 | 2,298,188 |
| Depreciation | 110,389,284 | 107,020,244 |
| | <u>2,950,247,581</u> | <u>2,741,878,999</u> |
| Opening Stock | 902,276,316 | 1,077,321,071 |
| Closing Stock | (999,765,515) | (902,276,316) |
| | <u><u>2,852,758,382</u></u> | <u><u>2,916,923,754</u></u> |

Handwritten note: 18.1 18.1

| 18.1 Raw Material consumed | | |
|-----------------------------------|----------------------|----------------------|
| Opening Raw material stock | 397,893,075 | 350,789,035 |
| Add: Purchases during the year | 1,957,768,011 | 1,839,990,560 |
| | <u>2,355,661,086</u> | <u>2,190,779,595</u> |
| Less: Consumption during the year | 1,916,712,142 | 1,792,886,520 |
| Closing stock | <u>438,948,944</u> | <u>397,893,075</u> |

19 DISTRIBUTION COST

| | | |
|------------------------------|------------------|------------------|
| Salaries, Wages and Benefits | 1,197,978 | 1,288,784 |
| Advertising Expenses | 737,790 | 370,510 |
| Packing Expenses | 2,333,539 | 1,997,458 |
| Loading/Unloading | 2,091,218 | 1,430,665 |
| Sample Test Expenses | 136,530 | 193,573 |
| | <u>6,497,055</u> | <u>5,280,990</u> |

20 ADMINISTRATIVE EXPENSES

| | | |
|------------------------------|-------------------|-------------------|
| Salaries, Wages and Benefits | 14,768,235 | 9,667,189 |
| Fee & Subscription | 2,621,509 | 289,003 |
| Legal & Professional Charges | 553,000 | 868,900 |
| Auditors' Remuneration | 550,000 | 500,000 |
| Vehicle Running Expenses | 2,961,322 | 1,935,750 |
| Traveling & Conveyance | 2,501,269 | 1,578,935 |
| Printing & Stationery | 274,298 | 74,220 |
| Donation | 107,320 | - |
| Insurance Charges | 607,357 | 569,777 |
| Telephone & Postage Charges | - | 4,535 |
| Entertainment | 340,372 | 189,810 |
| Advertisement | 152,070 | 55,170 |
| Misc. Expenses | 191,400 | 94,175 |
| Depreciation | 5,809,962 | 5,632,645 |
| | <u>31,438,114</u> | <u>21,460,109</u> |

| | <u>2013</u> <u>RUPEES</u> | <u>2012</u> <u>RUPEES</u> |
|---|------------------------------|------------------------------|
| 21 OTHER INCOME | | |
| Interest and Other Income | 2,476,078 | 5,970,556 |
| Gain on Disposal of Fixed Assets | 157,925 | 343,650 |
| | <u>2,634,003</u> | <u>6,314,206</u> |
| 22 FINANCE COST | | |
| Finance Cost on Banks Borrowings | 154,157,499 | 162,392,140 |
| Finance Cost on Lease Liability | 348,125 | 5,026,172 |
| Bank Charges | 2,926,444 | 2,382,009 |
| | <u>157,432,068</u> | <u>169,800,321</u> |
| 23 Earning Per Share | | |
| Profit after taxation for the year attributable to ordinary shareholders. | 56,238,120 | 65,287,673 |
| outstanding during the year. Number | 8,947,124 | 8,947,124 |
| Earning Per Share (Rs./Share) | 6.29 | 7.30 |

23.1 Diluted earning Per Share

There is no dilution effect on the basic earnings per share as the company has no such commitments.

24 GENERAL

i - Figures have been rounded off to the nearest rupees.

ii - Previous year's figures have been rearranged, where necessary for the purpose of comparison. No material rearrangements were made during the year.

25 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 09,2013.



CHIEF EXECUTIVE



DIRECTOR

←————→

12 PROPERTY, PLANT & EQUIPMENTS

| PARTICULARS | C O S T/Revalued Amount | | Adjustments | As At | | Rate % | Depreciation | | WDV |
|-----------------------|-------------------------|-------------------|-------------|------------------|------------------|-------------|------------------|------------------|---------------|
| | As At 01-07-2012 | Addition/Deletion | | As At 30-06-2013 | As At 01-07-2012 | | As At 30-06-2013 | As At 01-07-2012 | |
| Land | 62,875,000 | - | - | 62,875,000 | - | - | - | - | 62,875,000 |
| Building | 296,220,420 | 171,428,011 | - | 467,648,431 | 5 | 16,207,749 | 31,018,470 | 436,629,961 | |
| Plant & Machinery | 755,053,388 | 379,213,835 | 115,000,000 | 1,259,267,223 | 10 | 78,309,177 | 208,698,801 | 1,050,568,422 | |
| Grid Station | 57,279,039 | - | - | 57,279,039 | 10 | 25,147,475 | 3,213,156 | 28,560,631 | |
| Electric Installation | 100,194,729 | 91,311,959 | - | 191,506,688 | 10 | 43,783,588 | 7,917,659 | 189,805,441 | |
| Vehicles | 18,591,487 | 787,160 | 1,575,000 | 20,429,647 | 20 | 6,101,474 | 2,561,020 | 10,884,955 | |
| Furniture & Fixture | 4,635,691 | (524,000) | - | 4,086,066 | 10 | 1,894,595 | 278,364 | 2,883,167 | |
| Office Equipment | 1,963,283 | 170,975 | - | 2,168,698 | 20 | 1,147,914 | 163,187 | 837,597 | |
| Laboratory Equipment | 11,232,088 | 205,415 | - | 11,232,088 | 10 | 4,931,274 | 630,081 | 5,561,355 | |
| Arms & Ammunition | 146,013 | - | - | 146,013 | 10 | 62,725 | 8,399 | 74,959 | |
| Tools | 302,509 | - | - | 302,509 | 10 | 192,811 | 16,970 | 149,781 | |
| Year 2013 | 1,318,459,647 | 642,592,755 | 116,575,000 | 2,077,661,402 | | 174,518,156 | 54,814,483 | 1,09,305,392 | |
| | | | | | | | | | 338,638,031 |
| | | | | | | | | | 1,739,023,371 |

12.1 The surplus on revaluation of land, building and plant & machinery was determined as on June 11, 2011 by M/S Ryadh Co. (Approved Valuer of Pakistan Bank's Association) on current replacement cost basis as follows:

| Original Cost Rupees | Book Value Rupees | Revalued amount Rupees | Revaluation Surplus Rupees |
|----------------------|-------------------|------------------------|----------------------------|
| Land | 33,322,002 | 62,875,000 | 29,552,998 |
| Building | 301,589,141 | 241,645,300 | 54,574,520 |
| Plant & Machinery | 428,928,610 | 765,053,388 | 495,778,774 |
| Total | 763,839,753 | 544,242,516 | 579,906,292 |

LEASED ASSETS

| PARTICULARS | C O S T | | Adjustments | As At | | Rate % | Depreciation | | WDV |
|-------------------------|------------------|-------------|---------------|------------------|------------------|--------|------------------|------------------|---------------|
| | As At 01-07-2012 | Addition | | As At 30-06-2013 | As At 01-07-2012 | | As At 30-06-2013 | As At 01-07-2012 | |
| Plant & Machinery | 115,000,000 | - | (115,000,000) | - | - | 10 | 47,099,650 | 6,790,635 | - |
| Vehicles | 1,575,000 | - | (1,575,000) | - | - | 20 | 1,058,904 | 103,219 | - |
| Year 2013 | 116,575,000 | - | - | - | - | | 48,152,554 | 6,893,854 | - |
| Total for the Year 2013 | 1,436,068,647 | 642,592,755 | 116,575,000 | 2,077,661,402 | | | 322,670,710 | (231,925) | 338,638,031 |
| | | | | | | | | | 1,739,023,371 |

Depreciation for the year has been allocated as under :-

| | 2013 | 2012 |
|-------------------------|-------------|-------------|
| Cost of Sales | 110,389,294 | 107,020,244 |
| Administrative Expenses | 5,809,962 | 5,632,645 |
| | 116,199,246 | 112,652,889 |

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12.2) The Following Assets were sale during the year.

| Particulars of Buyers | Description of Asset | Original Cost | Accumulated Depreciation | Written Down Value | Sales Proceeds | Mode of Disposal |
|---------------------------|----------------------|---------------|--------------------------|--------------------|----------------|------------------|
| Arif Mashh, Lake city Ltr | Vehicle | 534,000 | 231,925 | 292,075 | 450,000 | Negotiation |

12.3) Property, Plant & Equipment for the year 2012

| PARTICULARS | C O S T / Acquired Amount | | | | | | Rate % | Depreciation | | | WDV As At 30-06-2012 |
|----------------------|---------------------------|-----------|-------------|------------------|------------------|-------------|-------------|--------------|------------------|--|----------------------|
| | As At 01-07-2011 | Addition | Adjustments | As At 30-06-2012 | As At 01-07-2011 | Adjustments | | For The Year | As At 30-06-2012 | | |
| Land | 62,875,000 | - | - | 62,875,000 | - | - | - | - | 62,875,000 | | |
| Building | 296,220,420 | - | - | 296,220,420 | 5 | - | 14,811,021 | 14,811,021 | 281,409,399 | | |
| Plant & Machinery | 765,053,388 | - | - | 765,053,388 | 10 | - | 76,505,339 | 76,505,339 | 688,548,049 | | |
| Grid Station | 57,279,039 | - | - | 57,279,039 | 10 | - | 3,570,174 | 25,147,475 | 32,131,564 | | |
| Electric Insulation | 100,194,729 | - | - | 100,194,729 | 10 | - | 6,267,905 | 43,783,688 | 54,411,141 | | |
| Vehicles | 16,592,074 | 2,759,413 | - | 19,351,487 | 20 | (309,650) | 2,597,224 | 6,101,474 | 12,490,013 | | |
| Furniture & Fixture | 4,524,593 | (790,000) | - | 4,635,691 | 10 | - | 303,619 | 1,894,595 | 1,147,914 | | |
| Office Equipment | 1,841,753 | 109,098 | - | 1,963,283 | 20 | - | 196,233 | 700,091 | 4,991,274 | | |
| Laboratory Equipment | 11,232,088 | 121,590 | - | 11,232,088 | 10 | - | 9,254 | 62,725 | 6,300,514 | | |
| Arms & Ammunition | 146,013 | - | - | 146,013 | 10 | - | 18,855 | 132,811 | 83,288 | | |
| Tools | 302,509 | - | - | 302,509 | 10 | - | 104,978,715 | 174,518,156 | 169,888 | | |
| Year 2012 | 1,316,263,616 | 2,230,031 | - | 1,319,253,647 | | | 113,956 | 70,043,091 | 349,038,312 | | |

LEASED ASSETS

| PARTICULARS | C O S T | | | | | | Rate % | Depreciation | | | WDV As At 30-06-2012 |
|-------------------------|------------------|-----------|-------------|------------------|------------------|------------|-----------|--------------|------------------|--|----------------------|
| | As At 01-07-2011 | Addition | Adjustments | As At 30-06-2012 | As At 01-07-2011 | Adjustment | | For The Year | As At 30-06-2012 | | |
| Plant & Machinery | 115,000,000 | - | - | 115,000,000 | 10 | - | 7,545,190 | 47,093,650 | 67,906,350 | | |
| Vehicles | 1,575,000 | - | - | 1,575,000 | 20 | - | 129,024 | 1,058,904 | 516,096 | | |
| Year 2012 | 116,575,000 | - | - | 116,575,000 | | | 7,674,174 | 48,152,554 | 88,422,446 | | |
| Total for the Year 2012 | 1,432,838,616 | 2,230,031 | - | 1,435,828,647 | | | (909,650) | 217,631,604 | 387,188,866 | | |
| | | | | | | | | 110,521,471 | 1,212,397,897 | | |

12.4) The Following Assets were sale during the year 2012.

| Particulars of Buyers | Description of Asset | Original Cost | Accumulated Depreciation | Written Down Value | Sales Proceeds | Mode of Disposal |
|---------------------------|----------------------|---------------|--------------------------|--------------------|----------------|------------------|
| Arif Mashh, Lake city Ltr | Vehicle | 760,000 | 503,650 | 256,350 | 600,000 | Negotiation |

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