

Karachi Tools, Dies and Moulds Centre

Financial Statements
For the year ended June 30, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Karachi Tools, Dies and Moulds Centre (the Company)** as at June 30, 2014 and the related income and expenditure account, cash flow statement and the statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and income and expenditure 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 accounts 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, income and expenditure 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, 2014 and of the surplus, its cash flows and changes in equity for the year then ended; and
- (e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)



Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

Date: October 31, 2014
Karachi:

KARACHI TOOLS, DIES AND MOULDS CENTRE
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)
BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
ASSETS			
Non - current assets			
Property, plant and equipment	4	272,808,666	264,901,286
Intangibles	5	165,398	1,840,002
Long term security deposits		1,322,751	1,172,751
Current assets			
Stores, spares and loose tools	6	17,162,105	14,481,746
Stock-in-trade	7	14,068,887	9,007,362
Trade debts	8	42,817,947	28,884,629
Advances		1,138,903	317,947
Short term prepayments		109,791	98,287
Interest accrued		1,339,426	1,851,106
Tax refund due from Government	9	16,036,873	11,278,603
Cash and bank balances	10	91,638,015	121,686,095
		184,311,947	187,605,775
Total assets		458,608,762	455,519,814
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital 50,000,000 (2013:50,000,000) ordinary shares of Rs. 10/-each		500,000,000	500,000,000
Issued, subscribed and paid-up capital 49,425,000 (2012: 49,425,000) ordinary shares of Rs. 10/- each		494,250,000	494,250,000
Accumulated deficit		(50,284,798)	(51,378,094)
		443,965,202	442,871,906
Current liabilities			
Trade and other payables	11	14,643,560	12,647,908
Total equity and liabilities		458,608,762	455,519,814
CONTINGENCIES AND COMMITMENTS			
	12		

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

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CHIEF EXECUTIVE OFFICER


DIRECTOR

KARACHI TOOLS, DIES AND MOULDS CENTRE
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
INCOME			
Revenue from:			
Manufacturing	13	75,492,583	57,517,871
Toll Manufacturing	14	3,810,682	3,928,800
Heat treatment	15	2,269,750	1,447,620
Reverse engineering		2,622,000	2,293,620
Training		7,613,400	6,508,570
		<u>91,808,415</u>	<u>71,696,481</u>
Other income	16	10,001,110	12,450,056
		<u>101,809,525</u>	<u>84,146,537</u>
EXPENDITURE			
Direct costs	17	83,273,549	73,170,718
Administrative expenses	18	17,442,680	16,009,075
		<u>100,716,229</u>	<u>89,179,793</u>
Surplus/(Deficit) for the year		<u><u>1,093,296</u></u>	<u><u>(5,033,256)</u></u>

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

M.A.S.


CHIEF EXECUTIVE OFFICER

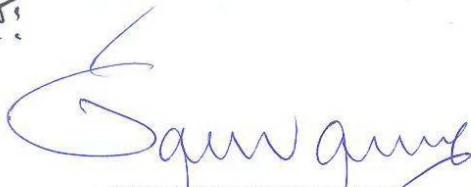

DIRECTOR

KARACHI TOOLS, DIES AND MOULDS CENTRE
 (A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2,013 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	19	(13,090,200)	(12,533,037)
Income tax paid		(4,758,270)	(2,804,006)
Long term deposits - (paid)		(150,000)	(30,001)
<i>Net cash used in operating activities</i>		<u>(17,998,470)</u>	<u>(15,367,044)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(21,905,615)	(3,279,387)
Proceeds from sale of property, plant and equipment		90,601	73,989
Profit received on bank deposit		9,765,404	11,927,542
<i>Net cash (used in) /generated from investing activities</i>		<u>(12,049,610)</u>	<u>8,722,144</u>
<i>Net decrease in cash and cash equivalents</i>		<u>(30,048,080)</u>	<u>(6,644,900)</u>
Cash and cash equivalent at beginning of the year		121,686,095	128,330,995
Cash and cash equivalent at end of the year	10	<u><u>91,638,015</u></u>	<u><u>121,686,095</u></u>

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

M.A.S.


CHIEF EXECUTIVE OFFICER


DIRECTOR

KARACHI TOOLS, DIES AND MOULDS CENTRE
 (A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Share capital	Accumulated deficit	Total
	<----- Rupees ----->		
Balance at July 01, 2012	494,250,000	(46,344,838)	447,905,162
Deficit for the year	-	(5,033,256)	(5,033,256)
Balance at June 30, 2013	494,250,000	(51,378,094)	442,871,906
Surplus for the year	-	1,093,296	1,093,296
Balance at June 30, 2014	494,250,000	(50,284,798)	443,965,202

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

MYB:


 CHIEF EXECUTIVE OFFICER


 DIRECTOR

KARACHI TOOLS, DIES AND MOULDS CENTRE

(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

1. LEGAL STATUS AND NATURE OF OPERATIONS

- 1.1 Karachi Tools, Dies and Moulds Centre (the Company) was incorporated in 2006 as a company limited by guarantee having share capital under section 42 of the Companies Ordinance, 1984 (the Ordinance) under the license issued by the Securities and Exchange Commission of Pakistan. The registered office of the Company is situated at Sector Number 38, Deh Dih, NC Number 24, Korangi Creek Industrial Park, Karachi, Pakistan. The primary objective of the Company is to establish and run an Information Technology (IT) based common facility centre, primarily for improving the skills of engineers and designers, enhancing the quality of designing, engineering and manufacturing of local tools, dies and moulds. The Company is a wholly owned subsidiary of Pakistan Industrial Development Corporation (Private) Limited (PIDC) – the holding company.
- 1.2 As at June 30, 2014, the Company has incurred a net surplus of Rs. 1,093,296/- (2013: deficit of Rs. 5,033,256) which resulted in an accumulated deficit of Rs. 50,284,798/- (2013: Rs. 51,378,094/-) as of the balance sheet date. However, as the Company is formed as a non-profit organization, the management believes that adverse financial position will not affect the primary objectives of the Company and the Company will continue its operations in the foreseeable future.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Medium - Sized Entities (MSEs) and Small -Size Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention.

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

2.3 Critical accounting estimates and judgments

The preparation of financial statements is in conformity with approved Accounting and Financial Reporting Standard for Medium - Sized Entities (MSEs) and Small -Size Entities (SSEs) requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if revision affects in the period of revision and future periods if the revision affects both current and future periods.

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The areas where various assumptions and estimates are significant to the company's financial statement or where judgements were exercised in application of approved accounting standards as applicable in Pakistan are as follows-

- Residual values and useful lives of property, plant and equipment
- Useful life of intangible assets
- Impairment of assets
- Provision against slow moving stores, spares and loose tools
- Provision against slow moving stock
- Provision against doubtful debts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All accounting policies have been consistently applied which are given below:

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation on property, plant and equipment is charged to the income and expenditure account applying the reducing balance method except for furniture and fittings, and computer and data processing equipment on which depreciation is charged applying straight line method. Full month's depreciation is charged in the month of addition while no depreciation is charged in the month of disposal.

The asset's residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end, if impact of depreciation is significant.

Maintenance and normal repairs are charged to income and expenditure account as and when incurred, while major renewals and improvements are capitalized. Gain or loss on disposal of property, plant and equipment is included in the income and expenditure account currently.

3.1.1 Capital work-in-progress

Capital work-in-progress are stated at cost less any identified impairment loss and consist of all expenditure incurred and advances made in the course of construction and installation. These are transferred to specific assets as and when these assets are available for use.

3.2 Intangibles

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

These are stated at cost less accumulated amortization and impairment loss, if any.

Amortization is charged on intangibles using straight line method reflecting the pattern in which economic benefits are consumed by the Company. Full month's amortization is charged in the month of addition while no amortization is charged in the month of disposal.

The asset's residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each financial year end, if impact of amortization is significant.

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3.3 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that assets except inventories and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

3.4 Stores, spares and loose tools.

These are valued at weighted average cost, except for items in transit, which are stated at invoice plus other charges incurred thereon upto the balance sheet date. Provision is made for slow moving items and obsolete items where considered necessary.

3.5 Stock in trade

These are valued at the lower of cost or net realizable value except for items in transit which are valued at invoice price and related expenses incurred upto the balance sheet date. Cost of inventory is determined as follows:

Raw material is valued at weighted average cost basis.

Finished goods and work-in-process consist of cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity.

Net realizable value (NRV) signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.6 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at cost less estimate made for doubtful receivables based on review of outstanding amounts at year end according to the original terms of receivable. Where the payment of a debt becomes doubtful a provision is made and charged to the income and expenditure account. Debt considered bad and irrecoverable are written off to income and expenditure account.

3.7 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, cash with banks on current, saving and deposit accounts, and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

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3.9 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at cost using the effective interest method.

3.10 Taxation

In accordance with letter /no. CIT/Cos-V/2007/4081 dated January 19, 2007 of the Commissioner of Income Tax, certain sources of income of the Company are exempt from income tax. Further, specific exemption from turnover tax is available to the Company under clause 11 (A) of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

3.11 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, the particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The Company derecognizes the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. The Company recognises the regular way purchase or sale of financial assets using settlement date accounting.

3.12 Off-setting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.13 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the associated cost incurred or to be incurred can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Revenue from sale of goods is recognized when the title is passed to the customer which usually coincides with physical delivery.

Income from training services, toll manufacturing, heat treatment and reverse engineering are recognized on accrual basis.

Other income including profit on bank accounts and on term deposit receipts is recognized on accrual basis.

3.14 Foreign currency transactions and translations

Transactions in foreign currencies are translated in Pak Rupee (functional currency) at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated in Pak Rupees (reporting currency) at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All differences are taken to the income and expenditure account currently.

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4. Property, plant and equipment

	Buildings	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Computer and data processing equipment	Electronic and electrical equipment	Total
At July 01, 2012								
Cost	102,803,575	205,031,795	6,778,272	5,434,908	931,065	7,065,003	9,825,054	337,869,672
Accumulated depreciation	(7,963,034)	(38,996,887)	(3,263,087)	(2,749,970)	(345,962)	(6,416,553)	(3,139,440)	(62,874,933)
Net book amount	94,840,541	166,034,908	3,515,185	2,684,938	585,103	648,450	6,685,614	274,994,739
Year ended June 2013								
Opening net book amount	94,840,541	166,034,908	3,515,185	2,684,938	585,103	648,450	6,685,614	274,994,739
Additions	-	1,449,922	270,460	-	15,500	611,415	932,090	3,279,387
Disposals	-	-	-	-	-	-	-	-
Cost	-	-	-	-	68,100	-	484,897	552,997
Accumulated Depreciation	-	-	-	-	(34,409)	-	(173,664)	(208,073)
Depreciation charge	1,896,783	8,322,025	1,057,115	591,958	58,383	348,395	753,257	344,924
Closing net book amount	92,943,758	159,162,805	2,728,530	2,092,980	508,529	911,470	6,553,214	264,901,286
At July 01, 2013								
Cost	102,803,575	206,481,717	7,048,732	5,434,908	878,465	7,676,418	10,272,247	340,596,062
Accumulated depreciation	(9,859,817)	(47,318,912)	(4,320,202)	(3,341,928)	(369,936)	(6,764,948)	(3,719,033)	(75,694,776)
Net book amount	92,943,758	159,162,805	2,728,530	2,092,980	508,529	911,470	6,553,214	264,901,286
Year ended June 2014								
Opening net book amount	92,943,758	159,162,805	2,728,530	2,092,980	508,529	911,470	6,553,214	264,901,286
Additions	1,638,266	15,327,395	222,389	2,038,000	540,629	1,160,554	778,382	21,905,615
Disposals	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	526,640	338,377	865,017
Accumulated Depreciation	-	-	-	-	-	(526,640)	(154,000)	(680,640)
Depreciation charge	1,881,089	8,640,589	1,079,016	780,010	91,130	654,321	687,703	184,377
Closing net book amount	92,700,935	166,049,611	1,871,902	3,350,970	938,028	1,417,703	6,459,516	272,808,666
At June 30, 2014								
Cost	104,441,841	222,009,112	7,271,121	7,472,908	1,419,094	8,310,332	10,712,252	361,636,660
Accumulated depreciation	(11,740,906)	(55,959,501)	(5,399,219)	(4,121,938)	(461,066)	(6,892,629)	(4,252,736)	(88,827,995)
Net book amount	92,700,935	166,049,611	1,871,902	3,350,970	938,028	1,417,703	6,459,516	272,808,666
Rate of depreciation (%)	2	5	15	20	10	33	10	

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4.1 Depreciation for the year has been allocated as under: -

	Note	2014 Rupees	2013 Rupees
Manufacturing cost	17.1	7,134,194	7,120,265
Toll manufacturing cost	17.2	598,641	600,478
Heat treatment cost	17.3	3,105,205	43,066
Reverse engineering cost	17.4	550,067	558,216
Training cost	17.5	746,076	1,040,080
Other overhead	17.6	-	1,639,601
Administrative expenses	18	1,679,675	2,026,210
		<u>13,813,858</u>	<u>13,027,916</u>

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5. INTANGIBLES

	Cost		Accumulated amortization		Annual rate of amortization			
	At July 01, during the year	At June 30, At July 01, Charge for the year	At June 30, June 30, Carrying amount at	June 30, Carrying amount at				
	----- Rupees -----				%			
	<----->							
Computer software	9,563,980	-	9,563,980	7,723,978	1,674,604	9,398,582	165,398	20
	9,563,980	-	9,563,980	7,723,978	1,674,604	9,398,582	165,398	
2013	9,722,002	(158,022)	9,563,980	5,888,303	1,993,697	7,723,978	1,840,002	20
	9,722,002	(158,022)	9,563,980	5,888,303	1,993,697	7,723,978	1,840,002	
	-	-	-	-	(158,022)	(158,022)	-	

5.1 Amortization for the year has been allocated as under: -

	Note	Rupees	Rupees
Reverse engineering cost	17.4	160,861	268,100
Training cost	17.5	936,880	1,070,273
Other overheads	17.6	508,719	534,871
Administrative expenses	18	68,144	120,453
		<u>1,674,604</u>	<u>1,993,697</u>

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	Note	2014 Rupees	2013 Rupees
6. STORES, SPARES AND LOOSE TOOLS			
Stores		12,013,474	10,137,222
Loose tools		5,148,631	4,344,524
		<u>17,162,105</u>	<u>14,481,746</u>
7. STOCK-IN-TRADE			
Raw material		4,435,117	2,443,410
Work in process		9,633,770	6,563,952
		<u>14,068,887</u>	<u>9,007,362</u>
8. TRADE DEBTS			
Unsecured - considered good		41,319,614	27,870,446
- considered doubtful		396,536	-
Fee receivable		1,498,333	1,014,183
		<u>43,214,483</u>	<u>28,884,629</u>
Provision for doubtful debts	8.1	(396,536)	-
		<u>42,817,947</u>	<u>28,884,629</u>
8.1 Provision for doubtful debts			
Balance at July 1		-	-
Add: Provision made during the year		(396,536)	-
Balance at June 30		<u>(396,536)</u>	<u>-</u>
Trade debts include amount receivables from the following related parties (associates):			
- Loads Limited		72,416	94,416
- Research and Development Engineering Company		57,570	578
- Millat Equipment Limited		3,247	3,247
- Sky High Industries (Pvt.) Limited		-	3,480
		<u>133,233</u>	<u>101,721</u>
9. TAX REFUND DUE FROM GOVERNMENT			

These balances are based on returns of income filed with tax authorities except for tax year 2014 against which return of income will be filed on or before December 31, 2014.

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	Note	2014 Rupees	2013 Rupees
10. CASH AND BANK BALANCES			
Cash at bank:			
- Current account		125,500	113,000
- PLS saving accounts	10.1	1,962,515	1,423,095
- Term deposit receipts	10.2	89,400,000	120,000,000
		<u>91,488,015</u>	<u>121,536,095</u>
Cash in hand		150,000	150,000
		<u>91,638,015</u>	<u>121,686,095</u>

10.1 These carry profit at rates ranging from 6% to 9% (2013: 5% to 9%) per annum.

10.2 These carry profit at rates ranging from 8.5% to 9.7% (2013: 8.85% to 9.7%) per annum and have maturity of less than three months.

	Note	2014 Rupees	2013 Rupees
11. TRADE AND OTHER PAYABLES			
Creditors		950,904	393,578
Capital expenditure payable		3,908,483	3,791,483
Advances from customers		4,432,699	2,965,886
Accrued liabilities		4,788,412	4,734,305
Withholding tax payable		179,610	114,460
Sales tax payable		383,452	648,196
		<u>14,643,560</u>	<u>12,647,908</u>

12. CONTINGENCIES AND COMMITMENTS

The Company does not have any contingencies and commitments as at June 30, 2014 and June 30, 2013.

13. REVENUE FROM MANUFACTURING

Sales	88,326,322	66,720,730
Less : Sales tax	(12,833,739)	(9,202,859)
	<u>75,492,583</u>	<u>57,517,871</u>

14. REVENUE FROM TOLL MANUFACTURING

Sales	4,458,498	4,557,408
Less : Sales tax	(647,816)	(628,608)
	<u>3,810,682</u>	<u>3,928,800</u>

15. REVENUE FROM HEAT TREATMENT

Sales	2,655,608	1,679,239
Less : Sales tax	(385,858)	(231,619)
	<u>2,269,750</u>	<u>1,447,620</u>

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	Note	2014 Rupees	2013 Rupees
16. OTHER INCOME			
Income from financial assets			
Profit on bank deposits		9,253,724	11,676,393
Income from non-financial assets			
Proceeds from disposal of scrap material		379,636	534,743
Donation		12,500	237,500
Others	16.1	355,250	1,420
		<u>10,001,110</u>	<u>12,450,056</u>
16.1 Others include welding services, transportation and penalties from students.			
17. DIRECT COSTS			
Manufacturing cost	17.1	45,436,830	35,745,448
Toll manufacturing cost	17.2	1,604,779	2,382,845
Heat treatment cost	17.3	4,974,360	3,132,759
Reverse engineering cost	17.4	1,309,978	1,448,105
Training cost	17.5	8,599,977	8,622,497
Other overheads	17.6	21,347,625	21,839,064
		<u>83,273,549</u>	<u>73,170,718</u>
17.1 Manufacturing cost			
Salaries and allowances		7,400,622	4,460,009
Raw material consumed	17.1.1	19,866,490	14,705,695
Depreciation	4.1	7,134,194	7,120,265
Utilities		3,439,231	3,028,434
Outsourced manufacturing		941,209	1,015,500
Tooling		2,180,759	1,409,093
Repairs and maintenance		5,036,187	252,764
Insurance		8,258	31,226
Heat treatment MM		2,499,699	-
Total manufacturing cost		<u>48,506,649</u>	<u>32,022,986</u>
Add : Opening stock - work-in-process		6,563,952	10,286,414
Less: Closing stock - work-in-process	7	<u>(9,633,771)</u>	<u>(6,563,952)</u>
Cost of goods manufactured		<u>45,436,830</u>	<u>35,745,448</u>
17.1.1 Raw material consumed			
Opening stock		2,443,410	2,892,811
Purchases during the year		<u>21,858,197</u>	<u>14,256,294</u>
		24,301,607	17,149,105
Less: closing stock		<u>4,435,117</u>	<u>2,443,410</u>
Raw materials consumed during the year		<u>19,866,490</u>	<u>14,705,695</u>

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	Note	2014 Rupees	2013 Rupees
17.2 Toll manufacturing cost			
Salaries and allowances		284,381	244,473
Raw material		9,771	447,028
Depreciation	4.1	598,641	600,478
Utilities		220,796	144,772
Repairs and maintenance		311,950	18,616
Outsourced manufacturing		42,400	772,924
Insurance		818	2,284
Tooling		136,022	152,270
		<u>1,604,779</u>	<u>2,382,845</u>

17.3 Heat treatment cost			
Salaries and allowances		781,565	741,502
Depreciation	4.1	1,952,887	43,066
Consumables		460,501	518,082
Repairs and maintenance		441,231	783,891
Utilities		876,327	288,858
Fuel and power		-	258,211
Rental charges		134,989	180,000
Insurance		246,992	190,262
Advertisement		-	45,000
Office expenses		36,539	25,784
Water tanker		33,566	29,188
Printing and stationery		989	13,815
Postage and courier		8,774	15,100
		<u>4,974,360</u>	<u>3,132,759</u>

17.4 Reverse engineering cost			
Salaries and allowances		280,317	175,650
Depreciation	4.1	550,067	558,216
Amortization	5.1	160,861	268,100
Utilities		125,173	177,992
Repairs and maintenance		50,676	119,088
Outsourced manufacturing		101,700	60,000
Tooling		-	46,843
Insurance		41,184	42,216
		<u>1,309,978</u>	<u>1,448,105</u>

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	Note	2014 Rupees	2013 Rupees
17.5 Training cost			
Salaries and allowances		3,713,092	3,904,607
Depreciation	4.1	746,076	1,040,080
Amortization	5.1	936,880	1,070,273
Material and tooling		245,101	60,722
Utilities		756,343	484,071
Hardware maintenance		336,716	233,120
Repairs and maintenance		54,223	44,365
Vehicles running		196,984	185,202
Advertisement		109,786	76,760
Printing and stationery		105,312	137,340
Entertainment		40,065	98,245
Transport facility for students		356,250	254,150
Visiting faculty charges		329,175	314,098
Fees and subscription		272,845	417,310
Books and periodicals		1,465	5,590
Traveling		97,836	97,675
Insurance		107,370	83,431
Postage and courier		19,833	30,060
Water tanker		21,766	18,170
Office expense		152,859	67,228
		<u>8,599,977</u>	<u>8,622,497</u>

17.6 Other overheads

Salaries and allowances		13,239,836	13,197,065
Repairs and maintenance		1,099,369	1,991,113
Depreciation	4.1	-	1,639,601
Consumables		2,592,997	1,178,494
Utilities		215,709	68,476
Amortization	5.1	508,719	534,871
Traveling		542,151	448,113
Vehicles running		1,005,782	839,007
Office expenses		826,258	565,573
Insurance		386,042	231,518
Fuel		-	208,765
Water tanker		306,369	251,676
Printing and stationery		138,934	155,301
Advertisement		62,365	91,290
Postage and courier		63,844	95,268
Electrical accessories		98,434	262,274
Entertainment		33,748	43,920
Training		30,905	36,739
Other overheads		196,163	-
		<u>21,347,625</u>	<u>21,839,064</u>

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18. ADMINISTRATIVE EXPENSES	Note	2014 Rupees	2013 Rupees
Salaries and allowances		7,770,687	7,136,299
Depreciation	4.1	1,679,675	2,026,210
Repairs and maintenance		948,018	1,620,931
Vehicles running expense		909,398	806,547
Utilities		1,418,064	931,873
Janitorial services		749,306	683,472
Security		585,045	500,000
Office expense		539,875	402,464
Fees and subscription		453,787	174,850
Legal and professional		171,150	160,000
Traveling and conveyance		510,955	150,768
Postage and courier		263,911	224,991
Printing and stationery		264,269	185,189
Insurance		276,233	218,429
Auditors' remuneration		149,875	137,500
Entertainment		128,145	84,696
Advertisement		45,605	89,590
Amortization	5.1	68,144	120,453
Fuel		-	54,905
Books and periodicals		8,210	6,665
Loss on sale of property, plant and equipment		93,776	270,935
Bad debts		396,536	-
Others		12,016	22,308
		<u>17,442,680</u>	<u>16,009,075</u>

19. CASH USED IN OPERATIONS

Surplus / (Deficit) for the year	1,093,296	(5,033,256)
Adjustments for:		
Depreciation on property, plant and equipment	13,813,858	13,027,916
Amortization	1,674,604	1,993,697
Loss on sale of property, plant and equipment	93,776	270,935
Profit on bank deposits	(9,253,724)	(11,676,393)
	<u>6,328,514</u>	<u>3,616,155</u>
	7,421,810	(1,417,101)
Changes in working capital		
(Increase) in current assets		
Stores, spares and loose tools	(2,680,359)	(1,277,957)
Stock in trade	(5,061,525)	4,171,863
Trade debts	(13,933,318)	(19,027,653)
Advances	(820,956)	1,660,041
Short term prepayments	(11,504)	21,107
Sales tax refundable	-	591,264
	<u>(22,507,662)</u>	<u>(13,861,335)</u>
Increase in current liabilities		
Trade and other payables	1,995,652	2,745,399
Cash used in operations	<u>(13,090,200)</u>	<u>(12,533,037)</u>

10/1/17

20. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	For the year ended June 30, 2014 Rupees		For the year ended June 30, 2013 Rupees	
	Chief Executive	Executive	Chief Executives	Executive
Remuneration	2,484,000	5,730,584	2,160,000	4,862,280
House rent allowance	993,600	2,292,234	864,000	1,944,912
Utilities	248,400	573,058	216,000	486,228
	<u>3,726,000</u>	<u>8,595,876</u>	<u>3,240,000</u>	<u>7,293,420</u>
No. of person (s)	1	9	1	9

21. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, directors of the company and key management personnel. Amounts due from and to other related parties, directors and key management personnel are shown under respective notes of receivable. The Company carries out transactions with various related parties in the normal course of business. Remuneration of key management personnel is disclosed in note 20 to the financial statements. Other significant transactions with related parties are as follows: -

Name of related party and relationship with the Company	Nature of transaction	2014 Rupees	2013 Rupees
Associates			
Research & Development Engineering Company	Service income - toll manufacturing	41,600	3,000
Sky High Industries (Private) Limited	Service income - heat treatment Service income - reverse engineering	3,000	22,200 6,000
Loads Limited	Service income - reverse engineering	-	47,000
Gujrawala Tools, Dies and Mould Center	Outsourced manufacturing	-	69,600
Directors fee	Fee paid for attending meetings of the Company	-	30,000

22. NUMBER OF EMPLOYEES

Total number of employees as at June 30, 2014 were 73 (2013: 70).

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23. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 31 OCT 2014 by the Board of Directors of the Company.

24. RECLASSIFICATION

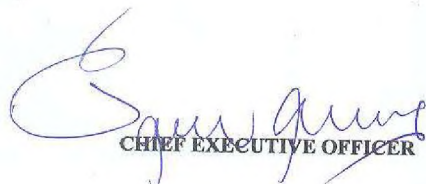
Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purposes of comparison. Significant reclassification made are as follows:

From	To	Nature	Rupees
Other receivables	Trade receivables	Fees	1,498,333

25. GENERAL

Figures in these financial statements have been rounded off to the nearest Rupee, unless otherwise stated.

my AS:


CHIEF EXECUTIVE OFFICER


DIRECTOR