



annual
report
2013



CLOVER PAKISTAN LIMITED

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Company Information

BOARD OF DIRECTORS

Iqbal Ali Lakhani
Zulfiqar Ali Lakhani
Amin Mohammed Lakhani
Tasleemuddin Ahmed Batlay
A. Aziz H. Ebrahim
Shahid Ahmed Khan
M. A. Qadir

Chairman
Chief Executive

ADVISOR

Sultan Ali Lakhani

AUDIT COMMITTEE

Iqbal Ali Lakhani
Tasleemuddin Ahmed Batlay
M. A. Qadir

Chairman

HUMAN RESOURCE & REMUNERATION COMMITTEE

Iqbal Ali Lakhani
Zulfiqar Ali Lakhani
Tasleemuddin Ahmed Batlay

Chairman

COMPANY SECRETARY

Mansoor Ahmed

EXTERNAL AUDITORS

ERNST & YOUNG FORD RHODES SIDAT HYDER
Chartered Accountants

INTERNAL AUDITORS

BDO EBRAHIM & CO.
Chartered Accountants

REGISTERED OFFICE

Lakson Square, Building No. 2
Sarwar Shaheed Road
Karachi-74200

SHARES REGISTRAR

FAMCO ASSOCIATES (PRIVATE) LIMITED
8-F, next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S, Shakra-e-Faisal,
Karachi

WEBSITE

www.clover.com.pk

E-MAIL

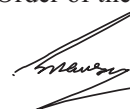
clover@clover.com.pk

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of CLOVER PAKISTAN LIMITED will be held on Tuesday, October 22, 2013 at 11.00 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following business:

1. To receive, consider and adopt the audited financial statements for the year ended June 30, 2013 together with the Directors' and Auditors' Reports thereon.
2. To declare final dividend in cash @ 60% i.e. Rs. 6/- per share of Rs.10/- each as recommended by the Board of Directors.
3. To appoint auditors and fix their remuneration.

By Order of the Board



MANSOOR AHMED
Company Secretary

Karachi: September 18, 2013

NOTES:

1. The share transfer books of the Company will remain closed from October 16, 2013 to October 22, 2013 (both days inclusive). Transfers received in order by the Shares Registrar of the Company M/s. FAMCO Associates (Private) Limited, 8-F, next to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shakra-e-Faisal, Karachi upto October 15, 2013 will be considered in time for entitlement of the dividend.
2. A member who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and account/sub-account number alongwith original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
3. A member entitled to attend and vote at the annual general meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.
4. Forms of proxy to be valid must be properly filled in/executed and received by the Company at its registered office at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting.
5. Members are requested to notify the Shares Registrar of the Company promptly of any change in their addresses.
6. Members who have not yet submitted photocopy of their Computerized National Identity Cards (CNIC) are requested to send the same to our Shares Registrar at the earliest.
7. Form of proxy is enclosed herewith.

Directors' Report

The Directors present the Annual Report together with the Company's audited accounts for the year ended June 30, 2013.

OPERATING RESULTS

	<u>2013</u>	<u>2012</u>
	Rupees in thousand	
Net revenue	28,248	22,185
Gross profit	9,457	7,981
Operating profit / (loss)	62,275	(39,445)
Profit from continuing operations before tax	62,213	565,235
Profit from continuing operations after tax	59,571	569,499
Profit/(loss)/ from discontinuing operations after tax	3,335	(43,577)
Profit for the period after tax	62,906	525,922
Earnings per share	Rs.6.67	Rs.55.74

PROFIT AND APPROPRIATIONS

	Rupees
Profit after tax	62,905,695
Un-appropriated loss brought forward - restated	<u>(2,497,494)</u>
Profit available for appropriation	60,408,201
Appropriation : proposed cash dividend @ 60% i.e. Rs. 6.00 per share (2012 : Rs.10.00)	56,609,280
Transfer to General reserve	<u>3,500,000</u>
Un-appropriated profit carried forward	<u><u>298,921</u></u>

DISCONTINUING OPERATIONS

On February 17, 2012 the Board of Directors of the Company accepted an offer from Kraft Foods Pakistan Limited to purchase certain assets of Clover Pakistan Limited relating to the manufacture, marketing and sale of Tang including the manufacturing facilities, together with the intangibles of the business and inventory. The transaction was subject to the approval being granted by the Members of the Company, obtaining necessary regulatory approvals, and successful negotiation, finalization and execution of the Asset Purchase Agreement and the Transitional Services Agreement.

On March 14, 2012 at an Extraordinary General Meeting the Members of the Company unanimously consented to the sale and on April 02, 2012 the Tang business was sold and transferred to Kraft Foods Pakistan Limited.

At the same time the Company entered into a Transitional Services Agreement with Kraft Foods Pakistan Limited pursuant to which the Company for a period of up to eighteen months had agreed to distribute Tang products manufactured by Kraft Foods Pakistan Limited. During this transitional period Kraft Foods Pakistan Limited took over distribution of its Tang products, and this exercise was completed in September 2012.

OPERATING RESULTS

Net revenue from watch sales amounted to Rs.28.248 million this year as compared to Rs.22.185 million during the previous year.

During this financial year the Company made an operating profit after tax from continuing operations of Rs.59.571 million as compared to an operating profit after tax from continuing operations of Rs.569.499 million which was due to the sale of the Tang business.

The main income this year was derived from the gain on sale of investments which amounted to Rs.79.285 million as compared to Rs.5.456 million last year.

The Company ended up with an overall profit after tax of Rs.62.906 million as compared to Rs.525.922 million for the last year.

CONTRIBUTION TO THE NATIONAL ECONOMY

The Company's contribution to the exchequer in the form of taxes (including income tax and sales tax) customs duty, workers' profit participation and welfare funds, amounted to Rs.28.852 million as compared to Rs.261.748 million during the previous year.

AUDITORS

The present auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment.

The Board of Directors of the Company have endorsed the recommendation of the Audit Committee for the re-appointment of Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, till the conclusion of the next Annual General Meeting. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Directors are pleased to state that all necessary steps have been taken to comply with the requirements of the Code of Corporate Governance as required by the Securities and Exchange Commission of Pakistan (SECP). The Statement of Compliance with the Code of Corporate Governance is annexed with the report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Following are the Statements on Corporate and Financial Reporting frame work:

- The financial statements prepared by the management of the Company, represent fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- In preparation of these financial statements International Financial Reporting Standards, as applicable in Pakistan, have been followed, and any departures there from have been adequately disclosed and explained.
- The system of internal control is sound in design. The system is being continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- The summary of key operating and financial data of the Company of last six years including current period is annexed in this report.

- Information about taxes and levies is given in the notes to the accounts.
- The value of investments made by the staff retirement benefit funds based on their respective un-audited accounts as at June 30, 2013 is as follows:

	(Rupees in million)
Provident Fund	14.566
Gratuity Fund	8.039

BOARD OF DIRECTORS

Meetings of Board of Directors

During the year four (4) meetings of the Board of Directors were held. Attendance by each Director was as follows:

	Meetings Attended
Mr. Iqbal Ali Lakhani	3
Mr. Zulfiqar Ali Lakhani	3
Mr. Amin Mohammed Lakhani	1
Mr. Tasleemuddin Ahmed Batlay	4
Mr. A. Aziz H. Ebrahim	3
Mr. M. A. Qadir	-
Mr. Shahid Ahmed Khan	4

Leave of absence was granted to Directors who could not attend some of the Board meetings.

AUDIT COMMITTEE

The Board in accordance with the Code of Corporate Governance has set up an Audit Committee comprising of three non-executive Directors. Terms of reference of the Committee have been determined by the Board of Directors in accordance with the guidelines provided in Listing Regulations. The Audit Committee held four meetings during the year. Attendance by each member was as follows :

	Meetings Attended
Mr. Iqbal Ali Lakhani	3
Mr. Tasleemuddin Ahmed Batlay	4
Mr. M. A. Qadir	1

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding of the Company and additional information as at June 30, 2013 is included in this report on page no. 53.

One of the Directors has inherited 5,955 shares of the Company from his late mother.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Human Resource and Remuneration Committee held one (1) meeting during the year. Attendance by each member was as follows :

	Meetings Attended
Mr. Iqbal Ali Lakhani	1
Mr. Zulfiqar Ali Lakhani	1
Mr. Tasleemuddin Ahmed Batlay	1

FUTURE PROSPECTS

The Company is in the process of expanding its watch sales network and at the same time is looking out for new opportunities to invest its surplus funds. Proceeds from the sale of the Tang operations have been invested in money market funds which are presently generating a steady income.

ACKNOWLEDGEMENT

We thank our customers for their loyalty to our products, and their continued patronage.

We also take this opportunity to thank our suppliers, bankers and dealers for providing us with their valuable support throughout the year.

Finally we thank our staff whose dedicated commitment has been a source of strength to the Company.

On behalf of the Board of Directors



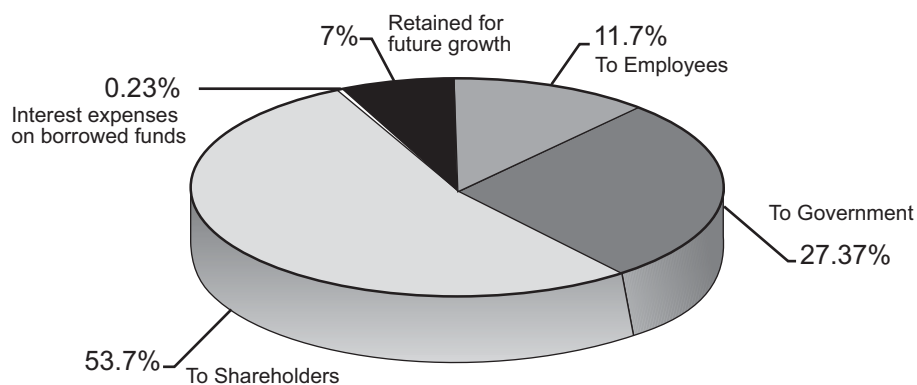
IQBAL ALI LAKHANI
Chairman

Karachi : September 16, 2013

Statement of Value Added

	June 30, 2013 Rupees		June 30, 2012 Rupees	
Wealth Generated				
Total revenue	240,424,516		1,829,025,741	
Bought-in-material & services	(134,997,738)		(992,135,231)	
	<u>105,426,778</u>	100%	<u>836,890,510</u>	100%
Wealth Distributed				
To Employees	12,336,450	11.7%	43,465,684	5.19%
To Government				
Income tax, sales tax, WPPF and WWF To Government	28,851,997	27.37%	261,748,345	31.28%
To providers of Capital				
Dividend to shareholders To share holders	56,609,280	53.7%	94,348,800	11.27%
Mark-up/interest Expenses on				
Interest expenses on borrowed funds	237,282	0.23%	638,630	0.08%
Retained for reinvestment & future growth				
Depreciation & retained profit Retained for future growth	7,391,769	7%	436,689,053	52.18%
	<u>105,426,778</u>	100.00%	<u>836,890,510</u>	100.00%

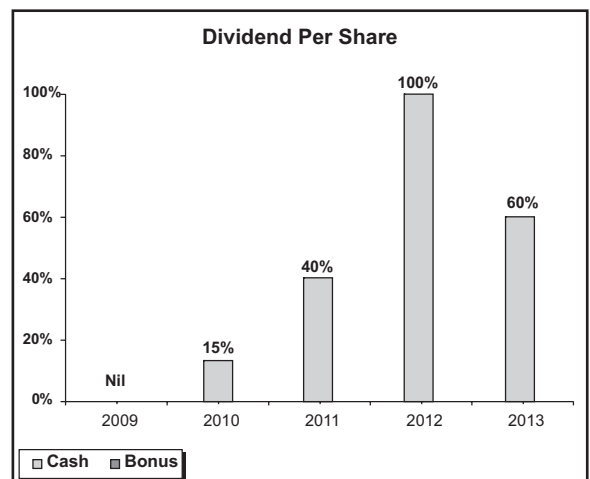
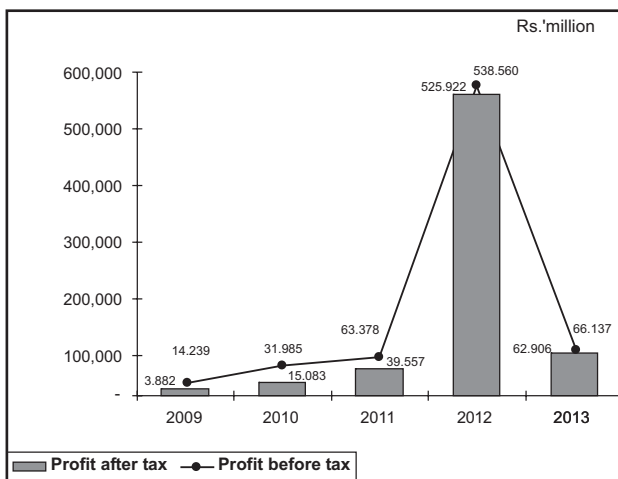
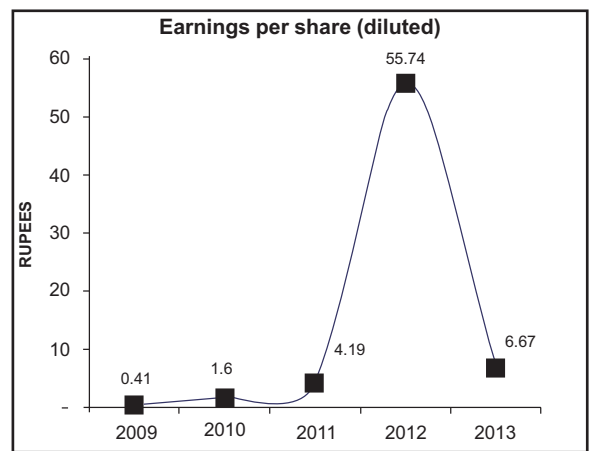
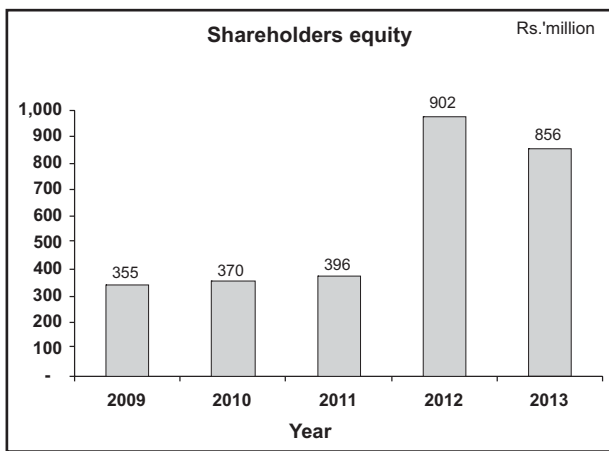
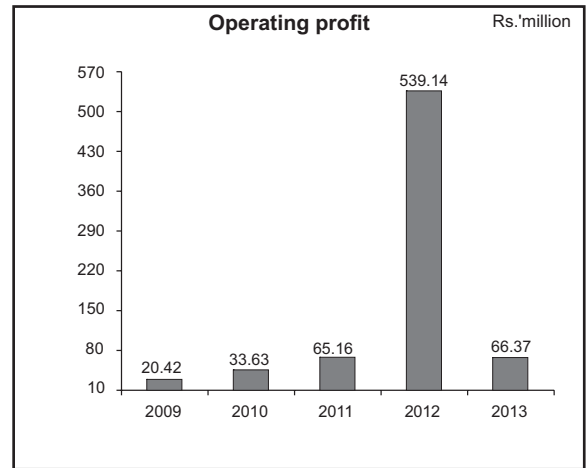
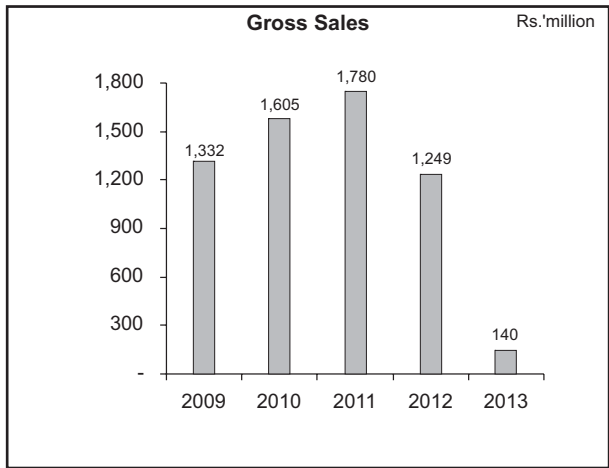
STATEMENT OF VALUE ADDED



Yearwise Financial Highlights

	2013	2012	2011	2010	2009	2008
	(Rupees in thousands)					
		(restated)	(restated)			
BALANCE SHEET						
Fixed assets - property, plant and equipment	3,758	5,554	55,025	96,952	106,527	82,390
Long term loans & security deposits & deferred taxation	201	876	3,860	4,633	3,643	5,652
Current assets	872,711	1,128,743	754,581	660,151	613,307	540,164
Current liabilities	20,616	231,323	410,095	384,347	360,007	239,983
	852,095	897,420	344,486	275,804	253,300	300,181
	856,054	903,850	403,371	377,389	363,470	388,223
Equity	856,054	901,838	396,345	369,705	354,622	379,059
Long term deposits	-	3,902	3,760	3,310	2,904	2,355
Deferred liability	-	(1,890)	3,266	4,374	5,944	6,809
	856,054	903,850	403,371	377,389	363,470	388,223
PROFIT AND LOSS ACCOUNTS						
Gross turnover	140,410	1,249,357	1,780,407	1,605,454	1,332,299	1,383,181
Less: Sales tax	22,121	209,207	319,985	263,608	217,197	214,120
Trade discount	15,344	38,459	119,526	100,575	79,485	83,688
	37,465	247,666	439,511	364,182	296,682	297,808
Net turnover	102,945	1,001,690	1,340,896	1,241,272	1,035,617	1,085,373
Cost of sales	117,371	960,521	1,072,179	979,019	779,506	710,733
Gross Profit	(14,426)	41,169	268,717	262,253	256,110	374,640
Distribution and marketing expenses	(17,245)	(70,285)	(199,000)	(212,501)	(212,066)	(216,137)
Administrative expenses	(15,616)	(19,034)	(16,746)	(20,090)	(19,916)	(18,168)
Other operating expenses	(1,698)	(31,171)	(7,352)	(6,184)	(11,403)	(21,215)
Other operating income	115,359	618,461	19,545	10,156	7,696	24,325
Financial charges	(237)	(639)	(1,785)	(1,647)	(6,182)	(1,636)
Profit before taxation	66,137	538,502	63,378	31,985	14,239	141,808
Taxation	(3,232)	(12,580)	(23,821)	(16,902)	(10,357)	(44,991)
Profit after taxation	62,906	525,922	39,557	15,083	3,882	96,818
Earnings Per Share - basic (Rupees)	6.67	55.74	4.19	1.60	0.41	10.26
Cash dividend	60%	100%	40%	15%	-	35%
Bonus shares	-	-	-	-	-	20%
Operating profit (Rs. in million)	66.37	539.14	65.16	33.63	20.42	143.44
Capital	9,434,880	9,434,880	9,434,880	9,434,880	9,434,880	9,434,880
Diluted EPS (Rs.)	6.67	55.74	4.19	1.60	0.41	10.26

Five Years at a Glance



Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi & Lahore Stock Exchanges for the purpose of establishing a 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 CCG 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:

<u>Category</u>	<u>Name</u>
Independent Directors	---
Executive Director	Mr. Zulfiqar Ali Lakhani
Non-Executive Directors	M/s. Iqbal Ali Lakhani, Amin Mohammed Lakhani, Tasleemuddin A. Batlay, A. Aziz H. Ebrahim, Shahid Ahmed Khan, M.A. Qadir

The condition of clause 1(b) of the CCG in relation to independent director will be applicable after election of next Board of Directors of the Company.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI, or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a "Code of Conduct" 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 has 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 have been taken by the Board.
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. 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. In accordance with the criteria specified in clause xi of CCG, six Directors of the Company are exempted from the requirement of Directors' Training Program. One of the Director attended the Director Training Program during the year. The Board also arranged one orientation course for its Directors during the year to apprise them of their duties and responsibilities and briefed them regarding amendments in the Companies Ordinance/Corporate Laws.

10. The Chief Financial Officer was appointed prior to the implementation of the Code of Corporate Governance. The remuneration and terms & conditions in case of future appointments on this position will be approved by the Board. Mr. Mansoor Ahmed was assigned the responsibilities of Company Secretary of Clover Pakistan Limited in addition to his responsibilities in other Group Companies. Internal Audit function of the Company was outsourced with the approval of the Board. The Board has approved appointment of Head of Internal Audit and terms and conditions of his appointment.
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 CCG.
15. The Board has formed an Audit Committee. Presently it comprises three members all of them are non-executive Directors including the Chairman of the Committee. The condition of clause 1(b) of the CCG in relation to independent director will be applicable on election of next Board of Directors of the Company. Chairman of the audit committee and the Board will be recomposed from the date of next election of directors.
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. The Terms of Reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises three members, of whom two are non-executive Directors including the Chairman of the Committee.
18. The Board has outsourced internal audit function of the Company to a firm of Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedure of the Company.
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 Institute of Chartered Accountants of Pakistan 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 Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
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. 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's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.


IQBAL ALI LAKHANI
Chairman

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

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2013, prepared by the Board of Directors of Clover Pakistan Limited (the Company) to comply with the Listing Regulation No. 35 (Chapter XI) of respective Stock Exchanges (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not. A review is limited primarily to inquire of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our 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 controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Karachi and Lahore Stock Exchange requires the Company to place before the Board of Directors for their consideration and approval of related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in 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 the 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, 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.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

16 September 2013

Karachi

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Clover Pakistan Limited (the Company) as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of 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 account 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 except for changes as stated in note 2.4 to the accompanying financial statements with which we concur;
 - 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, 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 30 June 2013 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

We draw attention to note 13 to the financial statements in respect of customs duty refundable, amounting to Rs. 20.997 million, recognised in the financial statements, which is subject to the decision of the High Court of Sindh and the Supreme Court of Pakistan. The ultimate outcome of this matter cannot presently be determined and hence, no provision for any impairment loss that may result therefrom has been made in these financial statements. Our opinion is not qualified in respect of this matter.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner : Omar Mustafa Ansari
16 September, 2013
Karachi

Balance Sheet as at June 30, 2013

	Note	June 30 2013	June 30 2012 (Rupees) Restated (Note2.4)	June 30 2011 Restated (Note2.4)
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	4	3,758,366	5,553,518	54,923,633
Intangible asset		-	-	101,174
Long term loans	5	170,454	845,103	3,738,564
Long term security deposits		30,461	30,461	121,466
Deferred taxation	6	-	1,889,985	-
		3,959,281	8,319,067	58,884,837
CURRENT ASSETS				
Stores and spares		497,018	95,353	1,133,295
Stock-in-trade	7	27,730,247	43,562,366	269,940,092
Trade debts	8	6,351,937	76,266,688	116,686,238
Loans and advances	9	261,561	609,167	9,882,015
Trade deposits and short term prepayments	10	1,048,248	1,962,099	5,972,691
Other receivables	11	7,959,632	83,077,659	9,660,347
Short term investments	12	728,618,473	774,195,323	103,531,797
Duty refunds due from government	13	20,997,742	20,997,742	20,997,742
Taxation - net		53,794,997	45,240,407	46,521,977
Sales tax refundable		17,397,752	16,097,066	-
Cash and bank balances	14	8,053,871	66,639,368	170,254,633
		872,711,478	1,128,743,238	754,580,827
TOTAL ASSETS		876,670,759	1,137,062,305	813,465,664
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Authorised share capital 10,000,000 (2012: 10,000,000) Ordinary shares of Rs. 10/- each		100,000,000	100,000,000	100,00,000
Issued, subscribed and paid-up capital	15	94,348,800	94,348,800	94,348,800
Reserves	16	761,705,674	807,488,817	301,996,113
		856,054,474	901,837,617	396,344,913
NON CURRENT LIABILITIES				
Long term deposits		-	3,902,000	3,759,500
Deferred taxation		-	-	3,266,266
		-	3,902,000	7,025,766
CURRENT LIABILITIES				
Short term deposits		589,500	-	-
Trade and other payables	17	20,026,785	231,322,688	385,058,018
Accrued mark-up		-	-	407,769
Sales tax payable		-	-	24,629,198
		20,616,285	231,322,688	410,094,985
CONTINGENCIES AND COMMITMENTS	18			
TOTAL EQUITY AND LIABILITIES		876,670,759	1,137,062,305	813,465,664

The annexed notes 1 to 39 form an integral part of these financial statements.


Zulfiqar Ali Lakhani
Chief Executive


Tasleemuddin Ahmed Batlay
Director

Profit and Loss Account for the year ended June 30, 2013

	Note	2013 Rupees ----- (Rupees)	2012 Rupees ----- Restated (Note2.4)
CONTINUING OPERATIONS			
Gross revenue		34,459,436	26,619,496
Sales tax and special excise duty		(4,995,005)	(3,666,558)
Trade discounts and allowances		(1,216,235)	(767,942)
Net revenue		28,248,196	22,184,996
Cost of sales	19	(18,790,716)	(14,203,792)
Gross profit		9,457,480	7,981,204
Distribution and marketing expenses	20	(10,787,254)	(9,931,817)
Administrative expenses	21	(15,615,547)	(19,033,644)
Other operating expenses	22	(1,697,735)	(29,509,301)
Other operating income	23	80,917,915	11,048,617
		52,817,379	(47,426,145)
Operating profit / (loss)		62,274,859	(39,444,941)
Finance costs	24	(62,061)	(66,641)
Gain on sale of discontinued operations	25	-	604,746,365
Profit for the year from continuing operations before taxation		62,212,798	565,234,783
Taxation	26	(2,641,839)	4,264,343
Profit for the year from continuing operations after taxation		59,570,959	569,499,126
DISCONTINUED OPERATIONS			
Profit / (loss) for the year from discontinued operations after taxation	27	3,334,736	(43,577,041)
Profit for the year after taxation		62,905,695	525,922,085
Earnings per share from continuing operations - Basic and diluted (Rupees)	28	6.32	60.36
Earnings / (loss) per share from discontinued operations - Basic and diluted (Rupees)	28	0.35	(4.62)
Earnings per share - Basic and diluted (Rupees)	28	6.67	55.74

The annexed notes 1 to 39 form an integral part of these financial statements.


Zulfiqar Ali Lakhani
 Chief Executive


Tasleemuddin Ahmed Batlay
 Director

Statement of Comprehensive Income for the year ended June 30, 2013

	2013 Rupees ----- (Rupees)	2012 Rupees ----- Restated (Note 2.4)
Net profit for the year	62,905,695	525,922,085
Other comprehensive income / (loss)		
Recognition of actuarial gain / (loss)	3,781,000	(903,000)
Net effect of revaluation of available-for-sale investment to fair value as at year end	(18,121,038)	18,213,139
Total comprehensive income for the year	<u>48,565,657</u>	<u>543,232,224</u>

The annexed notes 1 to 39 form an integral part of these financial statements.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director

Cash Flow Statement for the year ended June 30, 2013

	Note	2013 Rupees ------(Rupees)	2012 Rupees ----- Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	32	(121,258,494)	(2,317,435)
Taxes paid		(9,896,238)	(16,454,696)
Finance costs paid		(685,433)	(2,828,386)
Gratuity paid		3,983,000	-
Long term loans		674,649	2,893,461
Net cash used in operating activities		(127,182,516)	(18,707,056)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(2,181,000)	(3,662,651)
Proceeds from disposal of property, plant and equipment		9,467,130	5,154,451
Proceeds from disposal of discontinued operations		52,000,000	598,000,000
Purchase of available for sale investments		(778,000,000)	(750,000,000)
Proceeds from redemption of available for sale investments		884,741,566	100,000,000
Net cash generated from / (used in) investing activities		166,027,696	(50,508,200)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term deposits		(3,312,500)	233,505
Dividends paid		(94,118,177)	(37,638,939)
Net cash used in financing activities		(97,430,677)	(37,405,434)
Net decrease in cash and cash equivalents		(58,585,497)	(106,620,690)
Cash and cash equivalents at the beginning of the year		66,639,368	173,260,058
Cash and cash equivalents at the end of the year	14	8,053,871	66,639,368

The annexed notes 1 to 39 form an integral part of these financial statements.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director

Statement of Changes in Equity for the year ended June 30, 2013

	RESERVES						Total
	Issued, subscribed and paid-up capital	General reserves	Unrealized gain on available for sale investments	Remeasure- ment of post retirement benefits obligation	Unappro- priated profit	Total reserves	
	(Rupees)						
Balance as at July 01, 2011 - as previously reported	94,348,800	261,000,000	526,372	-	39,760,741	301,287,113	395,635,913
Effect of retrospective application of change in an accounting policy resulting from adoption of IAS - 19 (note 2.4)	-	-	-	3,801,000	(3,092,000)	709,000	709,000
Balance as at July 01, 2011 - as restated	94,348,800	261,000,000	526,372	3,801,000	36,668,741	301,996,113	396,344,913
Profit after taxation for the year - restated	-	-	-	-	525,922,085	525,922,085	525,922,085
Effect of retrospective application of change in an accounting policy resulting from adoption of IAS - 19 (note 2.4)	-	-	-	(903,000)	-	(903,000)	(903,000)
Other comprehensive income / (loss) - restated	-	-	18,213,139	-	-	18,213,139	18,213,139
Total comprehensive income	-	-	18,213,139	(903,000)	525,922,085	543,232,224	543,232,224
Final dividend for the year ended June 30, 2011 (Rs. 4 per share)	-	-	-	-	(37,739,520)	(37,739,520)	(37,739,520)
Transfer to general reserves	-	2,000,000	-	-	(2,000,000)	-	-
Balance as at June 30, 2012 - as restated	94,348,800	263,000,000	18,739,511	2,898,000	522,851,306	807,488,817	901,837,617
Balance as at June 30, 2012 - as previously reported	94,348,800	263,000,000	18,739,511	-	526,001,306	807,740,817	902,089,617
Effect of retrospective application of change in an accounting policy resulting from adoption of IAS - 19 (note 2.4)	-	-	-	2,898,000	(3,150,000)	(252,000)	(252,000)
Balance as at June 30, 2012 - as restated	94,348,800	263,000,000	18,739,511	2,898,000	522,851,306	807,488,817	901,837,617
Net profit for the year	-	-	-	-	62,905,695	62,905,695	62,905,695
Other comprehensive (loss) / profit	-	-	(18,121,038)	3,781,000	-	(14,340,038)	(14,340,038)
Total comprehensive income	-	-	(18,121,038)	3,781,000	62,905,695	48,565,657	48,565,657
Final dividend for the year ended June 30, 2012 @ Rs. 10 per share	-	-	-	-	(94,348,800)	(94,348,800)	(94,348,800)
Transfer to general reserves	-	431,000,000	-	-	(431,000,000)	-	-
Balance as at June 30, 2013	94,348,800	694,000,000	618,473	6,679,000	60,408,201	761,705,674	856,054,474

The annexed notes 1 to 39 form an integral part of these financial statements.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director

Notes to the Financial Statements for the year ended June 30, 2013

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan on September 30, 1986 as a public limited company under the Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi.

1.2 The principal business of the Company was manufacture and sale of food and plastic products and trading in food and consumer durables. During the year, the Company signed a Distributor Agreement with Titan Industries India, which is a company registered under the Indian Companies Act, 1956. Titan being desirous of marketing its products in the International market has appointed the Distributor herein to distribute Titan products in the territorial jurisdiction of Pakistan. As per the contract, which became effective from 14th March 2013, Titan has appointed the Company as the distributor of Titan products to the customers through the appointed dealers within the market. In such capacity, the Company will purchase products from Titan and will devote its continuing best efforts to the promotion, sale and distribution and after sales service of such products.

1.3 In view of the significance of Tang business in the overall operations, the Company has started the process of searching alternative business in addition to supporting the growth of the business of consumer durables. In the meantime, the Board intends to invest the sale proceeds in appropriate instruments to generate return. The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue business for the foreseeable future. Therefore, the financial statements continue to be prepared on the going concern basis.

1.4 Discontinued operations

The Company had a trademark license agreement with Kraft Foods Holding Inc. - USA for the manufacturing, sale and marketing of Tang products. In November 2011, the Company received from Kraft Foods Pakistan Limited - KFPL a non-binding offer to purchase all its assets relating to the manufacture, marketing and sale of Tang business including the manufacturing facilities, together with the intangibles of the business. Subsequently KFPL made a binding offer to purchase from the Company specified assets relating to the Tang business and its associated intangibles for an aggregate sum of Rs. 650 million.

The Board of Directors in its meeting on February 17, 2012 approved the aforesaid sale transaction subject to the successful negotiation and execution of the Asset Purchase Agreement and the Transitional Services Agreement with KFPL and approval of the same by the members in the Extra Ordinary General Meeting (EOGM) held on March 14, 2012. The Asset Purchase Agreement was signed on March 22, 2012 between the Company and KFPL. Through the Asset Purchase Agreement, KFPL purchased the land and buildings used in the production of Tang, located at Hub Baluchistan together with the plant and machinery and other assets located therein for Rs.650 million. They also purchased the stock of finished goods, raw and packing material in hand at cost.

The Tang business was sold and transferred to Kraft Foods Pakistan Limited - KFPL on April 02, 2012. At the same time the Company entered into a Transitional Services Agreement with KFPL pursuant to which the Company was for a period of up to 18 months, distribute Tang products manufactured by KFPL. During this transitional period KFPL took over distribution of its Tang products and this exercise was completed in September 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

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 such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, 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 Basis of convention

These financial statements have been prepared on the basis of historical cost convention except for held to maturity and available-for-sale investments that have been measured at amortized cost and fair value in accordance with IAS - 39 "Financial Instruments: Recognition and Measurement".

2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards or interpretation	Effective date (accounting periods beginning on or after)
IFRS 7 - Financial Instruments : Disclosures (Amendments) - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013
IAS 32 - Offsetting Financial Assets and Financial liabilities (Amendment)	January 01, 2014
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10 - Consolidated Financial Statements	01 January 2013
IFRS 11 - Joint Arrangements	01 January 2013
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 - Fair Value Measurement	01 January 2013

2.4 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New and amended standards and interpretations

The Company has adopted the following amendments to IFRSs which became effective for the current year:

IAS 1	- Presentation of Financial Statements - Presentation of items of other comprehensive income (Amendment)
IAS 12	- Income Taxes - Recovery of Underlying Assets (Amendment)
IAS 19	- Employee Benefits (Revised)

2.5 Change in accounting policy

The adoption of the above amendments did not have any effect on the financial statements except for the adoption of IAS - 19 which was adopted early by the Company. The effective date of adoption of the amendment is from the annual periods beginning on or after January 2013. The amendments in IAS - 19 requires an entity to recognise actuarial gain or losses immediately in other comprehensive income. Actuarial gain or losses were previously amortised over the expected future service of employees.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been re-stated.

Effects of the retrospective application of the change in accounting policy are as follows:

Amendment to IAS 1 'Presentation of Financial statements' regarding 'other comprehensive income'

The primary change resulting from this amendment is that the Company has grouped items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

Had there been no change in the aforementioned accounting policy, there would not have been any bifurcation of items appearing in the 'other comprehensive income'.

Early adoption of amendments in IAS 19, (Revised) 'Employee Benefits'

IAS 19 (Revised) 'Employee benefits' amends the accounting policy for the Company's defined benefit plan. The revised standard has been applied retrospectively in accordance with the transition provisions of the standard. The impact of the adoption of IAS 19 (revised) has been in the following areas:

- The standard requires all actuarial gains and losses to be recognised immediately in 'other comprehensive income'. This has resulted in unrecognised net actuarial gain aggregating Rs 2.142 million as at July 1, 2012 being recognised in 'other comprehensive income'. The expense recognised in the profit and loss account for the year ended June 30, 2013 has reduced by Rs 0.15 million as the charge to profit or loss for recognition of previously unrecognised net actuarial losses is no longer required.
- The standard requires past service cost to be recognised immediately in profit or loss. This has resulted in unrecognised past service cost aggregating Rs. 2.394 million as at July 1, 2012 being expensed in profit or loss of the year in which that arose. The expense recognised in the profit and loss account for the year ended June 30, 2013 has reduced by Rs. 2.253 million as the charge to profit or loss in respect of amortisation of the past service cost is no longer required.
- The standard 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 asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. This treatment, however, has no impact on these financial statements as the discount rate now applied to assets is equal to the expected return on assets.

- There is a new term 'remeasurements'. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.
- 'Receivable from staff gratuity fund' as previously reported has been restated at the balance sheet dates to reflect the effect of the above. The amount has been restated as Rs. 3.731 million (previously Rs. 3.983 million) as at June 30, 2012.
- The effects of this change in accounting policy on the cash flow statement and on 'earnings per share' are not material in the overall context of these financial statements.

2.6 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

Stock-in-trade

The Company reviews the net realisable values of stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Trade debts

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. With regard to deferred taxation, the Company applies various assumptions on future projections and applicability of different tax regime, as well as recoverability of various deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Fixed assets and depreciation

Property, plant and equipment - Owned

Operating property, plant and equipment except for freehold and leasehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and leasehold land are stated at cost.

Depreciation is charged to profit and loss using straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates specified in Note 4. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month the respective asset was in use. Assets' residual values, useful lives and methods are reviewed, and adjusted, if appropriate, at each financial year end.

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

Maintenance and normal repairs are charged to profit and loss as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that respective future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account in the period in which they arise.

3.2 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of such assets can also be measured reliably.

Generally, costs associated with developing and maintaining the computer software programmes are recognized as expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefit exceeding the cost beyond one year, are recognized as intangible asset. Direct costs include the purchase cost of software and related overhead cost.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

These are stated at cost less accumulated amortization. Amortisation is charged on a straight line basis over the useful lives of the assets, not exceeding three years.

3.3 Stores and spares

Stores are valued at lower of moving average cost and net realizable value.

3.4 **Stock-in-trade**

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw, packing and promotional material	- at moving average cost
Work-in-process and finished goods	- at cost of material as above plus proportionate production overheads
Trading goods - wrist watches	- at cost on moving average basis

Net realizable value represents estimated selling prices in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.5 **Trade debts**

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at each quarter end. Balances considered bad and irrecoverable are written off when identified.

3.6 **Loans, advances and other receivables**

These are stated at cost less provision for doubtful balance, if any.

3.7 **Investments**

The investments of the Company, upon initial recognition, are classified as investment at fair value through profit or loss, held to maturity investment or available for sale investment, as appropriate. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

When investments are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains or losses recognised directly in the profit and loss account. Transaction costs are charged to profit and loss account when incurred.

Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Available for sale investments

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale. After initial measurement, these are stated at fair values (except for unquoted investments where active market

does not exist) with unrealised gains or losses recognised directly in equity until the investment is disposed or determined to be impaired. At the time of disposal, the cumulative gain or loss previously recorded in equity is recognised in the profit and loss account.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

3.8 **Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks, cheques in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

3.9 **Staff retirement benefits**

(a) **Defined benefit plan**

The Company operates an approved defined funded gratuity scheme for all its permanent employees. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at June 30, 2013 using the Projected Unit Credit Method. Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme.

As more fully explained in note 2.4, effective from July 01, 2012 all actuarial gains and losses are recognised in 'other comprehensive income' as they occur. Previously actuarial gains / losses exceeding 10 percent of the higher of the present value of the defined benefit obligation and fair value of plan assets at the beginning of the year, were amortised over the average future service of the employees.

(b) **Defined contribution plan**

A recognized provident fund scheme is in operation, which covers all permanent employees. The Company and the employees make equal contributions at the rate of 9% of the basic salary plus cost of living allowance. Contribution of the Company is charged to income for the year.

3.10 **Compensated absences**

The Company provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary levels.

3.11 **Taxation**

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits and tax rebates available, if any. The tax charge as calculated above is compared with turnover tax under section 113 of the Income Tax Ordinance 2001, and whichever is higher is provided in the financial statements.

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.12 **Trade and other payables**

Liabilities for trade and other payables 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 or not billed to the Company.

3.13 **Provisions**

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

3.14 **Foreign currency translations**

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to income currently.

3.15 **Financial instruments**

Financial instruments carried on the balance sheet include investments, loans, deposits, trade debts, other receivables, cash and cash equivalents, trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and are derecognised in case of assets, when the contractual rights under the instrument are realised, expired or surrendered and in case of liability, when the obligation is discharged, cancelled or expired.

3.16 **Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

3.17 Revenue recognition

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with dispatch of goods to customers.

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Dividend income is recognized when the right to receive the same is established.

3.18 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

3.19 Transaction with related parties

All transactions with related parties are carried out by the company using the methods prescribed under the Ordinance.

3.20 Impairment**3.20.1 Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect of the estimated future cash flows of that asset.

3.20.2 Non-financial assets

The carrying value of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost sell and value in use. Value in use is determined through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

3.21 Functional and presentation currency

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

4. PROPERTY, PLANT AND EQUIPMENT

Description	2013									
	COST				ACCUMULATED DEPRECIATION				Net Book Value at June 30, 2013	Dep. Rate % per annum
	As at July 01, 2012	Additions	Disposals/ *(written off)	As at June 30, 2013	As at July 01, 2012	For the year	On disposals/ *(written off)	As at June 30, 2013		
(Rupees)										
Office premises	1,203,197	-	-	-	1,203,197	-	-	-	-	15
			*(1,203,197)				*(1,203,197)			
Furniture and fittings	4,401,988	-	(127,327)	4,274,661	3,422,048	337,665	(90,319)	3,669,394	605,267	15
Office equipment	2,279,649	19,000	(158,499)	1,361,585	1,435,437	257,273	(113,065)	942,517	419,068	15
			*(778,565)				*(637,128)			
Tools and equipment	26,750	-	-	10,850	22,035	1,628	-	7,763	3,087	15
			*(15,900)				*(15,900)			
Vehicles	14,395,555	2,162,000	(12,093,599)	4,463,956	11,014,477	341,827	(9,551,255)	1,805,050	2,658,906	25
Computer and data process equipment	3,573,076	-	(444,937)	2,509,429	3,229,503	156,961	(330,363)	2,437,391	72,038	33
			*(618,710)				*(618,710)			
2013	25,880,215	2,181,000	(12,824,362)	12,620,481	20,326,697	1,095,354	(10,085,002)	8,862,115	3,758,366	
			*(2,616,372)				*(2,474,935)			
Description	2012									
	COST				ACCUMULATED DEPRECIATION				Net Book Value at June 30, 2012	Dep. Rate % per annum
	As at July 01, 2011	Additions/ *(Written off)	Sold to KFPL	As at June 30, 2012	As at July 01, 2011	For the year/ (on Disposals) / *(Written off)	Sold to KFPL	As at June 30, 2012		
(Rupees)										
Freehold land	1,636,307	-	(1,636,307)	-	-	-	-	-	-	-
Leasehold land	4,913,666	730,719	(5,644,385)	-	-	-	-	-	-	-
Building on leasehold land	31,536,216	-	(31,536,216)	-	16,721,605	508,045	(17,229,650)	-	-	-
Office premises	1,203,197	-	-	1,203,197	1,203,197	-	-	1,203,197	-	15
Plant and machinery	78,837,904	*(3,189,713)	(75,648,191)	-	54,805,901	2,567,028	(54,183,216)	-	-	-
						*(3,189,713)				
Furniture and fittings	7,490,769	-	(3,088,781)	4,401,988	6,055,782	370,241	(3,003,975)	3,422,048	979,940	15
Office equipment	3,519,072	27,900	(535,954)	2,279,649	2,179,925	338,423	(351,542)	1,435,437	844,212	15
		*(731,369)				*(731,369)				
Tools and equipment	3,350,833	*(224,722)	(3,099,361)	26,750	2,303,448	105,889	(2,164,267)	22,035	4,715	15
						*(223,035)				
Vehicles	19,626,701	2,828,000	(1,352,900)	14,395,555	14,588,129	747,241	(429,653)	11,014,477	3,381,078	25
		(6,706,246)				(3,891,240)				
Computer and data process equipment	6,792,183	76,032	(634,989)	3,573,076	6,125,228	319,728	(561,146)	3,229,503	343,573	33
		(105,000)				(99,157)				
		*(2,555,150)				*(2,555,150)				
2012	158,906,848	3,662,651	(123,177,084)	25,880,215	103,983,215	4,956,595	(77,923,449)	20,326,697	5,553,518	
		(6,811,246)				(3,990,397)				
		*(6,700,954)				*(6,699,267)				

Details of Property, plant and equipment sold is given in Note 35.

	Note	June 30, 2013 ----- Rupees -----	June 30, 2012	
4.1	Depreciation for the year has been allocated as follows:			
	Cost of sales - manufacturing expenses	27.5	-	3,449,697
	Distribution and marketing expenses	27.6	590,840	1,066,804
	Administrative expenses	21	504,514	440,094
			<u>1,095,354</u>	<u>4,956,595</u>
5.	LONG TERM LOANS			
	Secured - considered good			
	Employees	5.1	343,446	1,308,478
	Due within one year shown under current assets	9	(172,992)	(463,375)
			<u>170,454</u>	<u>845,103</u>
5.1	These are interest free loans to employees principally for the purchase of vehicles and house building and are repayable over 5 years in equal monthly installments. House building loans are secured against the retirement benefits of the employees. In case of vehicle loans, these are secured by pledge of original registration documents of vehicles and demand promissory notes.			
6.	DEFERRED TAXATION			
	Deferred tax assets on deductible temporary differences			
	Provision for doubtful debts		1,181,018	1,174,152
	Tax depreciation allowance		766,202	487,633
	Provision for employees compensated absences		396,449	228,200
			<u>2,343,669</u>	<u>1,889,985</u>
	Temporary differences not expected to be recovered due to applicability of Final Tax Regime / separate block of income		(2,343,669)	-
			<u>-</u>	<u>1,889,985</u>
7.	STOCK-IN-TRADE			
	Packing material		2,744	350,925
	Finished goods		-	32,422,797
	Trading goods in hand	7.1	27,727,503	10,788,644
			<u>27,730,247</u>	<u>43,562,366</u>
7.1	This includes trading goods held by third parties (retails) in the normal course of business amounting to Rs. 9,239,107 (2012: Rs. 912,000).			
8.	TRADE DEBTS			
	Unsecured			
	Considered good	8.1 & 8.2	6,351,937	76,266,688
	Considered doubtful		19,616	4,782,210
			<u>6,371,553</u>	<u>81,048,898</u>
	Provision for doubtful debts	8.3	(19,616)	(4,782,210)
			<u>6,351,937</u>	<u>76,266,688</u>

	Note	June 30, 2013	June 30, 2012
		----- Rupees -----	----- Rupees -----
8.1 The aging of trade debts at June 30 is as follows:			
Neither past due nor impaired		638,512	29,973,199
Past due but not impaired			
- within 90 days		1,587,558	39,171,020
- 91 to 180 days		878,703	2,727,659
- over 180 days		3,247,164	4,394,810
		<u>6,351,937</u>	<u>76,266,688</u>
8.2 The amount includes due from the following related parties:			
Colgate Palmolive (Pakistan) Limited		26,180	133,039
Siza Foods (Private) Limited		-	7,175
Tetley Clover (Private) Limited		-	2,918
Century Paper & Board Mills Limited		-	12,557
Cyber Internet Services (Private) Limited		-	537
Lakson Business Solutions Limited		-	1,857
		<u>26,180</u>	<u>158,083</u>
8.3 Movement of provision for doubtful debts			
Opening balance		4,782,210	5,114,586
Charge for the year		2,095,304	1,128,411
Reversal for the year		(6,857,898)	(1,460,787)
	27.8	<u>(4,762,594)</u>	<u>(332,376)</u>
		<u>19,616</u>	<u>4,782,210</u>
9. LOANS AND ADVANCES - Considered good			
Secured			
Current portion of long-term loans to employees	5	172,992	463,375
Unsecured			
Advance against import		1,500	4,189
Advances to employees	9.1	87,069	141,603
		<u>88,569</u>	<u>145,792</u>
		<u>261,561</u>	<u>609,167</u>
9.1 The advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.			
10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits - security deposits		526,550	720,715
Short-term prepayments		521,698	1,241,384
		<u>1,048,248</u>	<u>1,962,099</u>
11. OTHER RECEIVABLES	Note	2013	2012
		----- Rupees -----	(Restated)
Considered good			
Receivable from related parties		-	1,405,002
Margin against letters of credit		-	1,224,136
Workers' Profits Participation Fund	17.2	357,039	-
Receivable from staff gratuity fund	11.1	7,250,000	3,731,000
Others	11.2	352,593	76,717,521
		<u>7,959,632</u>	<u>83,077,659</u>

11.1 Receivable from staff gratuity fund

The Company operates an approved funded gratuity scheme. The scheme provides for terminal benefits for all its permanent employees who qualify for the scheme at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company.

Annual (income) / charge is based on actuarial valuation carried out as at June 30, 2013 using the Projected Unit Credit Method.

Significant actuarial assumptions

Following are significant actuarial assumptions used in the valuation:

	2013 ----- (Per annum) -----	2012 ----- (Per annum) -----
Discount rate	12.50%	12.50%
Expected rate of increase in salary	12.50%	12.50%
Rate of return on plan assets	10.00%	10.00%
	June 30 2013 ----- (Rupees) -----	June 30, 2012 ----- (Rupees) -----
		(Restated)
The amounts recognized in the profit and loss account against defined benefit schemes are as follows:		
Current service cost	587,000	1,351,000
Interest cost	1,049,000	1,661,000
Expected return on plan assets	(1,135,000)	(1,383,000)
Curtailement gain	(4,222,000)	(5,554,000)
(Income) / charge for the year	<u>(3,721,000)</u>	<u>(3,925,000)</u>
The (income) / charge for the year has been allocated as follows:		
Distribution and marketing expenses	(3,186,700)	(3,038,730)
Administrative expenses	(534,300)	(886,270)
	<u>(3,721,000)</u>	<u>(3,925,000)</u>
Movements in the net (assets) / liability recognized in the balance sheet are as follows:		
Opening balance	(3,731,000)	(709,000)
Recognised in other comprehensive income	(3,780,000)	903,000
(Income) / charge for the year	3,982,000	(3,925,000)
Paid during the year	(3,721,000)	-
Closing balance	<u>(7,250,000)</u>	<u>(3,731,000)</u>
The amounts recognized in the balance sheet are as follows:		
Present value of defined benefit obligation	3,183,000	9,606,000
Fair value of plan assets	(10,433,000)	(13,337,000)
Surplus	<u>(7,250,000)</u>	<u>(3,731,000)</u>
Movement in the present value of defined benefit obligation:		
Present value of defined benefit obligation at July 01	9,606,000	12,476,000
Service cost	587,000	1,351,000
Interest cost	1,049,000	1,661,000
Curtailement gain	(4,222,000)	(5,554,000)
Benefits paid	(2,433,000)	(1,221,000)
Actuarial (gain) / loss	(1,404,000)	893,000
Present value of the defined benefit obligation at June 30	<u>3,183,000</u>	<u>9,606,000</u>

	June 30 2013	June 30, 2012
	----- (Rupees) -----	
		(Restated)
Movement in the fair value of plan assets:		
Fair value of plan assets at July 01	13,337,000	13,185,000
Expected return	1,135,000	1,383,000
Contributions	(3,982,000)	-
Benefits paid	(2,433,000)	(1,221,000)
Actuarial gain / (loss)	2,376,000	(10,000)
Fair value of plan assets at June 30	<u>10,433,000</u>	<u>13,337,000</u>

Historical information

As at June 30	2013	2012	2011	2010
	----- Rupees -----			
Present value of defined benefit obligation	3,183,000	9,606,000	12,476,000	13,182,000
Fair value of plan assets	(10,433,000)	(13,337,000)	(13,185,000)	(14,769,000)
Surplus	<u>(7,250,000)</u>	<u>(3,731,000)</u>	<u>(709,000)</u>	<u>(1,587,000)</u>
Experience adjustment on plan liabilities	1,404,000	(893,000)	(677,000)	4,967,000
Experience adjustments on plan assets	2,376,000	(10,000)	215,000	131,000

	2013 %	2012 %
Major categories / composition of plan assets are as follows:		
Treasury bills	38	59
Mutual funds	28	20
Cash	34	21

The return on plan assets was assumed to equal the discount rate. Actual return on plan assets during 2013 was Rs. 0.98 (2012: Rs. 1.275) million.

	Note	June 30, 2013	June 30, 2012
		----- Rupees -----	
11.2 Others			
Titan Industries Limited		225,534	-
Mondelez Pakistan Limited - MPL (formerly Kraft Foods Pakistan Limited)	11.2.1	-	76,673,920
Others		<u>127,059</u>	<u>43,601</u>
		<u>352,593</u>	<u>76,717,521</u>

11.2.1 Included herein an amount of Rs. 52 million receivable on account of 8% of sales proceeds of Tang business payable by KFPL after 12 months from the date of sale subject to Asset Purchase Agreement between KFPL and the Company.

	Un-audited June 30, 2013	June 30, 2012
	----- Rupees -----	
11.3 Provident fund		
Size of the fund	<u>11,175,645</u>	<u>12,814,027</u>
Cost of investments made	<u>9,813,740</u>	<u>9,969,914</u>
Fair value of investments	<u>13,204,572</u>	<u>12,287,871</u>
Percentage of investments made	<u>88%</u>	<u>78%</u>

11.3.1 Break-up of Investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	June 30, 2013		June 30, 2012	
	Investments	Investment as size of the fund	Investments	Investment as size of the fund
	(Rupees)	%	(Rupees)	%
Treasury Bill	3,429,634	31	2,085,808	16
Mutual Funds	4,800,000	43	6,300,000	49
Listed securities	1,584,106	14	1,584,106	13
	9,813,740		9,969,914	

11.3.2 Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	Note	June 30, 2013	June 30, 2012
		----- Rupees -----	-----
12. SHORT-TERM INVESTMENTS			
Available-for-sale - at fair value			
First Habib Cash Fund - Nil (2012: 708,719.84) units		-	71,629,818
HBL Money Market Fund - Nil (2012: 1,393,600.12) units		-	143,391,139
Atlas Money Market Fund - 597,773.8058 (2012: 285,258.55) units		300,196,028	143,353,834
ABL Cash Fund - 4,399,120.18 units (2012: Nil)		44,025,075	-
UBL Liquidity Plus Fund - 441,815.94 units (2012: Nil)		44,000,000	-
Lakson Money Market Fund - a related party 3,379,436.1311 (2012: 4,122,328.69) units		340,397,370	415,820,532
		728,618,473	774,195,323

13. DUTY REFUNDS DUE FROM GOVERNMENT

During the year ended June 30, 2009, the Federal Government issued SRO 787(1)/2008 dated July 26, 2008 under Section 19 of Customs Act, 1969 (the Act) whereby Customs duty on import of crystalline sugar was brought down to zero as against 25% given in First Schedule to the Act. The Company imported crystalline sugar from 26 July 2008 to 15 October 2008 and paid duty of Rs. 17.012 million and Rs. 3.986 million at the rate of 25% without availing the benefit of subject SRO removing the duty on sugar to zero. Subsequently, the Company filed refunds claims with the custom authorities. The refund claims were rejected by the Additional Collectorate on the ground that the incidence of duty and taxes has been passed on to end consumers by incorporating it in the cost of the products.

The Company filed an appeal before the Collector of Customs, Appeals, Karachi, against the orders passed by the Additional Collectorate of Customs. Subsequently, the Collector (Appeals), upheld

the decision of the Additional Collectorate and rejected the refund claims of the Company on the same grounds. The Company during the year ended June 30, 2010 filed two appeals for the refund of aforesaid amounts in the Appellate Tribunal. In November 2010 appeal for refund of Rs. 17.012 million was decided by the Appellate Tribunal against the Company. In September 2011 appeal for the refund of Rs. 3.986 million was also decided by the Appellate Tribunal against the Company. The Company filed references in the High Court of Sindh against both judgements of the Appellate Tribunal. The reference of Rs. 17.012 million is currently pending, however, the Divisional Bench of the High Court dismissed the reference for Rs. 3.986 million in 2012. The Company filed an appeal against the decision of the High Court before the Supreme Court of Pakistan. The refund claim was rejected by all the forums solely on the ground that the Company has failed to establish that the burden of duties and taxes has not been passed on to the end consumer. It is the case of the Company before the Supreme Court that none of the forums above including the High Court examined the evidence produced to establish that the burden of duties and taxes has not been passed to the end consumer and no finding at all was recorded in this regard by any of the forums. The Supreme Court in order to examine this question granted leave in the petition. The management and its counsel are of the view that ultimate decision of the Supreme Court for the refund claim is expected to be in favour of the Company. Accordingly, the Company has recognized and maintained the refund claim in its books of accounts.

	Note	June 30, 2013	June 30, 2012
		----- Rupees -----	
14. CASH AND BANK BALANCES			
Cash in hand		50,000	50,000
Cash at banks			
In current accounts		4,460,732	19,432,440
In savings accounts	14.1	3,543,139	47,156,928
		8,003,871	66,589,368
		8,053,871	66,639,368
14.1	These balances carry profit at rates, ranging between 5% and 9.5% (2012: 5% and 10.25%) per annum.		
14.2	Of the aggregate facility of Rs. 15 (2012: Rs. 7) million for opening letters of credit, the amount utilized as at June 30, 2013 was Rs. 4.835 (2012: Rs. 1.077) million.		

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2013	2012			
Number of shares				
3,900,000	3,900,000	Issued for cash	39,000,000	39,000,000
5,534,880	5,534,880	Issued as bonus shares	55,348,800	55,348,800
9,434,880	9,434,880		94,348,800	94,348,800
9,434,880	9,434,880		94,348,800	94,348,800

15.1. As at the year end, related parties held 8,934,624 (2012: 8,934,624) Ordinary shares of Rs. 10/- each.

16. RESERVES

Revenue reserves			
General reserves		694,000,000	263,000,000
Unappropriated profit		67,087,201	525,749,306
Unrealized gain on revaluation of available-for sale investments		618,473	18,739,511
		761,705,674	807,488,817

	Note	June 30, 2013	June 30, 2012
		----- Rupees -----	
17. TRADE AND OTHER PAYABLES			
Creditors			
Due to related parties	17.1	339,109	761,299
Others		485,243	172,796,370
		<u>824,352</u>	<u>173,557,669</u>
Bills payable		5,257,662	3,863,562
Stock return provision		8,000,000	-
Accrued expenses		2,097,612	6,580,831
Amount due to distributors		658,164	15,516,300
Workers' Profits Participation Fund	17.2	-	28,392,961
Workers' Welfare Fund		1,360,167	996,155
Unclaimed dividend		997,970	767,347
Others		830,858	1,647,863
		<u>20,026,785</u>	<u>231,322,688</u>
17.1 The amount due to related parties, comprises of :			
Hasanali & Gulbanoo Lakhani Foundation		2,800	108,346
Colgate Palmolive (Pakistan) Limited		-	599,636
Cyber Internet Services (Private) Limited		14,147	-
Century Insurance Company Limited		316,934	53,317
Princeton Travels (Private) Limited		5,228	-
		<u>339,109</u>	<u>761,299</u>
17.2 Workers' Profits Participation Fund comprises as follows:			
Balance as at July 01		28,392,961	3,385,464
Amount paid to the Fund		(28,750,000)	(3,385,464)
		<u>(357,039)</u>	<u>-</u>
Charge for the year		-	28,392,961
	11	<u>(357,039)</u>	<u>28,392,961</u>
18. CONTINGENCIES AND COMMITMENTS			
18.1 Contingencies			
(a) Refer note 13.			
(b) Contingent liability in respect of indemnities given to banks for a guarantee issued by them in the normal course of business aggregating to Rs. Nil (2012: Rs. 1.020) million.			
18.2 Commitments			
Commitments in respect of letters of credit amounted to Rs. Nil (2012: Rs. 2.119) million.			
19. COST OF SALES			
Trading			
Opening stock		10,788,644	6,796,245
Purchases		35,381,394	18,028,412
Closing stock		(27,727,503)	(10,788,644)
		<u>18,442,535</u>	<u>14,036,013</u>
Packing material consumed		348,181	167,779
		<u>18,790,716</u>	<u>14,203,792</u>

	Note	June 30, 2013	June 30, 2012
		----- Rupees -----	
20. DISTRIBUTION AND MARKETING EXPENSES			
Salaries, allowances and other benefits	20.1	3,386,662	3,194,133
Travelling and conveyance		1,026,623	691,907
Repairs and maintenance		162,393	200,087
Vehicles running expenses		102,566	73,085
Advertisement		2,088,254	460,908
Subscription & membership		4,500	-
Postage, telegrams and telephone		237,517	186,198
Rent, rates and taxes		3,017,652	2,934,652
Printing and stationery		30,998	13,672
Electricity		334,556	247,018
Insurance		151,866	40,978
Bad debts written-off		10,617	1,670,947
Freight and octroi		198,048	139,984
Information technology expenses		35,002	78,248
		<u>10,787,254</u>	<u>9,931,817</u>
20.1	This amount includes Rs. 0.062 (2012: Rs. 0.071) million in respect of staff retirement benefits.		
21. ADMINISTRATIVE EXPENSES			
Chief Executive's remuneration	29	500,000	1,500,000
Salaries, allowances and other benefits	21.1	6,742,441	5,670,518
Travelling and conveyance		11,763	556,926
Repairs and maintenance		152,360	220,380
Vehicles running expenses		706,506	716,719
Advertisement		6,264	54,000
Postage, telegrams and telephone		350,832	303,056
Rent, rates and taxes		1,375,428	1,375,428
Printing and stationery		464,870	426,304
Subscription and membership		990,116	612,616
Legal and professional charges		619,000	3,663,634
Electricity		963,967	809,986
Insurance		925,950	675,771
Auditors' remuneration	21.2	652,370	774,418
Depreciation	4.1	504,514	440,094
Information technology expenses		561,496	947,271
Others		87,670	286,523
		<u>15,615,547</u>	<u>19,033,644</u>
21.1	This amount includes Rs. 0.331 (2012: Rs. 0.337) million in respect of staff retirement benefits.		
21.2 Auditors' remuneration			
Audit fee - statutory		350,000	431,250
Half yearly review and other certifications		260,810	217,808
Out of pocket expenses		41,560	125,360
		<u>652,370</u>	<u>774,418</u>
22. OTHER OPERATING EXPENSES			
Workers' Profits Participation Fund	17.2	-	28,392,961
Workers' Welfare Fund		1,249,583	996,155
Exchange loss - net		448,152	120,185
		<u>1,697,735</u>	<u>29,509,301</u>

- 22.1 The Company is no more a manufacturing concern therefore Companies Profits (Workers' Participation) Rules, 1971 does not apply, as the Company does not fall under the definition of the Industrial Undertaking as per Companies Profits (Workers' Participation) Act, 1968

	June 30, 2013	June 30, 2012
	----- Rupees -----	
23. OTHER OPERATING INCOME		
Income from financial assets		
Insurance commission from a related party	176,878	214,045
Management fee from a related party	205,455	509,697
Profit on deposits	999,988	4,052,765
Gain on sale of investments	79,285,752	5,455,812
	<u>80,668,073</u>	<u>10,232,319</u>
Income from non-financial assets		
Gain on scrap sales	7,830	-
Others	242,012	816,298
	<u>249,842</u>	<u>816,298</u>
	<u>80,917,915</u>	<u>11,048,617</u>
24. FINANCE COSTS		
Mark-up / interest on short-term running finances	-	9,792
Bank charges and commission	62,061	56,849
	<u>62,061</u>	<u>66,641</u>
25. GAIN ON SALE OF DISCONTINUED OPERATIONS		

	Note	2013		
		Carrying value	Sale proceeds	Gain on sale
				----- Rupees -----
Fixed assets		-	-	-
Intangibles		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
				----- Rupees -----
				2012
				Carrying value
				Sale proceeds
				Gain on sale
				----- Rupees -----
Fixed assets		45,253,635	143,790,751	98,537,116
Intangibles	25.1	-	506,209,249	506,209,249
		<u>45,253,635</u>	<u>650,000,000</u>	<u>604,746,365</u>

- 25.1 This represents receipt on account of termination of the Company's user's rights and interest in the Tang brand; a legal restraint upon the Company from engaging in or undertaking the production, marketing and sale of products identical or similar to Tang products for a period of two years; and provision of a list of the Company's customers, selling trade outlets, suppliers and distributors over the last two years.

	June 30, 2013	June 30, 2012
	----- Rupees -----	
26. TAXATION		
Current	3,443,879	1,104,938
Prior years	(2,692,025)	(213,030)
	<u>751,854</u>	<u>891,908</u>
Deferred	1,889,985	(5,156,251)
	<u>2,641,839</u>	<u>(4,264,343)</u>
26.1 Tax charge reconciliation	%	%
Applicable tax rate as per Income Tax Ordinance, 2001	35.00	35.00
Tax effect of amounts that are:		
Income at lower / zero rate	(40.26)	(33.00)
Permanent differences	(1.59)	0.17
Effect of deferred tax not accounted for	3.54	-
Effect of change in prior years' tax	(4.07)	(0.04)
Tax effect under presumptive tax regime and others	12.20	0.21
	<u>(30.18)</u>	<u>(32.66)</u>
	<u>4.82</u>	<u>2.34</u>

The return of income for the tax year 2012 has been filed which is deemed to be an assessment order in view of the provisions of Section 120 of the Income Tax Ordinance, 2001.

27. DISCONTINUED OPERATIONS

27.1 In accordance with the requirements of IFRS-5 "Non-Current Assets Held for Sale and Discontinued Operations" as of June 30, 2013, the profit and loss account, the income and expenses for the Tang business have been reported separately. (Note 1)

27.2 The results of discontinued operations for the year ended are presented below:

	Note		
Gross revenue	27.4	105,950,352	1,222,737,014
Sales tax and special excise duty		(17,125,540)	(205,540,508)
Trade discounts and allowances		(14,127,924)	(37,691,376)
Net revenue		<u>74,696,888</u>	<u>979,505,130</u>
Cost of sales	27.5	(98,580,591)	(946,317,117)
Gross (loss) / profit		<u>(23,883,703)</u>	<u>33,188,013</u>
Distribution and marketing expenses	27.6	(6,457,608)	(60,352,848)
Other operating expenses	27.7	-	(1,661,803)
Other operating income	27.8	34,440,972	2,665,943
Operating profit / (loss)		<u>4,099,661</u>	<u>(26,160,695)</u>
Finance costs		(175,221)	(571,989)
Profit / (loss) for the period from discontinued operations before taxation		<u>3,924,440</u>	<u>(26,732,684)</u>
Taxation	27.9	(589,704)	(16,844,357)
Profit / (loss) for the period from discontinued operations after taxation		<u>3,334,736</u>	<u>(43,577,041)</u>

27.3 The fair values and carrying values of major classes of the assets and the liabilities sold to KFPL, consequent to the agreement are as follows:

	2013		2012	
	Fair value of assets sold	Carrying value of assets sold	Fair value of assets sold	Carrying value of assets sold
	----- (Rupees) -----		----- (Rupees) -----	
Property, plant and equipment				
Land	-	-	29,641,100	7,280,692
Building	-	-	32,586,221	14,306,566
Plant and machinery	-	-	75,250,201	21,464,975
Tools and equipment	-	-	4,705,469	935,094
Computer and accessories	-	-	79,539	73,843
Furniture and fixtures	-	-	87,813	84,806
Office and electrical equipment	-	-	190,328	184,412
Vehicles	-	-	1,250,080	923,247
Intangibles	-	-	506,209,249	-
Stock-in-trade	-	-	190,096,439	190,096,439
	-	-	840,096,439	235,350,074
		Note	June 30, 2013	June 30, 2012
			----- Rupees -----	
27.4 Gross revenue				
Locally manufactured			-	584,187,248
Trading			105,950,352	638,549,766
			105,950,352	1,222,737,014
27.5 Cost of sales				
Manufactured				
Raw material consumed:				
Opening stock			-	66,572,808
Purchases			-	186,309,008
			-	252,881,816
Closing stock			-	-
			-	252,881,816
Packing material consumed			-	79,579,029
Stores and spares consumed			-	1,116,143
Salaries, wages and other benefits			-	20,081,595
Royalty			-	14,315,747
Power and fuel			-	5,243,148
Vehicle running expenses			-	865,544
Repairs and maintenance			-	2,014,026
Rent, rates and taxes			-	294,845
Travelling and conveyance			-	30,980
Insurance			-	1,603,927
Postage, telegrams and telephone			-	160,745
Laboratory expenses			-	15,592
Cartage			-	503,312
Information technology expenses			-	182,023
Printing and stationery			-	80,804
Depreciation	4.1		-	3,449,697
Other manufacturing expenses			-	173,062
			-	129,710,219
Work in process				
Opening stock			-	6,845,548
Closing stock			-	-
			-	6,845,548
			-	389,437,583
Finished goods				
Opening stock			32,422,797	106,676,805
Purchases			66,157,794	482,625,526
Closing stock			-	(32,422,797)
			98,580,591	556,879,534
			98,580,591	946,317,117

	Note	June 30, 2013	June 30, 2012
		----- Rupees -----	
27.6 Distribution and marketing expenses			
Salaries, allowances and other benefits	27.6.1	2,422,569	15,825,052
Travelling and conveyance		858,124	3,101,859
Repairs and maintenance		436,028	348,373
Vehicles running expenses		1,188,830	4,715,202
Advertisement		173,619	43,473,612
Postage, telegrams and telephone		212,834	764,764
Rent, rates and taxes		1,351,286	3,848,285
Printing and stationery		43,580	224,640
Subscription and membership		-	36,806
Electricity		372,579	640,832
Insurance		121,411	1,622,600
Bad debts written-off		2,292,707	993,947
Freight and octroi		2,103,854	15,520,638
Stock handling / godown charges		67,913	615,819
Depreciation	4.1	590,840	1,066,804
Amortisation		-	101,174
Information technology expenses		197,451	592,621
		12,433,625	93,493,028
Reimbursement of selling expenses	27.6.2	(5,976,017)	(33,140,180)
		6,457,608	60,352,848
27.6.1	This amount includes Rs. 0.071 (2012: Rs. 0.444) million in respect of staff retirement benefits.		
27.6.2	As per the Transitional Services Agreement between KFPL and the Company, KFPL shall pay 5% of Net Revenue as reimbursement for the Company's selling and distribution costs and 2% of Net Revenue as logistics and freight charges.		
27.7 Other operating expenses			
Exchange loss - net		-	1,661,803
27.8 Other operating income			
Income from non-financial assets			
Gain on disposal of fixed assets		6,578,501	2,333,567
Gain on sale of waste		33,075	-
Liabilities no longer required written back	27.8.1	23,066,802	-
Reversal of provision for doubtful debts	8.3	4,762,594	332,376
		34,440,972	2,665,943
27.8.1	This includes old outstanding but not claimed media bills amounting to Rs. 21,574,710 written back during the year, considering them time barred and no longer payable.		
27.9 Taxation			
Current		589,704	16,844,357

28. EARNINGS PER SHARE	June 30, 2013	June 30, 2012
	----- Rupees -----	
Profit for the year from continuing operations after tax	<u><u>59,570,959</u></u>	<u>569,499,126</u>
Profit / (loss) for the year from discontinued operations after tax	<u><u>3,334,736</u></u>	<u>(43,577,041)</u>
Profit after taxation for the year	<u><u>62,905,695</u></u>	<u>525,922,085</u>
Weighted average ordinary shares in issue (number of shares)	<u><u>9,434,880</u></u>	<u>9,434,880</u>
Earnings per share from continuing operations - basic and diluted - (Rupees)	<u><u>6.32</u></u>	<u>60.36</u>
Earnings / (loss) per share from discontinued operations - basic and diluted - (Rupees)	<u><u>0.35</u></u>	<u>(4.62)</u>
Earnings per share - basic and diluted - (Rupees)	<u><u>6.67</u></u>	<u>55.74</u>

28.1 The effect of the change in accounting policy on the 'earnings per share' is not material in the overall context of these financial statements.

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount, charged in the financial statements for the year are as follows:

	<u>Chief Executive</u>		<u>Executives</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>(Rupees)</u>					
Remuneration	<u>370,400</u>	1,111,200	<u>2,525,796</u>	4,488,941	<u>2,896,196</u>	5,600,141
House rent	<u>129,600</u>	388,800	<u>1,136,592</u>	1,968,146	<u>1,266,192</u>	2,356,946
Bonus	-	-	<u>575,153</u>	880,690	<u>575,153</u>	880,690
Retirement benefits	-	-	<u>228,602</u>	352,551	<u>228,602</u>	352,551
Motor vehicle expenses	-	-	<u>486,237</u>	593,857	<u>486,237</u>	593,857
Others	-	-	<u>287,120</u>	760,075	<u>287,120</u>	760,075
	<u><u>500,000</u></u>	<u>1,500,000</u>	<u><u>5,239,500</u></u>	<u>9,044,260</u>	<u><u>5,739,500</u></u>	<u>10,544,300</u>
Number of persons	<u><u>1</u></u>	<u>1</u>	<u><u>3</u></u>	<u>6</u>	<u><u>4</u></u>	<u>7</u>

The Directors have waived their meeting fees for the year.

The Chief Executive and certain Executives are provided with free use of Company maintained cars.

30. RELATED PARTIES DISCLOSURES

The related parties include group companies, trade mark licensor, staff retirement funds, companies where directors also hold directorship, directors and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment as disclosed in note 29, are as follows:

Relationship	Nature of transactios	June 30,	June 30,
		2013	2012
		----- Rupees -----	
Group companies	Sale of goods and services	9,919,001	15,349,313
	Sale of assets	-	1,556,082
	Purchase of goods and services	8,009,526	32,808,598
	Rent, utilities and allied services	2,331,810	2,382,133
	Insurance premium	1,419,505	1,898,932
	Insurance commission	135,627	214,045
	Investment in mutual fund	390,000,000	400,000,000
	Sale of units of mutual fund	494,027,537	100,000,000
	Dividend paid	80,294,382	32,117,752
	Share of management fee on investment	-	509,697
Licensor of product in respect of which the Company had exclusive trademark rights	Royalty on sale of licensed products	-	14,382,239
	Purchase of goods and services	-	40,805,029
	Claim for damaged stock	-	763,475
Retirement benefit plans	Contribution to staff retirement benefit plans	463,462	1,198,492

The Company enters into transaction with related parties for the sale of its products and purchase of raw and packing materials. Services, rent and allied expenses are charged between related parties on the basis of mutually agreed terms.

The related party status of outstanding balances as at June 30, 2013 is included in relevant notes to the financial statements.

31. CAPACITY AND PRODUCTION

	June 30, 2013		June 30, 2012	
	Capacity	Production	Capacity	Production
(Kilograms)				
Food products	-	-	-	1,727,833
		Note	June 30, 2013	June 30, 2012
			----- Rupees -----	

32. CASH GENERATED FROM OPERATIONS

Profit before taxation from continuing operations	62,212,798	565,234,783
Profit / (loss) before taxation from discontinued operations	3,924,440	(26,732,684)
Profit before taxation	66,137,238	538,502,099
Adjustments for:		
Depreciation	1,095,354	4,956,595
Amortisation	-	101,174
Gain on disposal of fixed assets	(6,586,331)	(2,333,567)
Gain on disposal of discontinued operations	-	(604,746,398)
(Income) / provision for gratuity	(3,721,000)	(3,925,000)
(Reversal) / provision for doubtful debts	(4,762,594)	(332,376)
Gain on redemption of available for sale investments	(79,285,752)	(5,455,812)
Plant and machinery written off	-	1,686
Finance costs	685,433	2,420,617
	(92,574,890)	(609,313,081)
Working capital changes	32.1 (94,820,842)	68,493,547
	(121,258,494)	(2,317,435)

	June 30, 2013	June 30, 2012
	----- Rupees -----	
32.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(401,665)	1,037,942
Stock-in-trade	15,832,119	226,377,726
Trade debtors	74,677,344	40,751,926
Loans and advances	347,607	9,272,848
Trade deposits and short-term prepayments	913,851	4,010,592
Other receivables	26,637,026	(18,395,312)
	<u>118,006,282</u>	<u>263,055,722</u>
Increase / (decrease) in current liabilities		
Trade and other payables	(211,526,438)	(153,835,911)
Sales tax payable	(1,300,686)	(40,726,264)
	<u>(212,827,124)</u>	<u>(194,562,175)</u>
	<u>(94,820,842)</u>	<u>68,493,547</u>

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's Board of Directors oversees the management of these risks which are summarized below:

33.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk.

33.1.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term running finances with the commercial banks with floating interest rates.

Sensitivity Analysis

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax Rupees
2013		
KIBOR	+100	-
KIBOR	-100	-
2012		
KIBOR	+100	(98)
KIBOR	-100	98

33.1.2 Foreign Currency Risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in a foreign exchange rates. It arises mainly where receivables and payable exist due to transactions in foreign currencies.

The Company's exposure denominated in foreign currency is given below:

	Bills payable	Commitments	Cash and bank balances
	Rupees		
June 30, 2013	5,257,662	-	-
June 30, 2012	3,863,562	2,119,241	-

The following significant exchange rates have been applied at the reporting dates:

	June 30, 2013	June 30, 2012
	----- US\$ -----	
Exchange rates	98.80	94.20

Sensitivity analysis

A reasonable change of 10 percent depreciation of the Rupee against the US dollar at June 30 would have decreased the equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Equity	Profit or loss
	----- (Rs. in '000) -----	
30 June 2013	(526)	(809)
30 June 2012	(385)	(592)

A 10 percent strengthening of the rupee against the US dollar at June 30 would have had the equal but opposite effect on the above currency to the amounts shown above on the basis that all other variables remain constant.

33.1.3 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties 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 economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy, allowing advances to vendors / suppliers who have long standing with Company and placing deposits with banks with good rating. The maximum exposure to credit risk at the reporting date is:

	Carrying values	
	June 30, 2013	June 30, 2012
	----- Rupees -----	
Long-term loans	170,454	845,103
Long-term security deposits	30,461	30,461
Trade debts	6,351,937	76,266,688
Loans and advances	261,561	609,167
Trade deposits	526,550	720,715
Short term investments	728,618,473	774,195,323
Other receivables	7,959,632	83,329,659
Bank balances	8,003,871	66,589,368
	<u>751,922,939</u>	<u>1,002,586,484</u>

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	June 30, 2013	June 30, 2012
	----- Rupees -----	
Trade debts		
Customers with no defaults in the past one year	638,512	17,594,537
Customers with some defaults in past one year which have been fully recovered	-	12,378,662
	<u>638,512</u>	<u>29,973,199</u>
Cash at bank and held to maturity investments		
A1	-	5,732
A1+	8,003,871	66,583,636
	<u>8,003,871</u>	<u>66,589,368</u>
Available for sale investments		
A+	300,196,028	-
AA+	44,000,000	286,744,973
AA	384,422,445	487,450,350
	<u>728,618,473</u>	<u>774,195,323</u>

33.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates:

Year ended June 30, 2013	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Short term deposits	589,500	-	-	-	-	589,500
Trade and other payables	2,166,151	17,568,646	291,988	-	-	20,026,785
	<u>2,755,651</u>	<u>17,568,646</u>	<u>291,988</u>	<u>-</u>	<u>-</u>	<u>20,616,285</u>

Year ended June 30, 2012	On demand	Less than 3 months	3 to 12 months	Rupees		Total
				1 to 5 years	> 5 years	
Long term deposits	3,902,000	-	-	-	-	3,902,000
Trade and other payables	39,651,414	190,981,555	689,719	-	-	231,322,688
	43,553,414	190,981,555	689,719	-	-	235,224,688

33.3 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended June 30, 2013 and June 30, 2012.

As of the balance sheet date, the management considers that the capital of the Company is sufficient to meet the requirement of the business.

33.4 Fair values of financial instruments

The fair value is the amount for which an asset will be exchanged or a liability settled between knowledgeable, willing parties at an arm's length. The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

Fair value hierarchy

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active market for identical assets.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at June 30, 2013, the Company has available-for-sale investments measured using level 1 valuation technique.

34. SEGMENT REPORTING

For management purposes, the Company was organized into business units based on their products, and has two reportable operating segments as follows:

Types of segments	Nature of business
Food (Discontinued Operations)	Manufacture, market and sell powdered beverages
Consumer durables	Import, market and sell watches

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the financial statements.

The following table presents revenue and profit information regarding the Company's operating segments for the year ended June 30, 2013 and 2012 respectively:

	2013			2012		
	Food (Discontinued operations)	Consumer Durables	Total	Food (Discontinued operations)	Consumer Durables	Total
Rupees in '000						
Segment Results						
Net sales	74,697	28,248	102,945	979,505	22,185	1,001,690
Gross (loss) / profit	(23,884)	9,457	(14,427)	33,188	7,981	41,169
Distribution costs	(6,815)	(10,787)	(17,245)	(60,353)	(9,932)	(70,285)
Administrative expenses	-	(15,616)	(15,616)	-	(19,034)	(19,034)
Segment results	(30,699)	(16,946)	(47,288)	(27,165)	(20,985)	(48,150)
Corporate expenses / income*						
Other operating expenses			(1,697)			(31,170)
Other operating income			115,359			618,461
Finance costs			(237)			(639)
Taxation			(3,232)			(12,580)
			110,193			574,072
Profit after taxation			62,905			525,922
* Allocation of corporate expenses/income is disclosed in note 27 in respect of discontinued operations.						
Assets						
Segment assets	26,398	778,723	805,121	229,601	860,331	1,089,932
Unallocated corporate assets	-	-	71,067	-	-	47,130
	26,398	778,723	876,188	229,601	860,331	1,137,062
Liabilities						
Segment liabilities	15,062	5,554	20,616	227,459	3,864	231,323
Capital expenditure	-	2,181	2,181	3,663	-	3,663
Depreciation and amortization	674	421	1,095	4,620	438	5,058

Segment assets do not include taxation - net, sales tax receivable and deferred taxation as the assets are managed on a Company basis.

Segment liabilities do not include deferred tax liability as the liability is managed on a Company basis.

35. DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Description	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/ (loss) on disposal	Mode of disposal	Particulars of buyers
Rupees							
Vehicles							
Hino truck - JU-0831	1,420,000	1,136,000	284,000	850,000	566,000	Negotiation	Colgate Palmolive (Pakistan) Limited, Lakson Square Building No.2, Sarwar Shaheed Road, Karachi.
Hino truck - JU-0832	1,420,000	1,136,000	284,000	855,000	571,000	Negotiation	-----do-----
Hino truck - JU-0833	1,420,000	1,136,000	284,000	852,000	568,000	Negotiation	-----do-----
Suzuki Alto VXR (CNG) - AQF-738	513,279	410,623	102,656	630,000	527,344	Negotiation	-----do-----
Suzuki Alto VXR (CNG) - ANE-729	499,000	399,200	99,800	605,000	505,200	Negotiation	-----do-----
Suzuki Alto VXR (CNG) - AKB-082	504,000	403,200	100,800	435,000	334,200	Negotiation	-----do-----
Suzuki Alto - AQP-605	408,866	327,093	81,773	355,000	273,227	Negotiation	-----do-----
Suzuki Cultus VXR - APN-138	616,715	493,372	123,343	604,000	480,657	Negotiation	-----do-----
Suzuki Shogun 100CC - KCT-7347	68,057	54,446	13,611	10,000	(3,611)	Negotiation	-----do-----
Suzuki Shogun 100CC - KBB-4854	61,800	49,440	12,360	10,000	(2,360)	Negotiation	-----do-----
Suzuki Shogun 100CC - KBB-4857	61,800	49,440	12,360	10,000	(2,360)	Negotiation	-----do-----
Suzuki Shogun 100CC - KAX-8042	61,800	49,440	12,360	10,000	(2,360)	Negotiation	-----do-----
Suzuki Shogun 100CC - KCY-0896	68,287	54,630	13,657	10,000	(3,657)	Negotiation	-----do-----
Suzuki Shogun 100CC - KBB-4855	61,800	49,440	12,360	10,000	(2,360)	Negotiation	-----do-----
Suzuki Shogun 100CC - KCT-5639	68,057	54,446	13,611	10,000	(3,611)	Negotiation	-----do-----
Suzuki Shogun 100CC - KAV-6704	68,287	54,630	13,657	10,000	(3,657)	Negotiation	-----do-----
Suzuki Shogun 100CC - KCT-7906	68,057	54,446	13,611	10,000	(3,611)	Negotiation	-----do-----
Suzuki Shogun 100CC - KBA-5701	61,800	49,440	12,360	10,000	(2,360)	Negotiation	-----do-----
Suzuki Shogun 100CC - KBA-5702	61,800	49,440	12,360	10,000	(2,360)	Negotiation	-----do-----
Suzuki Shogun 100CC - KAX-8043	61,800	49,440	12,360	10,000	(2,360)	Negotiation	-----do-----
Suzuki Shogun 100CC - KBB-4859	61,800	49,440	12,360	10,000	(2,360)	Negotiation	-----do-----
Suzuki Shogun 100CC - KCT-7907	68,057	54,446	13,611	10,000	(3,611)	Negotiation	-----do-----
Suzuki Shogun 100CC - KAX-8041	61,800	49,440	12,360	10,000	(2,360)	Negotiation	-----do-----
Suzuki Shogun 100CC - KAV-2694	68,287	54,630	13,657	10,000	(3,657)	Negotiation	-----do-----
Suzuki Shogun 100CC - KBB-4856	61,800	49,440	12,360	10,000	(2,360)	Negotiation	-----do-----
Suzuki Shogun 100CC - KBB-4860	61,800	49,440	12,360	10,000	(2,360)	Negotiation	-----do-----
Suzuki Sprinter ECO - KEP-4116	65,400	31,610	33,790	40,000	6,210	Negotiation	-----do-----
Honda 70CC - KCK-2916	40,000	32,000	8,000	20,000	12,000	Negotiation	-----do-----

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/ (loss) on disposal	Mode of disposal	Particulars of buyers
Rupees							
Vehicles							
Honda 70CC - KCG-6120	25,000	20,000	5,000	18,000	13,000	Negotiation	Colgate Palmolive (Pakistan) Limited, Lakson Square Building No.2, Sarwar Shaheed Road, Karachi.
Yamaha YD-100 - KDF-1074	58,800	47,040	11,760	40,000	28,240	Negotiation	-----do-----
Suzuki Ravi Pickup - KH-9263	67,600	54,080	13,520	282,000	268,480	Negotiation	-----do-----
Suzuki Bolan - KH-6792	18,350	14,680	3,670	205,000	201,330	Negotiation	-----do-----
Suzuki Bolan - CN-0268	425,000	340,000	85,000	260,000	175,000	BID	Taimur Dyer (CNIC: 42201-7625905-7) House No. 282, D Cruse Road, Garden East, Karachi
Suzuki Mehran VXR - ATB-904	475,000	277,083	197,917	197,917	-	BID	Rollins Industries (Private) Limited, H-36, S.I.T.E. Kotri Dist Jamshoro, Sindh
Suzuki Van - KM-0083	18,350	14,680	3,670	270,000	266,330	Negotiation	Al- Shafiq Goods Transport Plot # 698-699 Main Road Gate # 6, Quaid E Azam Truck Stand Hawksbay Road, Karachi
Suzuki Van - KM-5952	18,350	14,680	3,670	290,000	286,330	Negotiation	-----do-----
Suzuki Van - CN-0183	335,000	268,000	67,000	300,000	233,000	Negotiation	-----do-----
Suzuki Van - KH-6885	300,000	240,000	60,000	250,000	190,000	Negotiation	-----do-----
Toyota Corolla Altis A.T - ANP-456	1,319,000	1,055,200	263,800	580,120	316,320	Maturity of company car scheme	
Toyota Corolla - ANL-872	969,000	775,200	193,800	895,000	701,200	Negotiation	SIZA (Private) Limited Lakson Square Building No.2, Sarwar Shaheed Road, Karachi
	12,093,599	9,551,255	2,542,344	9,014,037	6,471,693		
Furniture and fixtures							
Items having book value up to Rs. 50,000/-	127,327	90,319	37,008	38,599	1,591	Negotiation	Colgate Palmolive (Pakistan) Limited Lakson Square Building No.2, Sarwar Shaheed Road, Karachi
Office equipment							
Items having book value up to Rs. 50,000/-	73,900	51,730	22,170	30,000	7,830	BID	Comfort Zone, Karachi
Items having book value up to Rs. 50,000/-	84,599	61,335	23,264	24,324	1,060	Negotiation	Colgate Palmolive (Pakistan) Limited Lakson Square Building No.2, Sarwar Shaheed Road, Karachi
	158,499	113,065	43,434	54,324	8,890		
Computer and data process equipment							
Items having book value up to Rs. 50,000/-	444,937	330,363	114,574	360,170	245,596	Negotiation	Colgate Palmolive (Pakistan) Limited Lakson Square Building No.2, Sarwar Shaheed Road, Karachi
	12,824,362	10,085,002	2,739,360	9,467,130	6,727,770		

36. NUMBER OF EMPLOYEES

Total number of employees at year end are 11 (2012: 31) and average number of employees during the year were 21 (2012: 50).

37. DIVIDEND AND APPROPRIATIONS

Subsequent to the balance sheet date, the Board of Directors have proposed a final dividend of Rs. 6/- per share amounting to a total dividend of Rs. 56,609,280 (2012: Rs. 94,348,800) in their meeting held on September 16, 2013 for approval of the members at the Annual General Meeting. In addition, the Board has also approved appropriation to general reserves of Rs. 3.5 million (2012: Rs. 431 million).

38. DATE OF AUTHORISATION FOR ISSUE

The Board of Directors of the Company authorised these financial statements for issue on September 16, 2013.

39. GENERAL

Amounts have been rounded off to the nearest rupee unless otherwise stated.



Zulfiqar Ali Lakhani
Chief Executive



Tasleemuddin Ahmed Batlay
Director

Pattern of Holding of Shares held by the shareholders as at June 30, 2013

CUIN NO. 0015034

INCORPORATION NUMBER K-198/9686 of 1986

No. of Shareholders	Shareholdings		Total shares held
	From	To	
494	1	100 Shares	7,761
177	101	500 Shares	56,851
84	501	1,000 Shares	70,807
105	1,001	5,000 Shares	232,604
12	5,001	10,000 Shares	83,759
3	10,001	15,000 Shares	36,500
1	20,001	25,000 Shares	25,000
1	65,001	70,000 Shares	66,528
1	1,990,001	1,995,000 Shares	1,991,844
1	2,220,001	2,225,000 Shares	2,223,849
1	2,225,001	2,230,000 Shares	2,227,908
1	2,410,001	2,415,000 Shares	2,411,469
<u>881</u>			<u>9,434,880</u>

<u>Categories of Shareholders</u>	<u>Shares held</u>	<u>Percentage</u>
Directors, Chief Executive Officer, their spouse and minor children	8,395	0.09
Associated Companies, Undertakings and Related parties	8,934,624	94.70
NIT and ICP	NIL	-
Banks, Development Finance Institutions, Non Banking Finance Institutions	509	0.01
Insurance Companies	66,528	0.71
Modarabas and Mutual Funds	NIL	-
Shareholders holding 10%	8,855,070	93.85
Others	9,375	0.10
General Public	481,977	5.10

Note : Some of the shareholders are reflected in more than one category.

Details of Pattern of Shareholding as per requirement of Code of Corporate Governance

<u>CATEGORIES OF SHAREHOLDERS</u>	<u>NO. OF SHARES HELD</u>
i) <u>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</u>	
1. M/s. SIZA (Private) Limited	2,223,849
2. M/s. SIZA Services (Private) Limited	2,411,469
3. M/s. SIZA Commodities (Private) Limited	1,991,844
4. M/s. Premier Fashions (Private) Limited	2,227,908
5. M/s. Century Insurance Company Limited	66,528
6. Mrs. Gulbanoo Lakhani	5,955
7. Mr. Sultan Ali Lakhani	403
8. Mrs. Shaista Sultan Ali Lakhani	259
9. Mr. Babar Ali Lakhani	2,500
10. Mr. Bilal Ali Lakhani	198
11. Mr. Danish Ali Lakhani	1,119
12. Mrs. Natasha Lakhani	864
13. Mrs. Anushka Zulfiqar Lakhani	864
14. Mrs. Anika Amin Lakhani	864
	8,934,624
ii) <u>MUTUAL FUNDS</u>	NIL
iii) <u>DIRECTORS, THEIR SPOUSE & MINOR CHILDREN</u>	
1. Mr. Iqbal Ali Lakhani	1,704
2. Mr. Zulfiqar Ali Lakhani	720
3. Mr. Amin Mohammed Lakhani	1,036
4. Mr. Tasleemuddin A. Batlay	1,209
5. Mr. A. Aziz H. Ebrahim	1,209
6. Mr. Shahid Ahmed Khan	728
7. Mr. Muhammad Abdul Qadir	1,209
8. Mrs. Ronak Iqbal Lakhani W/o. Iqbal Ali Lakhani	230
9. Mrs. Fatima Lakhani W/o. Zulfiqar Ali Lakhani	144
10. Mrs. Saira Amin Lakhani W/o. Amin Mohammed Lakhani	206
	8,395
iv) <u>EXECUTIVES</u>	8
v) <u>PUBLIC SECTOR COMPANIES & CORPORATIONS</u>	NIL
vi) <u>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS</u>	
1. IDBP (ICP unit)	509
2. Century Insurance Company Limited	66,528
	67,037
vii) <u>SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS IN THE COMPANY</u>	
1. M/s. SIZA (Private) Limited	2,223,849
2. M/s. SIZA Services (Private) Limited	2,411,469
3. M/s. SIZA Commodities (Private) Limited	1,991,844
4. M/s. Premier Fashions (Private) Limited	2,227,908
	8,855,070
viii) <u>INDIVIDUALS AND OTHER THAN THOSE NOT MENTIONED ABOVE</u>	491,344

Form of Proxy

I/We _____
 of _____
 a member of **CLOVER PAKISTAN LIMITED** hereby appoint _____
 of _____ or failing him
 _____ of

who is/are also member/s of Clover Pakistan Limited to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on 22nd day of October 2013 and at any adjournment thereof.

Signed this _____ day of _____ 2013.

Folio No.	CDC Participant ID No.	CDC Account/ Sub Account No.	No. of shares held	Signature over Revenue Stamp

Witness 1

Signature _____

Name _____

CNIC No. _____

Address _____

Witness 2

Signature _____

Name _____

CNIC No. _____

Address _____

- Notes :
1. The proxy must be a member of the Company.
 2. The signature must tally with the specimen signature/s registered with the Company.
 3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
 4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.



CLOVER PAKISTAN LIMITED
LAKSON SQUARE BUILDING NO.2, SARWAR SHAHEED ROAD,
KARACHI-74200, PAKISTAN.